

Building Britain's Future



June 2009



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Presented to Parliament by the
Prime Minister by Command
of Her Majesty

June 2009

This paper outlines the action that the UK Government is taking to move the UK from recession to recovery and forge a new model of economic growth; restore trust and accountability to the political system through democratic reform and renewal; and modernise our public services and national infrastructure.

Much of the work outlined applies across the UK, in those policy areas where Government's responsibilities extend across England, Northern Ireland, Scotland and Wales.

However, many other aspects of policy highlighted in the document are devolved, in differing settlements, to the administrations in Northern Ireland, Scotland and Wales. It is the benefit of devolution that the Devolved Administrations can tailor their policies and thus deliver public services to meet the specific needs of their countries.

Government and the Devolved Administrations will continue to work closely together to build a more prosperous, stronger, fairer UK, whilst recognising their particular and varying responsibilities.

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Foreword



This is a moment of profound change in our country driven by the global economic downturn and the crisis of trust in our political system. We recognise that recent events have badly shaken the public's confidence, both in the financial markets and in politicians of all parties. We will take the tough action necessary to restore confidence.

We know that bold reforms and the setting out of clear priorities – based on a new strategy for governing – are needed to restore people's trust in public life.

All of our work is driven by the best of British values – responsibility and fair play. We want those values to underpin every institution in our country – whether public or private – to keep them accountable to the people they serve.

We also know that if we take the right decisions now, we can come through these immediate difficulties and create a better future for our country. In this plan for building Britain's future we are determined to take forward the reforms of the last decade. Since 1997, we have demonstrated that strong, active government works: saving the NHS for a generation, expanding educational opportunity, a National Minimum Wage, employment rights for millions of workers, tackling child and pensioner poverty, devolution in Scotland, Wales and Northern Ireland, and ensuring that Britain is engaged in Europe and the wider world.

Equally, this Government has cut corporation tax to the lowest rate ever, helped to grow millions

of small and medium-sized businesses, and driven the expansion of both London and the regions as engines of growth in the new global economy. We have shown that social justice and competitiveness are not mutually incompatible, but two sides of the same coin. That is a record of which any government can be proud.

After more than a decade in government, I am ever more convinced of a profound but simple truth: our greatest successes and our most enduring reforms have come when we are boldest and most determined in overcoming those forces and vested interests holding back change.

We believe that dynamic markets and energetic government are more vital than ever to ensure that opportunity and security are available to everyone in our country. But the lesson of the banking crisis and the expenses crisis is that banks and politicians cannot be above the law: the work of markets and of governments have to be underpinned by the sensible, decent values of the hard working majority of families – values founded on responsibility and fair play. Indeed, we cannot be agnostic or neutral about the ethical values that are needed to underpin our banks, our politics, our economy and our society.

Our institutions must be rebuilt for the global age so that they are held to account by a set of values we can all share – based on a fair balance between duties and rewards, opportunities and obligations to the wider society in which we live. Markets need morals, and so too do government and politics.

A society based on shared values also means standing up for the British people who believe that rights and rewards have to be earned, not taken for granted. So we will fight hard to get Britain back to work. We will encourage companies to invest for long-term return, not short-term deal-making. We will strengthen communities by tackling fear of crime and disorder. We will ensure that citizenship is earned by those who give something back to the communities in which they choose to make their home. And we will fight to ensure that every British family has full access to the next generation of high-quality, personalised, public services.

When we, as a people, are optimistic about the country's prospects, Britain thrives. When we have confidence in our capacity to rise to new challenges with our genius for invention, discovery, manufacturing and trade, Britain's talent rises up. When we invest in world class public services today, we all achieve more of our potential tomorrow, and our economy grows faster. When we stand up for ordinary hard working families against the irresponsible few, our nation responds with one voice. And when we face outwards to the world, and draw on the goodwill and respect we have earned on the international stage, the world speaks with a more coherent voice and finds solutions to humanity's greatest problems.

Our task after three terms in office is not merely to defend Britain's achievements over the last decade but to work harder and drive forward so as to meet new challenges with the same sense of conviction that has always brought us through stronger. In these extraordinary times, we must fight even harder for the ordinary hard working majority:

- We will not accept those who block change or protect narrow vested interests. We embrace radical modernisation in the welfare state and public services. We are committed to an

enabling government that, wherever possible, wants national targets turned into individual entitlements in service delivery.

- We do not tax for its own sake. We govern for the whole country in the national interest. We seek support from entrepreneurs and business as well as the trade unions, and we govern with a sense of fiscal responsibility and the economic realism that comes with experience.
- We are a government of the people and serve no other interest. Our purpose remains to break down the barriers that hold people back, to extend opportunity, and to protect the most vulnerable in our society.

We will push ahead further and faster over the months ahead with a bold, reformist agenda that will build a better future for our country.

Our first and most urgent priority as we fight for the interests of the British people is to clean up our politics. Britain's future cannot be built when our politics is still governed by the rules of a Victorian past.

We stand for a decent, honest politics in this country in which politicians are dedicated to serving the public, not themselves. We are introducing legislation to create an independent regulator for Parliamentary standards, and a tough, legally binding Code of Conduct for MPs. Every claim made by MPs over the last four years will be audited: those who have broken the rules will be held to account. But we need to go further in responding to the crisis of trust in the political system, opening up our constitution and Britain's political institutions to reconnect citizens with our representative democracy. The task of modernising the British constitutional settlement is not yet complete: we must be prepared to give power away, reforming Parliament and devolving and decentralising power even further throughout our country.

We will fight hard to expand opportunities for the British people, by getting Britain back to work quickly and by developing new, stable, sources of growth. We will build Britain's future by investing in that future – all the way from guaranteeing jobs or training for young people who have been out of work for a year, to carefully targeted investments in vibrant new sectors like advanced and green manufacturing.

Above all, we will fight hard to deliver world-class public services that give those who contribute to our society a chance to get on. We stand for fair rules and believe that a strong economy and a strong society go hand-in-hand. This will involve a radical dispersal of power: in the future, patients and parents must drive the system, with real rights of redress where their entitlements are not delivered. Neighbourhood policing teams should serve, and work with, their communities by cracking down on the irresponsible few who create fear. We must ensure that everyone, not only those with wealth and privilege, is able to enjoy world-class health and education. That requires the next generation of public service reforms spelt out in this plan.

The current economic climate is not an excuse for drift or inaction, but the moment to forge a new economic and constitutional settlement for Britain. Doing nothing is not an option. To have no plan for taking us through recession or building for recovery is to fail the British people. We will not walk away from people in challenging times. We will continue to fight for a fairer prosperity and a responsible society on the basis of our enduring values. This is not a job just for the Government but for the country as a whole. Together, we can do it.



Gordon Brown
Prime Minister

Executive Summary



1. Britain is now a fairer, stronger and safer country than it was in 1997. Poverty has been reduced, inequality has levelled off, school standards are high and rising, and crime on our streets has fallen.¹ Public satisfaction with the NHS is at an all-time high.² Power is more widely shared within the UK, and Britain is a global hub at the heart of Europe and engaged with the rest of the world.
2. These are important achievements of national renewal that make Britain a better place to live for all its citizens. They have transformed the life chances of millions of people, young and old. They are a foundation for strength and prosperity in the years ahead.
3. Yet today, many people in Britain feel angry and anxious. The recent Parliamentary expenses scandal has corroded faith in our democracy, the system on which our public life depends, and precipitated a collapse of trust in politics. The standing of politicians has never been lower.
4. This political crisis has run alongside a once in a generation economic crisis that has left people insecure and worried about losing their jobs and homes. A financial shock caused by the irresponsibility of the few at the top of the banking world has led to an economic recession that has caused job losses and business closures. Public trust in those running Britain's financial services has been seriously undermined.
5. These twin crises represent a fundamental breach of trust. Key national institutions on which the public thought they could depend have acted in ways that are directly at odds with the fundamental values and expectations of the British people.
6. So a sense of unfairness pervades contemporary Britain. People demand greater security for their families. They want institutions they can rely on and they want to see a fairer, more responsible society in which talent and hard work are rewarded, not greed and speculation. They want politicians they can trust and more of a say over the things that matter to their communities, like crime and anti-social behaviour. They want to live in communities where doing your bit and playing by the rules are recognised and rewarded, and where there are consequences for those who don't. They don't want runaway inequality. But nor do they want people living off benefits when they could work, or unfairness in access to housing or other public services. They want a society with fair rules where opportunities are open to those who work hard and the values of decency, respect and responsibility are upheld.³
7. To repair this breach of trust and to restore a sense of fairness and collective purpose to our country requires bold action and clear direction. Every part of government, and every institution of our public life, must become more accountable and responsive to the British people. That is why the energy and mission of the Government in the years ahead will be focused on three clear priorities:

- Cleaning up politics and reforming our democracy;
 - Taking Britain out of recession into recovery, so as to put in place the conditions for future economic success; and
 - Further reforming Britain's public services and modernising our national infrastructure.
8. This document sets out how the Government intends to work with people in this country on these tasks. It is our plan for building Britain's future. It lays out step by step the action we need to take together to build a stronger, fairer and more prosperous country. It involves some hard choices where we have switched and prioritised spending, within and between departments, to stimulate new growth and new jobs, particularly for young people. These include new plans for housing, train electrification, and establishing an Innovation Fund. Many of the policies set out in this plan extend over the whole United Kingdom, but for some, responsibility is devolved in Northern Ireland, Scotland and Wales. We will work closely with the Devolved Administrations, respecting their responsibilities, towards the key goals of strength, fairness and prosperity.
9. The urgency with which these tasks must be addressed is clear. We are living in a new era of **economic globalisation** that has transformed the world and magnified the opportunities and risks that we face. In this new era, we simply cannot afford to stand still. An economic crisis that started in the sub-prime housing market in the USA has become a global recession, the ferocity of which has required governments around the world to act on an historic scale. Globalisation is now a reality, not an argument. It raises, not diminishes, the importance of government action, and establishes the limits and possibilities of the actions any one government can take.
10. At the same time as the world's nations adjust to this fact, humanity must also face up to its greatest ever challenge: **climate change**. Our economy and society are now conditioned by the urgency of cutting carbon emissions and adapting to the inevitability of global warming. Our economy must shift away from dependence on fossil fuels to low carbon sources of energy; new industries with green jobs must be created; and our homes, patterns of consumption, and transport will all have to change. The challenges and consequences of moving to a low carbon economy are profound for government but also for every one of us.
11. Our society is also being transformed. Like other advanced countries, Britain's population is **ageing**. In 2007 the UK went through a demographic tipping-point – the number of people of working age compared to those over State Pension age began to decline for the first time in 25 years.⁴ This is a profound shift that will create new opportunities; older age can become a time of leisure and liberation as we live longer and enjoy healthier lives. New jobs are created to provide the services and facilities that older people need; new ways of working that better suit an ageing society will be established. But there will also be new demands on our health and social care services that will require us to rethink fundamentally how as a society we care for the elderly and infirm.
12. These trends are in turn placing new pressures on family life, as hard pressed parents try to reconcile the demands of new patterns of work with their responsibilities to care for both their children and elderly relatives. New forms of family life are emerging as relatives and friends help each other to cope with the stresses and strains of modern life.⁵
13. Communities are changing too, as old civic ties wane but new ones are forged. People are more aspirational, less deferential and

more assertive of their individual identities, but they still look to the wider community for shared endeavour, strong social bonds and the simple decencies of everyday life.

Our guiding principles

14. The Government's core belief is that a strong, dynamic economy and strong, thriving communities are best secured by putting more power into the hands of ordinary people and ensuring that everyone has the best chance to make the most of their talents. Our plan is optimistic for Britain; whilst the country faces new risks and profound challenges, the opportunities of the new global era are immense. The world economy will double in size in the coming decades, and with this comes the chance for British businesses and workers to share in that prosperity.⁶
15. In this more turbulent world, nobody who needs support should be left behind to fend for themselves. Active government can build the foundations of a fairer society. The backdrop may be the most severe global downturn since the war, and the worst breach of trust between voters and MPs in the last century, but government must be the rock of stability and fairness on which people can build their futures.
16. That is why the Government has made the choice to maintain and bring forward public investment so that the recession is as short and shallow as possible, and the financial system is stabilised. To cut spending at this time would prolong and deepen the recession, with all of its associated financial costs. However, we must and will reduce our deficits as soon as it is prudent to do so. To ensure future fiscal sustainability, we have set out tax and spending measures that will halve borrowing within five years, and ensure debt is on a declining path in the medium term. We will rigorously prioritise public spending with targeted investment and a tougher focus on efficiency at every level of government. In addition, we will step up our efforts to sell off assets that would be better run in the private sector. To assist in driving delivery of this agenda and to ensure we achieve at least the £16 billion target we have set ourselves, the Shareholder Executive will be strengthened by a Board of external experts to oversee this work. But the primary driver for reducing the deficit will be the strength of the economy and the level of unemployment and inactivity. So we are taking decisive action now to ensure that short term unemployment does not turn into long term inactivity. And we are setting out in this document a new drive for growth in the post-recession era. This shows how we will act to ensure that Britain can be a world leader in the key global sectors of the future, attracting inward investment from around the world, and providing the best infrastructure and most supportive environment for business.
17. By acting in this way we will ensure that key front line public services are sustained and improved, enabling us to support families and continue investing in Britain's future.
18. With investment must come further reform, building on the transformation of public services that has been achieved in the last decade. Government and public institutions must be reformed so they better reflect and entrench the values of the British people: fair, efficient, and responsive. Not ossified and held back by vested interests, but changed to meet the challenges of the modern global economy and society by putting information, resources and power into the hands of individuals.
19. In this, and in everything the Government does to tackle people's immediate concerns and to build a stronger future for Britain, we will be guided by these core principles:
 - **A commitment to social justice and a fairer society;**

- **The belief that each of us has a responsibility to play by the rules and make a contribution to our communities;**
- **The recognition that we owe an obligation to protect the planet for future generations;**
- **The understanding that only national and local government and people acting together can solve the most difficult challenges facing our country, and make the most of the opportunities; and**
- **The certainty that the only guarantee of security, opportunity and prosperity is that the institutions of market and state are efficient and properly accountable.**

20. This plan for Building Britain's Future sets out how the Government will fulfil these principles in the new global era. It is backed by our refusal to stop fighting for ordinary people in extraordinary times. It responds to the aspirations and ambitions of the people in this country, as much as to their demands for fairness and responsibility. And it proposes draft legislation and key policy measures on which we intend to consult, in radically new ways, with the citizens of this country – so that the plan for Britain's future is determined by its people.

Rebuilding trust in a modern, democratic Britain

21. Change and renewal in Britain cannot take place when the public lack trust in politics and our representative system of parliamentary democracy. So the Government's first task is to take urgent action to clean up politics and then to begin a radical programme of further democratic and constitutional reform – one that enshrines the principles of openness, transparency, and accountability at every level, from local to national.
22. The action taken to rebuild trust in politics must be as swift, as bold, and as fundamental as the action we are taking to tackle the recession. We are now drawing a line under

the expenses scandal by removing for good the right of MPs to regulate their own allowances. And, to ensure that such betrayal of trust is never again possible, we need to completely rebuild the system of oversight for MPs. **So we will clean up politics by creating an independent regulator for Parliamentary standards and a statutory Code of Conduct for all MPs.**

23. But the task of rebuilding faith in our parliamentary democracy and calling time at the Gentlemen's Club of Westminster will also require longer term action. So to strengthen our political system, **we will work with the British people to deliver a radical programme of democratic and constitutional reform.** And because this new settlement must be determined not by politicians, but by the British people, we will shortly bring forward proposals for wide-ranging public engagement to seek consensus on the key issues of:
- Reform of the House of Lords;
 - Whether Britain needs a written constitution;
 - Offering stronger and clearer powers to local and city-regional government;
 - Reform of the voting system; and
 - How to improve engagement in politics, particularly of young people.
24. This programme has already begun. We now plan to legislate in the 2009/10 session for further reform of the House of Lords, including completing the process of removing the hereditary principle. And we will now bring forward a draft bill for a smaller and democratically constituted second chamber.
25. The challenges that communities face cannot be tackled by a one-size-fits-all approach to governance. Greater devolution from central government is necessary. This is why we have empowered local communities to take more control – individually or in partnership

– to tailor services to meet their distinctive needs. This new era of devolution and local accountability goes beyond local authorities, encompassing all local service providers from police to health services. We will ensure that citizens and their local councils have all the power they need to hold these services to account. Because we know city regions will be crucial to the UK's future competitiveness, we have announced that we will pilot additional devolution in two areas – Leeds and Manchester – to help drive economic growth and prosperity.⁷ We will build on this progress, devolving more to local councils and directly to communities so that we draw upon their dynamism and innovation to ensure services are designed and delivered for and by – not simply in – communities.

Real help now that builds a stronger Britain

26. At the same time as urgent action is taken to tackle the political crisis the Government will continue to do what is necessary to get Britain through the recession as fairly and quickly as possible.

27. Thanks to an already strong and flexible economy, and high employment levels, Britain entered the downturn on a sound footing. Our macroeconomic reforms, alongside measures to strengthen the functioning of competitive markets, ensured that Britain became one of the best places in the world to do business.⁸ From 1997 to 2007 the economy expanded by a third at the same time as prosperity was shared through tax credits, the National Minimum Wage and investment in public services. Manufacturing and service industries invested in high tech machinery and technologies, and our workforce became more highly skilled and productive. We took advantage of innovation, efficiency and the talents of people from all backgrounds. The economy neared full employment and output grew by an average of 3 per cent a year, twice as fast as Germany and faster than France,

with our GDP per capita growth outstripping even the United States.⁹

28. Because of this solid base, it has been possible to take decisive action to protect Britain in more difficult times, and to set the foundations for future growth and prosperity. No government can fully protect people from global recession. But governments across the world have faced a choice about whether to let people bear the full brunt of the economic downturn alone or to offer real help instead. So we are providing real help to protect families, and to ensure that people can stay in their jobs, paying taxes and not drawing benefits. This is not just a decision about today: the help we provide now will also shape Britain's future. It will ensure that Britain comes through stronger, able to seize the new global opportunities that lie ahead.

29. Each time Britain has been threatened by the collapse of banks and financial institutions, decisive action has been taken. This has ensured that depositors have not lost their savings and that the damage to families and businesses has been minimised. And we have worked hard, through support from the Bank of England and directly from government, to ensure that the banks are able to lend to viable businesses again.

30. We are taking the action necessary to learn the lessons of previous recessions, when unemployment turned into permanent worklessness, repossessions rocketed, and otherwise viable businesses closed. Britain cannot afford a wasted generation of young people, lost to unemployment. So this year **we will guarantee a sixth form, college or apprenticeship place to all school leavers. From next year every young person under 25 who has been unemployed for a year will be required to take up a guaranteed job, work experience or training place. The £1 billion Future Jobs Fund will provide 100,000 jobs for young people**

and a further 50,000 new jobs in areas of high unemployment. Adults who have been unemployed for six months will get access to jobs supported by recruitment subsidies, help setting up a business, skills training or volunteering opportunities. And a combination of public and private investment in the economy will ensure that it can create 1.5 million new skilled jobs in the coming years, enabling us to move back towards full employment in the next Parliament.

31. We are helping those in difficulties with mortgage payments so that people can stay in their homes and we are investing to help the housing market to recover quickly. **We have already committed to investing an extra £1.2 billion this year to build new houses. But to ensure that we meet the needs of young families across the country, we will expand this building programme by investing a further £1.5 billion over the next two years to deliver 20,000 additional energy efficient, affordable homes to rent or buy. This housing investment package will also create an estimated 45,000 additional jobs in the construction and related industries.**

Investing for the future: Building tomorrow's economy today

32. This swift and decisive action has helped to limit the impact of the recession. We have helped more people through economic difficulties than any previous government. But a strong, confident response to the global economic storm is not enough. Unless we take the right decisions now, invest in world class public services and unlock the potential of every person in this country, Britain's future will be less secure and prosperous than in the past. Britain may have been buffeted by the fiercest economic storm in a generation, but we are confident that we have the capabilities and capacity to grow and prosper in the years ahead.

33. Our vision for the economy over the next decade requires a smarter and more strategic approach. This represents a new economic growth model – a new approach to shaping and developing markets, and the use of new technologies, built on Britain's strong economic record. We are now prepared to act more strategically in markets and finance than the Government has had reason to since 1997.
34. Many of the economic fundamentals of the pre-financial crisis remain vital for the future: open markets benefit our trading nation; active engagement in Europe strengthens ties with our closest export market; flexible labour markets, underpinned by decent standards, rights at work, and a National Minimum Wage, match ever changing needs; and a strong education system develops world leading talent for our most inventive businesses. So we will take action to maintain effective competition, better regulation and macroeconomic stability. But we now need to plan more carefully for the nation's future needs, in supporting innovative business to succeed, securing the country's energy supplies, and delivering the apprenticeships and skills Britain's workers need. We cannot return to business as usual after the recession.
35. It is essential that Britain continues to lead global debate and action to fix global economic weaknesses and promote global prosperity. And to reignite the British genius for invention, discovery, manufacturing and trade, and to build sustainable economic growth, **we will pursue a new, more active industrial policy to drive growth and create the high value jobs of the future. We will invest to ensure that Britain can lead in the new industries of the global economy, ensuring broadband access for all by 2012 and working towards a nationwide high-speed broadband network**

by 2016. We will ensure that Britain's economy is underpinned by a world class modern infrastructure and that we have world-leading capabilities in the 'network' industries of the future – low carbon, biotechnology, life sciences, digital, advanced manufacturing and financial services. To support the key technology-based sectors of the future we will establish a new £150 million Innovation Fund which will over time lever in up to £1 billion of private sector funding. This is the action we need to build the growth and jobs that will reduce the deficit. We will:

- Capitalise on the country's strengths so that our leading edge professional and creative services remain world class and a strong engine of growth in our economy. With businesses that can choose to locate anywhere in the world we will ensure that they understand the added value that the UK brings. So we will continue to invest in Britain's world-class university sector, so that it remains a strategic national asset offering businesses the leading edge research and highly skilled graduates they need, and access to opportunity for all who can benefit from a higher education. We will back Britain's science base and emerging technologies that will drive future growth, and help our researchers to work with business to more effectively commercialise our inventions. When global shifts in demand lead to changes in our industries, we will help people to get the skills they need for new jobs.
- In sectors where international trade is not such a natural force for change – such as retail, health, care, education and the wider public sector – we will promote successful industries and services that support social mobility at work and enable rewarding careers. And we will ensure that these sectors, too, help to spur economic growth, with strong incentives for employers to train their employees.
- To underpin this we are acting to ensure

that our financial system is guarded against a repeat of recent events. The Banking Act of 2009 created new powers to resolve failed banks via the Special Resolution Regime and we have published a new tax code for banks so that they change behaviours and attitudes towards tax avoidance. This will introduce a new level of transparency and attribute direct reputational risk to any bank that does not sign up. Building on the international action we have had a central role in, we will publish a Financial Services White Paper to lay the foundations of a new financial regime.

36. The future productivity and growth of the economy will depend significantly on whether as a country we are prepared to make the necessary long term decisions to support a world class infrastructure. We have already taken far reaching steps to reform the planning system for nationally significant infrastructure with the Planning Act 2008 and we have taken the right long term decisions to invest in new infrastructure such as Crossrail and a new runway at Heathrow. To bring more focus to the Government's strategic work to ensure the development of the most up to date infrastructure for the economy, in areas like energy, waste, water, communications and transport we will establish an advisory body – '**Infrastructure UK**' – that will identify the country's long term infrastructure needs across a 5-50 year horizon, take stock of where current plans are taking us in the long term and analyse where more could be done, considering the interdependencies between different types of infrastructure.
37. And as Britain moves out of recession, we need to move decisively to a low carbon economy. So **we have set the world's first legally-binding carbon targets, cutting UK emissions by a third over the next decade. We are investing in energy efficiency**

and the next generation of renewables, nuclear and clean coal technology to make Britain a global leader in low carbon industries. At Copenhagen later this year, we will lead the way in arguing for an ambitious new international deal to combat climate change, consistent with limiting global temperature increases to no more than two degrees Celsius, beyond which the risks of dangerous climate change become much greater. And we are investing in the low carbon transport system of the future. **We will set out plans for a major programme of rail electrification, and in the coming year we will publish a feasibility study for a new North – South high speed rail line.**

Fair chances for all: Building the next generation of public services

38. These economic reforms will only succeed if they are accompanied by a radical dispersal of power and a further transformation in the public services that are at the heart of our collective lives. So our plan for the future is not just to clean up politics and revive the economy but to continue to build the excellent public services that will promote social mobility, enabling people to achieve their potential and fulfil their talents.
39. World class public services require sustained investment, the courage to challenge the status quo, and a willingness to prioritise those interventions that will make the biggest difference to people's life chances. Over the coming years there will need to be even sharper reforms with tough choices about where to target investment and a determination to get value for money from every pound spent.
40. There is a strong foundation on which to build. Public services have unquestionably improved since 1997. Historic underinvestment has been corrected and once ambitious goals are now delivered as the norm: the 18 week maximum waiting time

from referral to treatment is a clear example. Services once thought to be aspirational are increasingly found in every community: Children's Centres, universal childcare for all 3 and 4 year olds and neighbourhood policing teams are now rightly seen as something every family should expect.

41. Across the public services, people's expectations are rising rapidly. In education, every child will learn from the age of 3 to 18, and every parent will know that there is a good local school, with excellent teaching and the highest standards, and clear rules on discipline and behaviour in the classroom. All schools will provide universal access to activities from 8am to 6pm, and within the school day, a rich range of sports and arts as part of a modern and broad curriculum.
42. In health, rising public expectations are being met through the creation of a new NHS that offers personal care to all, with patient choice over treatment, individual control over services through personal budgets, and improved access to services through flexible evening and weekend opening times and new GP-led health centres. And this new NHS will offer preventative care to all, through health-checks, earlier intervention, help to change unhealthy life-styles, and personal support for the growing numbers of people who will live with chronic conditions.
43. In local government, we are increasing the power of citizens to shape their communities and the services they receive. With local councils, we are delivering personalised services, establishing rights to minimum levels of entitlement and giving people new ways to shape their local services – from citizens' panels to participatory budgeting – complementing the role of elected local councillors.

44. Across the public services, the next stage of reform will be characterised by moving from a system based primarily on targets and central direction to one where individuals have enforceable entitlements over the service they receive. It is our belief that world class public services should be a guarantee, not a gamble. So we will make sure that:

- Individuals have clear entitlements to public services, for example timely access to high quality healthcare; and
- Public services have the power and responsibility to secure high standards for citizens, with clear redress mechanisms when entitlements are not delivered.

45. To realise our vision of a new NHS there will need to be continued reform and investment to build a healthcare system based on high quality care, patient control, and prevention as well as cure. **To extend this approach we will give patients enforceable rights to high standards of care, including hospital treatment within 18 weeks, access to a cancer specialist within 2 weeks and free health-checks on the NHS for people aged 40-74.**

46. And to make this vision a reality in education, **parents will now be guaranteed an education that is individually tailored for their child, including: a personal tutor for every pupil at secondary school; stretching teaching for all pupils, with catch up tuition for those who need it, including one to one; and qualifications that suit every child's strengths whether practical or academic. And we will back headteachers to enforce good behaviour in every classroom and achieve high standards for all pupils, with the best headteachers working in more than one school as we radically expand federations of schools, Trusts and Academies.**

47. We do not want this new system of enforceable entitlements to mean people taking public services to court. But giving power to individuals through clear redress mechanisms will not only drive up standards and the quality of public services, whilst protecting core entitlements; it will also lock in and guarantee fairness by ensuring that improvements are genuinely universal. The Government is committed to ensuring that the accident of birth and social background does not hold people back. The public services of the future will continue to play a crucial role in ensuring fair chances for all and promoting social mobility.

Fair rules: Building a strong society

48. A strong economy goes hand in hand with a strong society. Strong social bonds are the foundation for our resilience and the platform on which together we will build a stronger and fairer Britain. They depend on common values and fair rules. We will only have a strong society if hard working families know that tough action will be taken against those who break the rules, take advantage, and give nothing back.

49. To back communities in setting fair rules to tackle crime and anti-social behaviour, we must give them a fair say over local priorities while supporting the police and freeing them from red tape so they can focus on catching and punishing criminals. **We will take a bold new approach to policing and justice. Having given every community its own neighbourhood police team, with police spending more time out on the beat tackling crime and local priorities, we will now give local people more power to keep their neighbourhoods safe, including the right to hold the police to account at monthly beat meetings, to have a say on CCTV and other crime prevention measures, to have their views taken into account in prosecution decisions, and to vote on how offenders pay back to the community.**

50. And we need to ensure that those who join our communities as migrants, join as contributors. So because British citizenship brings responsibilities as well as rights, **we will now require newcomers to earn the right to stay, extending the points based system to probationary citizenship and controlling the number of people getting settlement.**

51. Welfare recipients need to live up to their side of the bargain in training or searching for work, and welfare cheats must be duly punished. These are tough times and so it is right that the Government, working with local communities, does everything necessary to support those who do their best to help themselves. But we believe that virtually everyone should be required to take up the support we know helps them to overcome barriers to work. We are toughening our approach to drug and alcohol abusers, and tightening the screws on benefit fraud with a new one strike rule that will drive even further reductions in fraud from its current lowest ever level.

52. We are matching our new investment in social housing with reforms that deliver value for money for the taxpayer and that recognise the rights and responsibilities of those in social housing. There is a perception that allocations policies for social housing are unfair, inflexible and act as a barrier to people being able to move when they need to. While preserving security of tenure, we will pursue reforms to tackle these problems.

53. Firstly, we will change the current rules for allocating council and other social housing, enabling local authorities to give more priority to local people and those who have spent a long time on a waiting list. Secondly, we will expand Choice Based Lettings to help residents move nationwide, and we will offer support to tenants who need to move to take up the offer of a new job. Thirdly, we will

launch an Autumn crackdown on fraud within the sector, freeing up new homes for those in need. Fourthly, we will consult on reforming the council house finance system and allow local authorities to keep all the proceeds from their own council house sales and council rents. We want to see a bigger role and more responsibility for local authorities to meet the housing needs of people in their areas.

Strengthening family and community life

54. Strong families are the bedrock of our society and it is essential that we all play our part in strengthening family life, ensuring that children can grow up happy and well in safe communities, free of poverty and harm. The Government believes that children prosper best in stable environments surrounded by people who love them, but it is not the role of government to privilege one form of family life over another. Instead, we aim to help all families cope with the pressures of modern life as they pursue their hopes and ambitions.

55. Family responsibilities are changing. Although 68 per cent of mothers work outside the home, women still shoulder most of the responsibility for the day to day care of children and the care and support of older and disabled relatives. But fathers increasingly want to be more involved in family life.

56. We also know that some families need additional support to help children flourish and thrive. To this end, we have taken significant action to tackle child poverty, and prevent socio-economic disadvantage from adversely affecting children's experiences and outcomes. Our historic ambition to abolish child poverty by 2020 has already seen 500,000 children across Britain lifted out of relative poverty since 1998-99. We know that more needs to be done to improve the life chances of children who remain in poverty. That is why we are legislating through the **Child Poverty Bill** to enshrine in law our

vision of a society where no child grows up in poverty and establish an accountability framework to drive progress towards this 2020 goal at national and local level.

57. And with the number of people aged over 85 set to double over the next two decades, families will need to balance bringing up children with caring for elderly relatives. That is why we have taken action to help families balance work with more demanding family responsibilities, created a universal child-care system, and made changes to public services to ensure they are open at times and in places that suit busy families. **We are creating local Sure Start Children's Centres within easy reach of every parent and we are extending free early learning for two year olds. To make sure they have the best start to their primary education, all children will be entitled to start school in the September after their fourth birthday, or be offered 25 hours of free early learning a week. And government is extending the right to request flexible working to parents of children aged 16 or under.**

58. As a society we must respond to the challenge of an ageing population. This means longer and healthier lives and new opportunities, but it also places new demands on family life, as well as on our health and social care services. Ensuring affordable, high quality and personalised care for older people, and people with disabilities, is one of our society's greatest challenges for the future and part of the unfinished business of the reform of the welfare state.

59. So the Government will bring forward proposals to overhaul our social care system. This will move the care and support system into the 21st Century from its current base in the Poor Laws of the Victorian era. It will help to end the unfair postcode lotteries that currently exist for those needing long-term

care services or support with disabilities. Our goal is a more preventative health and social care system for older people and people with disabilities that uses resources more cost effectively and responds better to the personal needs of individuals and their families.

60. We will help to ensure that older people have the resources they need to enjoy their retirement, by restoring the link between earnings and the basic state pension. To ensure fair treatment we are legislating through the **Equality Bill** to outlaw unjustifiable age discrimination in the provision of public services or the exercise of public functions. And we will come forward with proposals to ensure that older people have flexibility over their working lives as they approach retirement.

61. We will continue to invest in communities, making them more attractive and prosperous places to live, through better housing, transport and public services, and continue to support a vibrant voluntary and community sector. Strong communities will depend on each of us, but to nurture a spirit of community and promote strong civic life, there need to be opportunities for everyone, young and old, to give something back to society. **Our goal is that, in time, every young person should give at least 50 hours of service to their community in their teenage years. And we will in the coming years create new or refurbished youth centres or other facilities in every constituency to ensure that all young people have easy access to positive activities.**

62. We will also build upon our sustained investment in public transport to make a decisive shift away from cars, buses and trains that are powered by fossil fuels towards electric, low carbon modes of transport. £300 million is already being invested in electric

cars. **Now we will go further by providing incentives for the take-up of low carbon buses and developing a National Cycle Plan to promote cycling as a mainstream form of personal transport.**

Britain in a fairer and safer world

63. These changes will only happen if Britain remains internationally engaged. The emergence of the global economy means that national economies are now interdependent. There are also new security challenges and risks such as the threat of climate change, an intensifying competition for energy and resources, the continuing challenges of international terrorism, and the impact of poverty on developing countries. But change also brings opportunities: the global economy will double in size over the next two decades, the world has the chance later this year strike a new agreement to reduce climate change, and new leadership in the United States will provide renewed momentum to tackle the great progressive causes of our age.

64. This unique and unprecedented change can only be met through more not less international cooperation. It demands a foreign policy approach in which Britain meets challenges and exploits opportunities head-on. We have therefore developed a new kind of foreign policy based on four fundamental principles. Britain's role in the world is: internationalist not isolationist, at the heart of global solutions to global problems; active not passive, in the mainstream of international efforts to tackle pressing issues; able to provide integrated solutions for interrelated problems; and flexible and agile, responding to emerging opportunities or challenges in new ways.

65. We are making these principles a reality in our foreign policy across five key areas:

- Building a new global economy by taking forward the commitments made at the London G20 summit;
- Action on development, where the downturn makes the case for further action even more pressing;
- Defence and security, recognising and responding to increasingly varied and interconnected security challenges, especially in tackling terrorism and extremism in Pakistan, and in Afghanistan where the UK has 8000 forces deployed and leads a joint military-civilian Provincial Reconstruction team;
- International efforts to improve human rights, support democracy, and prevent conflict; and
- Global action on climate change, to ensure agreement in Copenhagen on an ambitious, effective and equitable climate change agreement that puts the world on the low carbon path that is vital to the world's and Britain's future prosperity.

66. Through Britain's membership of the European Union, Chairmanship of the G20 and other multilateral engagement, we will be active in forging global solutions, setting the agenda for the new European Commission and European Parliament, as well as at the next G20 in September, leading global solutions to the shared challenges we face. **We will ensure Britain leads globally on three major international reforms over the coming year: reforming the International Financial Institutions, including through the G20, and leading global action to fight poverty; securing a global climate change agreement in Copenhagen by the end of 2009; and driving forward a step-change on the nuclear non-proliferation and multilateral disarmament agenda in 2010.**

A strong future for Britain

67. Building Britain's Future tells the story of our response to the global economic recession and sets out how, working together, we will all build a better, fairer, more prosperous country in the future. In every part of our national life, it describes how we can build on our achievements and take the necessary action to restore faith in our political system; get Britain back to work; invest in the country's future; provide a world class education for the next generation and world class public services for this generation; strengthen every community by tackling irresponsible behaviour; and ensure Britain's place in a new, low carbon world.
68. This plan is built on an underlying confidence about Britain's future. No matter what the challenges Britain faces, with the right action we will come through stronger.

Building Britain's Future is the start of a process to engage with people on the big issues facing our country today.

We want to work with the British people to move out of the downturn quickly, and also build a better Britain of the future – one that's fairer, more prosperous and sustainable.

To find out more about *Building Britain's Future* and contribute your views and comments, visit the Building Britain's Future website at www.hmg.gov.uk/buildingbritainsfuture

Cabinet and Regional Ministers will be holding a number of town hall events up and down the country during July and August to explain more about the plan and to consult with members of

the public on how to take it forward. To learn more about the events, visit www.hmg.gov.uk/buildingbritainsfuture/roadshow

The Draft Legislative Programme of 11 bills is an important element of Building Britain's Future. In July the Government will present a number of key policy papers to the public, including the Schools White Paper, the Care and Support Green Paper, the Energy and Climate Change White Paper and the Life Sciences Blueprint.

The Government wants to hear your views on this draft programme. Tell us what you think by going to www.commonleader.org.uk by the **deadline of 21 September 2009**.

The challenges of a new era



1. Britain's place in the world is changing. Our success in responding to new global and domestic challenges will determine our future prosperity.

Meeting the challenges and opportunities of globalisation

2. The global downturn revealed fundamental weaknesses in corporate governance, financial markets, global institutions and the interdependence of nations. Its intensity has required action on an historic scale and changed our demand and conception of government's role in securing our prosperity.
3. At the same time, the potential for rapid growth in the future is huge: by 2020 China will be the second and India the sixth largest economy in the world, with 40 per cent of the world's labour force between them.¹ But the entry of China and India and other emerging economies increased the labour supply and trade and pushed down prices. The global imbalance this has created needs to unwind.
4. We also need more effective regulation of financial sectors so that systemic risk is more tightly controlled and regulated. We need the real cost of carbon emissions to be reflected in every market and investment decision. And we need to ensure that Britain is ready for the greater competition a more highly educated world will bring.
5. Countries are now more affected than ever by the decisions of states far beyond our borders, whilst new and changing security threats,

climate change, and the dangers of extreme poverty and human rights abuses require a global response.

6. Events in recent months have vividly demonstrated the complexity and interdependence of the modern world. Most recently, the swine flu pandemic has reminded us of the unpredictability of global crises, as a disease swiftly transmits from one continent to another.
7. All this means that Britain's ability to shape the international agenda will depend ever more on our ability to work effectively with other countries and international institutions, rather than withdraw into isolation.

Responding and adapting to the threat of climate change

8. Climate change, driven by human activity, is the greatest long-term threat facing the world today. The potential costs of climate change are huge, estimated at up to 20 per cent of global GDP. Taking action to mitigate it is possible, but will require decisive action in every country. Britain will also need to act to protect vital infrastructure, including transport and energy, from the unavoidable impacts of climate change. Putting adaptation at the heart of the planning system will be critical to guard against the increased risk of flooding and storm damage.
9. It will also require changes in attitudes and behaviours across the public and private sector, and in people's own lives. But Britain

should also look to take advantage of vast new markets in environmental technologies (with the global carbon market valued at \$30 billion) and lead the transition to a low carbon, resource efficient economy.² 400,000 people in the UK already have jobs in environmental goods and services, and this market is expected to at least double in size over the next ten years.³

Restoring public trust in politics and democracy

10. The revelations around MP's expenses demand urgent reform but they have also brought the longer term problem of public disengagement from politics into a sharper focus. There is an increasing alienation in political and civic participation – with the young and disadvantaged half as likely to participate in politics as other groups.⁴ People increasingly feel they are not able to influence political decisions, and are less willing to take things on trust.
11. This demands further democratic and constitutional reform, and the reform of government institutions, which need to provide increased opportunities and influence for people to be involved in decision-making (nationally and locally). It demands a response to public calls for greater transparency and accountability in all areas of life, driven by the internet, a more questioning media and a decline in deference to authority. Without a genuine stake and a real say in the decisions that affect people, cynicism and disengagement will grow.

Meeting rising expectations of public services

12. Public and individual expectations of public services will continue to rise. People will increasingly access information and opinion from more diverse sources, impacting not only on their attitudes, but also their values, expectations and behaviours. Our public services must match these changing

aspirations, and not settle for delivering the minimum.⁵

13. But responding to these higher expectations, must not come at the expense of ensuring that services are universal, and that everyone is given a fair chance. For example, in our education system, gaps persist in the likelihood of success between people with different social, economic, ethnic and other backgrounds, so we need a school system that delivers excellence for every child, not just the majority. The potential benefits are enormous: countries with strong investment in early years rank highly on measures of educational excellence and equity, laying firm foundations for future growth.⁶ So reform must ensure that public services are the engines of fairness and opportunity, as well as growth.

Supporting families in an ageing society

14. Demographic change will bring a complex set of challenges. In 2007 the UK went through a demographic tipping-point – the number of people of working age compared to those over State Pension age began to decline for the first time in 25 years.⁷ By 2020 the number of people over 85 is expected to grow by 50 per cent. This is a profound shift that will create new opportunities; older age can become a time of leisure and liberation as we live longer and enjoy healthier lives. New jobs are created to provide the services and facilities that older people need; new ways of working that better suit an ageing society will be established. But this will also add further pressures to health, social care and other services.
15. At the same time family life will continue to change with average family size continuing to get smaller, more women delaying or having no children, more people living alone or further from family. All of this has diverse and complex impacts on housing demand, childcare needs and wider services.

But despite all these changes we know that good family relationships remain crucial to wellbeing and quality of life.

16. These trends are in turn placing new pressures on family life, as hard pressed parents try to reconcile the demands of new patterns of work with their responsibilities to care for both their children and elderly relatives. New forms of family life are emerging as relatives and friends help each other to cope with the stresses and strains of modern life. So this can mean greater pressure on families themselves as well as public services, for example as the numbers of people with greater health and care needs grows, demand for informal care from family, friends and community members is projected to rise by 40 per cent by 2022.⁸

Strengthening civic responsibility

17. Whilst long term trends suggest people are becoming more aspirational, less deferential and more assertive of their individual identities, they still look to the wider community for shared values and social bonds.⁹ People remain strongly concerned about the places where they live, work and play. They are especially interested in things that are close to home – such as how safe their streets are, how clean the environment is, and how good local schools are.¹⁰
18. At the same time, increasing population diversity, rising mobility, easier communications, and better technology are all likely to impact on the places we enjoy living in and how we feel about our local neighbourhoods.
19. Given these social and demographic changes, a key challenge will be to find ways of renewing a strong sense of community. Government's role is not just the drive to improve the material quality of life and the security of local people, but to enable the majority to assert the common values of decency, respect and responsibility which are

the foundations of a strong community. In a minority of communities where there are disproportionately high levels of anti-social behaviour, local people can feel that these values are being undermined and quality of life threatened. The tough action we are taking on anti-social behaviour is critical to maintaining a strong sense of community.

20. We must also ensure that in every community, our national policies such as managing migration or building and allocating social housing, are tangible, real, and seen to be fair. When we are treated fairly we naturally treat others in the same way: but when a minority break the rules, try to cheat the system, or fail to contribute, the majority rightly expect a tough response: that is what fairness demands. Our society and our communities are strongest when those who work hard and play by the rules have a say in how their communities are run. This is the best way to ensure that people have institutions they can rely on and that we all have a fairer, more responsible society in which talent and hard work are rewarded.

Building Britain's future

21. This plan sets out how we will work with the British people to respond to these challenges over the coming months and years, building on a clear understanding of how the world is changing and the opportunities this brings. The energy of the government in the years ahead will be focused on three clear priorities:
 - Cleaning up politics and reforming our democracy
 - Taking Britain out of recession into recovery, so as to put in place the conditions for future economic success; and
 - Further reforming Britain's public services and modernising our national infrastructure.

Rebuilding trust in a modern, democratic Britain



Summary

We face a crisis of trust in British politics. We recognise just how important this is: change and renewal in Britain cannot take place when the public lack trust in politics, are losing faith in Parliament, and are starting to question whether some MPs they have elected continue to represent their best interests.

Government holds these reforms as urgent and as fundamental as the action we are taking to tackle the recession. Our immediate priorities are to clean up expenses and restore the covenant between elected representatives and the people they are privileged to serve. So **we will clean up politics by creating an independent regulator for Parliamentary standards and a statutory Code of Conduct for all MPs**. We will also:

- Audit all MPs' expenses and take tough action against all those who have defied the rules; and
- Ensure that all future expenses are published online alongside other measures to increase transparency.

These actions will help to draw a line under this episode. But they are only the start. They will be accompanied by deeper reform of Parliament because we see clearly that Britain needs a new political and constitutional settlement for new times. And we see just as clearly that reform cannot be done by politicians alone, so we will work with the British people to deliver a radical programme of democratic and constitutional reform. We will shortly bring forward proposals

for wide-ranging public engagement to seek consensus on the key issues of:

- Reform of the House of Lords;
- The possibility of a written constitution;
- Offering stronger powers to local and city-regional government;
- Possible options for electoral reform; and
- How to improve engagement, particularly of young people.

This programme has already begun. We now plan to legislate in the 2009/10 session for further reform of the House of Lords, including completing the process of removing the hereditary principle. And we will now bring forward a draft bill for a smaller and democratically elected second chamber.

The lifeblood of this new settlement will be the redistribution of power from the hands of the few, to the hands of the many. Building on the radical devolution of the last decade, we will continue to shift power from the executive to Parliament; from Westminster to every county in Britain, to every city and town hall; and most importantly from politicians and practitioners to the people they serve. And we will look at spreading the culture and practice of freedom of information to more bodies, so that government information is more accessible and useful for the widest possible group of people. The Prime Minister has asked Tim Berners-Lee, the renowned MIT academic, who led the creation of the World Wide Web, to help drive reforms that will get public information out of the hands of bureaucrats and into the hands of citizens who own it.

The need for change

1. We face a crisis of trust in British politics. The expenses scandal has seen the public lose faith in Parliament and the MPs they elected to represent them. At precisely the moment when the public need their politicians to be focused on the issues which affect their lives – on fighting back against recession, and keeping people in their jobs and homes – the subject of politics itself has become the focus of our politics.
2. Societies cannot flourish under conditions of apathy, still less antipathy, toward politics. A successful Britain depends on the engagement, indeed the active participation, of a public that believes in our democracy.
3. But it is clear that the democratic deficit in Britain is deeper and wider than the expenses scandal. Disenchantment with the political system is increasingly widespread – at a time when people are finding they have greater power in almost every other part of their lives.
4. The challenge facing the country is therefore two-fold: to clean up politics and to begin a radical programme of further democratic and constitutional reform. Without this action, Britain will lack the foundations we need to build a better and more prosperous future. In these difficult economic times, it is clearer than ever that government needs to provide support to help people back to work, ensure our businesses thrive and our communities remain strong. But none of this can easily happen when Parliament's actions are viewed with scepticism and distrust.
5. This chapter therefore sets out our plan to build the strong democratic foundations that will underpin a more prosperous future. It is based on a clear understanding of the depth of public outrage and candour about what has gone wrong.

6. The actions it lays out and the engagement processes it announces represent an intention to refashion our democratic settlement, based on the principles of far greater transparency and openness, accountability and the further redistribution of power from the hands of the few, to those of the many.
7. This new settlement cannot be determined by politicians alone; it must be developed in dialogue with the British people.

Decisive action to clean up politics

8. Our first priority is to take immediate action to clean up the system that made possible the present crisis, strengthening the transparency and accountability of MPs and the relationship they have with their constituents.

MPs and the expenses system

9. First we will hold to account those who have broken the rules regarding expenses. Expense claims made by MPs of all parties over the last four years will be submitted to independent audit with the results declared as soon as possible. And where MPs have wrongly claimed expenses, they will be made to pay them back.
10. But we know that the public do not accept the argument that MPs lived within the rules when they think, rightly, that the rules themselves are wrong. Before this crisis hit, we had already taken action to tighten up on MP expenses, by redrafting the Green Book, which sets out the rules on expenses; cutting the level of unreceipted expenditure from £250 to £25; and setting up an audit of MPs' expenses including internal audit by the House, backed up by an independent audit by the National Audit Office. Finally we asked the Committee on Standards in Public Life to conduct a full independent review of the system of parliamentary allowances.

11. As we await the review's final report, we have acted decisively to introduce interim solutions, including:
 - Abolishing claims for furniture, household goods, cleaning and gardening; and limiting accommodation costs for mortgage interest, rent or hotels to £1,250 per month;
 - Ending the right of MPs who represent constituencies which fall within 20 miles of the Palace of Westminster to claim allowances for a second home;
 - Requiring receipts for any financial claim that MPs make regardless of the amount;
 - Aligning claims of the second homes allowance with the payment of capital gains tax on a sale;
 - Preventing MPs from redesignating their homes for the purpose of claiming higher allowances; and
 - Committing to disclose full details of any second jobs held by MPs, including pay and hours.
12. We will cement these steps by implementing the recommendations of the Committee on Standards in Public Life where these proposals meet the tests of increased transparency, accountability and reduced costs for the taxpayer. And we will make the longer term reforms needed. **We will clean up politics by creating an independent regulator for Parliamentary standards and a Code of Conduct for all MPs.** The new regulator will take over the role of the fees office in authorising claims; oversee the new allowance system; maintain the register of members' interests; disallow claims; require repayment and apply firm and appropriate sanctions, including referral to the police and the creation of new criminal offences of knowingly providing false or misleading information in a claim for an allowance, for which the maximum sanction is up to twelve months custodial sentence or an unlimited fine.

13. We will also bring forward measures to ensure that the sanctions for misconduct or corruption by MPs are updated to meet the needs of the times, potentially including the options of effective exclusion and recall for gross financial misconduct. In addition, the **Bribery Bill** will enable the courts to consider evidence from proceedings in Parliament in the event an MP or Peer is prosecuted for bribery.

Reform of Parliament

14. It is not only the actions of MPs that have been questioned in recent weeks and months, but the structures and processes of Parliament itself. We will not restore trust in MPs until we restore faith in Parliament and its procedures.
15. In the last ten years we have delivered a programme to modernise Parliament, ranging from pre-legislative scrutiny of draft bills and the publication of Explanatory Notes, to the establishment of the PM's twice yearly appearance before the Liaison Committee, and the publication of the Draft Legislative Programme. We have increased staffing for departmental Select Committees; and have committed to introduce regional select committees. And before this crisis the Government set out an agenda for constitutional renewal in the Governance of Britain White Paper.
16. But we are now in new times, and must undertake with urgency the further modernisation of the House of Commons and the House of Lords to strengthen the effectiveness and reputation of both Houses. So the Government will support the proposal from the Public Administration Select Committee – that we will work with a special all party Parliamentary Commission to advise on necessary reforms – including making select committee processes more democratic, scheduling more and better time for non-government business in the House, and

enabling the public to initiate directly some issues for debate.

The task of democratic renewal

17. These actions, bringing independent scrutiny and increased transparency to Parliament will help ensure that Parliament regains public confidence. But even before the allowances revelations our democracy was not as it should have been. Public disengagement, cynicism and a sense of distance from Parliament and the decisions that affect us all have been growing for decades.¹ So reform of our political system and governance must now go further and wider than the Palace of Westminster. We see clearly that Britain needs a new political and constitutional settlement for new times.
18. We must respond to the breakdown of trust in the political process with the same urgency with which we are tackling the recession. The Prime Minister has established and chairs a Democratic Renewal Council (DRC), modelled on the National Economic Council (NEC) that is co-ordinating our response to the recession. Just as the NEC has enabled Government to respond quickly and effectively to the challenges of the downturn, the DRC will ensure a sustained focus at a senior ministerial level on the task of democratic and constitutional renewal. Its work will be guided by the principles of our reform agenda: holding those with power more accountable; ensuring power is in the hands of the many, not the few; and upholding and enhancing the rights and responsibilities of the citizen. At the heart of this will be greater openness and transparency in the workings of Government and Parliament.
19. The first task for the Council has been to take decisions which include the immediate legislative requirements to deliver our response to this crisis, including the establishment of the new independent Parliamentary Standards Authority. The Council is now turning to wider action to reform Parliament and renew Britain's democratic settlement. Here the Government cannot and must not act alone but must work with the other parties and independents that make up Parliament to modernise the way it carries out its business. And, most important of all, true democratic renewal requires a process that engages citizens themselves – people of all parties and none; of all faiths and of no faith; from every background and every part of the country. **We will work with the British people to deliver a radical programme of democratic and constitutional reform.**
20. The DRC will agree a series of proposals for the fundamental reshaping of our constitutional settlement. This process will provide the foundation for a radical new agenda of constitutional reform in Britain, bringing forward proposals for wide-ranging public engagement to seek consensus on the key issues of:
 - Reform of the House of Lords – We have already pursued a radical programme of reform in the House of Lords, including reducing the number of hereditary peers who sit in the House from about 750 to 92 today. But fairness and the democratic principle require that the people's representatives are chosen by the people. Therefore the Government plans to legislate in the 2009-10 session for the next steps on House of Lords Reform by completing the process of removing the hereditary principle from the second chamber. And, building on the Government's White Paper published last July, which committed us to an 80 per cent or 100 per cent elected House of Lords – reflecting the will of the Commons expressed in a free vote in 2007 – we will pursue the final phase of Lords reform by bringing forward a draft Bill for a smaller and democratically constituted second chamber.
 - Rights, responsibilities and the possibility

of a written constitution – at the heart of our constitutional agenda, since 1997, we have sought to set down the values which define our citizenship and help to define our country. And we have strengthened these by implementing the Human Rights Act and by updating data protection legislation. We are seeking to strengthen them further by reviewing the protection for liberty and privacy on issues such as counter-terrorist powers, covert surveillance and how personal data is stored and used. A move to a written constitution would represent a fundamental and historic shift in our constitutional arrangements. So it is absolutely right to involve the public in a sustained debate on whether we should go beyond our current proposals to bring into a written constitution both the duties and rights of individuals and the balance of power between Government, Parliament and the people. This debate will build on the dialogue we began in *Rights and Responsibilities: Developing our Constitutional Framework*.

- The accountability of local authorities and city regions – the engagement of people themselves in their local communities, the accountability of local government and the future governance of our cities are all vital questions for the future of our politics. It is critical that we examine how to strengthen the engagement of citizens in the formal democratic life of their communities; reinforce the need for central government to devolve power; establish stronger roles for city-regional government, in particular in enhancing the economic success of their areas; enhance the powers offered to local communities and local councils to scrutinise public services in their area. Governance arrangements at all levels of local government should also be strengthened, and the accountability of the system to regional select committees in Parliament should be built upon.
- Electoral reform – last year we published

our review of the electoral system and there is a long standing debate on this issue. We still believe the link between the MP and constituency is essential, both because it delivers effective representation and allows MPs to be held clearly to account. We should only propose change if there is a broad consensus in the country that it would strengthen our democracy and our politics by improving the effectiveness and legitimacy of both government and Parliament; and by enhancing the level and quality of representation and public engagement. We will set out proposals for taking this debate forward.

- How to improve engagement, particularly of young people – despite being active citizens and volunteers in their local communities, we know that young people are less likely than other groups to take part in the formal democratic process.² Following receipt of the Youth Citizenship Commission Report, we will set out steps to increase the engagement of young people in politics – including whether to give further consideration to a reduction in the voting age.

21. The results of the consultation across the UK will be reported back to the Democratic Renewal Council to conclude in time to shape the Government's forward legislative programme and to feed into the Queen's Speech. All proposed reforms will be underpinned by cross-party discussions. Our proposals will also be informed by leading external figures including academics and others who command public respect and have a recognised interest or expertise in the different elements of democratic reform.

Putting power in the hands of the many, not the few

22. The lifeblood of this new settlement will be the redistribution of power from the hands of the few, to the hands of the many. So

Government will take the necessary steps to devolve power more radically, and open up information about government so that politicians and all those in charge of public funds can be more robustly held to account.

Power from the Executive to Parliament

23. We will continue to drive forward the reforms set out in the draft **Constitutional Renewal Bill** to place the Civil Service Code of impartiality and professionalism, recruitment into the Civil Service and the role of the Civil Service Commissioners on a statutory footing; to create a statutory basis for the Parliamentary scrutiny of Treaties, prior to their ratification by the State; to limit the circumstances in which the Attorney General can intervene in cases, and require the Attorney General to publish a protocol on how she will work with the Directors of the prosecution services that she oversees; and to set out the circumstances in which members of the House of Lords should be disqualified, and give the Lords the power to act appropriately.

Power from the Centre to the Devolved Administrations, English regions and local government

24. Our radical drive toward devolution in the last 10 years means that power is already more dispersed than at any time in our nation's modern history. On coming to office in 1997 the Government initiated a radical programme of devolution for Scotland and Wales. In Scotland a wide range of functions were devolved to the Scottish Ministers, and a Scottish Parliament with limited tax raising and primary law making powers in areas such as health, education, justice and the environment was established. For Wales a National Assembly, with all the powers of the Secretary of State for Wales, was established. In Northern Ireland the Government reinvigorated the peace process, leading to the Good Friday Agreement of 1998, which included new arrangements for

devolved government. These, after a period of suspension, resumed activity in 2007.

25. Since then we have refined these settlements in response to changing circumstances: in Scotland over 170 pieces of secondary legislation have been taken forward since 1998 under the Scotland Act to ensure that the full effect is given to evolving devolved and reserved policies. In Wales we have seen even more substantive changes: the Government of Wales Act 2006 has enabled the National Assembly for Wales to seek and achieve legislative competence in particular fields, for example in relation to child poverty and vulnerable children. A wide range of powers have been devolved to the Northern Ireland Assembly such as health, agriculture, social security, education and other matters. Work is continuing with the Northern Ireland political parties to swiftly bring about the devolution of policing and justice powers.
26. And we continue to adapt and develop these settlements. For Scotland we have welcomed the bold and imaginative proposals of the Calman Commission to strengthen both devolution and the Union. We want to maintain the consensus and develop momentum to do what is right for Scotland. For Wales we are continuing to devolve powers under the Government of Wales Act 2006, and when the All Wales Convention and the Holtham Commission separately report we will discuss them with the Welsh Assembly Government. These will help demonstrate how we can continue to put power in the hands of people whilst retaining the considerable benefits we all gain from being part of the United Kingdom.
27. In England, we have created the Regional Development Agencies (RDAs) and devolved powers to local councils and to cities and sub-regions. We introduced and then extended the powers of the directly elected mayor of

- London, using that clear accountability to devolve strategic powers especially in the areas of sustainable economic development, planning, transport and skills. In other areas where governance is more complex, we have been making steady progress on a bottom-up approach, culminating in the Budget announcement of two City-Regions in Greater Manchester and Leeds. By giving these areas greater powers and freedoms, we aim to show how city-regions can flex their economic muscle and create more and better jobs for people who live in them. We have backed this with improved scrutiny and accountability in regions through the introduction of both Regional Ministers and Regional Select Committees; through the establishment of Leaders' Boards representing local government interests at regional level; and through a new responsibility for RDAs to develop regional strategies in partnership with local authorities.
28. We would like to see more devolution of powers in this area, at both a local and at a strategic level. Drawing upon the city-region pilots we will consider the possibility of announcing further city-regions. We will also confirm a further round of Multi Area Agreements (MAAs) and will allow groups of authorities, where they wish to, to establish Economic Prosperity Boards. We want to build upon the best examples of directly elected mayors and will consider how we can better support their introduction where there is a local wish to see them established.
 29. Every local authority now has far greater discretion to respond to differing local needs. For example, employment and skills programmes are now being integrated locally, essential back to work employment support is run more effectively, and capital funding is better planned and co-ordinated, ensuring maximum returns.
 30. Our aim is to increase the power of citizens to shape their communities and the services they receive. Although we often talk about devolution, we are really restating the principle that power derives from the wishes and needs of the people.
 31. Alongside the right to shape services directly must go the right to elect a local authority with real power to lead, shape and deliver services and to champion the needs of local communities. Effective local government needs to be clear about the powers it can exercise and clear about its relationship with central government too.
 32. Our moves to strengthen local councils are working. A radical but natural evolution of local government is taking place. New forms of local governance have been introduced including mayors, cabinets and unitary authorities. New forms of co-operation between local authorities are also emerging at the city region level through MAAs.²
 33. We have also given local authorities the power to take responsibility for the well-being of citizens, the prosperity of local areas and community cohesion. Partly as a result, over the past decade the quality of local services delivered by locally elected councils has been rising year on year and the latest independent assessments of local government showed that four in every five councils are excellent or good – and improving further.³
 34. But more needs to be done. Now is the right time to set out clearly the relationship between citizen, local and central government and to strengthen these partnerships further. Effective democratically accountable local government depends upon high levels of performance and transparent decision making. Only councils that have the trust of local people are well placed to ensure that the voices of citizens and businesses are heard, and that local needs and opportunities are addressed.

35. While many councils are performing well, there is significant room for improvement. The public are often unclear about their rights and the powers and duties of local councils and their relationship to central government. We need to help local government to clarify its responsibilities and its ability to work in more innovative and collaborative ways to deal with new challenges, to better serve individuals' and communities' specific needs, and to ensure waste and bureaucracy are minimised.
36. Facing up to these challenges requires action in three areas:
- Firstly, councils must work with local business and community groups to develop a vision for their local area, based on a clear understanding of local needs and how to give communities a stronger say in local decisions and the use of resources across public services. To help councils deliver this agenda, we are changing the independent assessment of local government to focus on outcomes that matter to people. We are also increasing the power and reach of local government scrutiny and implementing a new 'duty to involve' to ensure that citizens are provided with information about services, consulting about how they should be shaped and delivered and involved in other ways;
 - Secondly, councils must work more effectively with partners, like the local police and the NHS, to deliver effective solutions to local priorities. Complex challenges cannot be addressed by single organisations acting alone, nor can effective solutions be centrally imposed. So during the past three years, we have moved away from an emphasis on process and institutions to one that focuses on improving outcomes. For example our new approach to regeneration, led by Regional Development Agencies, makes sure investment decisions are made as locally as possible, in particular supporting people to get a job, training and to get on in the labour market and boosting levels of enterprise in those areas; and
- Thirdly, we need to have systems and processes which enable central and local government to work together effectively on the big issue of climate change. We have set national carbon budgets and will shortly be setting out our policies and proposals for meeting them. We will now work with local government on how councils can contribute to meeting the carbon budget challenge.
37. But we need to go further. We will be setting out ideas and proposals for consultation on how we might offer stronger, clearly defined powers to local government and city regions and to strengthen their accountability to local people. We will also demonstrate the real benefits of operating in a more joined up way for local communities and the people that they serve, stripping out inefficiency and duplication between organisations, and putting users first.
- ### Power from politicians and practitioners to the people
38. As well as these formal transfers of power, we have consistently sought to extend devolution to the doorstep by giving people a real say on what happens in their local communities, in their everyday lives. It is in these local places that civic activity continues to thrive: three-quarters of the British population volunteers in some way.
39. We have made progress on participatory democracy with local people now able to shape regeneration projects and to seek election onto NHS trusts. We have placed greater duties on councils and councillors to consult, inform and involve people in local decision-making, to promote democracy, and to respond to public petitions. We have also introduced participatory budgeting – where local people help set priorities for spending in their neighbourhood ranging from community

wardens to tackle anti-social behaviour to new play areas for local children or better local transport. As we learn from these pilots, which are underway across the country, from Sunderland to Lewisham, we will promote their adoption in even more areas, so that as many neighbourhoods as possible have the chance to discuss and prioritise spending on the issues most important to them. And we are giving people a greater say in how public services should be run. For example, in crime, local people can have a say in what Community Payback projects offenders should be made to do, what local projects criminal assets should be spent on and what priorities their Neighbourhood Policing Team should tackle. We say more about this in Chapter 5.

40. Greater choice, greater say and the ability to hold providers to account are all key elements of our work to reform public services, which is set out in more detail in Chapter 4.

Access to information

41. Giving power to the many and not the few depends on people having the information they need to hold local leaders and service providers to account. The right of access to information is now a cornerstone of our democracy, providing members of the public, journalists, lobby and interest groups unprecedented access to information held by public authorities on their behalf.
42. The events in Parliament over the past few weeks have shown the value of the Freedom of Information system that we introduced. We need to strengthen not weaken this system in the years ahead. This is the public's money. They should know how it is spent. So we will:
 - Substantially reduce the 30-year rule to 20 years, accelerating the release of millions of public records about critical events within our lifetimes, while strengthening the protection given to communications with the Royal Family and the records of Cabinet Committees;

- Look at broadening the application of freedom of information to include additional bodies which should also be subject to greater transparency and accountability; and
- Improve the ease with which people can access public information, building on the recommendations of the Power of Information report taskforce. To ensure that government data is opened up, accessible and useful for the widest possible group of people, Tim Berners-Lee – the renowned MIT academic who led the creation of the World Wide Web – will help drive reforms that will get public information out of the hands of bureaucrats and into the hands of citizens who own it.

Liberty in a modern democratic Britain

43. Renewal of constitutional reform, greater devolution of power, and maximum transparency of information held by government will give our democracy the firm base it needs. A trusted and modern constitutional settlement will only 'live' if it also puts power in people's hands in their daily lives. But these reforms need to be accompanied by greater reassurance by the Government that it is continuing to defend our historic traditions of liberty and privacy, even where new challenges like terrorism or the rise of identity theft require changes to protect our security.
44. While people understand that Government agencies need to hold personal information to protect people and deliver vital services – and indeed that many private sector companies hold increasing amounts of personal information on people – they want more reassurance about what information is held, how it is stored, how it is shared, and how people's liberty and privacy is protected.
45. In an increasingly complex and fast changing world, new technologies hold the potential

to revolutionise public services and improve personal security and public safety. But if not confronted, they can threaten that security and safety, as for example with the increase in identity fraud and theft, and challenges around cyber security. Government needs to be clearer and more explicit about how technological change is affecting the kind of information Government needs to hold, and the principles and safeguards which will protect people's liberty and privacy. We must rise to the challenge by setting out clear constitutional principles in this area as in other areas of our democracy – principles that will endure even as technology evolves.

Clear principles to protect liberty and privacy

46. This cannot mean denying ourselves the use of technologies that would protect individuals and communities against crime or terrorism, or enable criminals and terrorists to be brought to justice; rather it means careful thought and wider public debate about what uses of new technology are necessary and proportionate, and at the same time a clear commitment to modernise the safeguards for our liberty and privacy.
47. The Home Office has over recent months set out a new approach emphasising the need for strong safeguards against arbitrary treatment; as much transparency as possible, a strong commitment to proportionality and common sense; and greater accountability. These principles have informed recent decisions to tighten up regulation of surveillance (in the consultation on the Regulation of Investigatory Powers Act). These include:
 - Clarifying that Local Authorities should not be using surveillance for minor offences such as dog fouling or litter dropping;
 - Asking whether the list of public bodies is the right one and whether the level of authorisation is high enough;
 - A new stepped approach to the time we
- retain DNA samples for those arrested but not convicted, while ensuring we do not undermine the ability of the police to use DNA analysis to bring serious crimes to justice; and
- Our decision to rule out a single database for holding all communications data on phone or internet use.
48. We will build on this approach to review the protection for liberty and privacy in relation to how personal data is stored and used, with a clearer commitment to only holding data that is necessary for significant public interest objectives, and giving people opt-outs on data held on them wherever possible. And we will strengthen the Information Commissioner's powers to enforce the Data Protection Act – including the power to spot check government departments, and to serve civil monetary penalties if there has been a serious breach of data protection principles – to ensure greater transparency over data held on people and to improve the standards and accountability of all organisations dealing with personal information. As well as ensuring that central government maintains the highest standards, we will increase scrutiny and accountability for local government, public sector agencies, and firms carrying out public functions, where there are areas of concern.
49. In addition to these measures, the **Constitutional Renewal Bill** will repeal legislation that limits protests around Parliament, and standardise the time limit within which legal action can be brought under the Human Rights Act across the UK. We have also set out clearer guidance to ensure that police powers introduced for fighting terrorism – including Section 44 of the Terrorism Act 2000 – are only used where appropriate, and over the coming year we will ensure that this guidance is fully implemented. We will also review

the protection of liberty and privacy in the operation of policing and border powers.

A new settlement

50. The twin crises that we face as a country – challenges to our economy and our parliamentary democracy – necessitate Government action of unprecedented boldness. The programme for democratic renewal outlined above is as radical as the action we are taking to protect our economy, and no less justified.

51. People are right to expect honesty, transparency and faithful service from those they elect to represent them. We must work to regain their trust. Accountability to the people is not an added extra but a necessary feature of a successful democracy. We will only meet the new challenges of security, of economic change, of communities under pressure – and forge a stronger shared national purpose – by building a new relationship between citizens and government that ensures that government is a better servant of the people. The steps we take over the next year will amount to a firm step towards a new democratic settlement. The post war age of government condescension, secrecy and privilege has now firmly ended; a new and more democratic age of openness and public service has now begun.

Real help now that builds a stronger Britain



Summary

The global downturn has affected every country in the world with many, like Germany and Japan, experiencing severe falls both in output and employment. No government can fully protect people from its impact. But the decision to act now, and the action we take will play a key role in helping people through the recession and shaping Britain's future.

Past recessions have often seen long term unemployment turn into permanent worklessness, with repossession affecting families and communities, and otherwise decent businesses having to close. We have learnt these lessons and taken action to ensure that people and businesses do not bear the full impact of an economic storm that was not of their making.

Thanks to a strong and flexible economy, and high employment levels, Britain will be well placed to recover from the downturn. In the first quarter of 2009 the UK contracted at a slower rate than many European countries with UK GDP falling by 1.9 per cent compared to a fall of 2.5 per cent for the Euro area.¹

Our response to the downturn has been comprehensive. Since the causes of this crisis are international, we have acted internationally. To protect the British economy and thousands of jobs, we have acted to stabilise the financial system. And we will act to ensure that it is properly regulated in future. To help maintain demand we have temporarily reduced VAT and brought forward public investment. We are helping businesses with cash flow and credit so

they can come through the recession and grow in the future. We are helping people who lose their jobs with concerted action to ensure that short term joblessness does not become long term unemployment. And we are helping those in difficulties with mortgage payments so that people can stay in their homes and investing to help the housing market recover quickly.

Looking ahead, we will continue to do everything necessary to make sure that people receive the real help they need to come through the recession and build a stronger, more prosperous future.

So this year **we will guarantee a sixth form, college or apprenticeship place to all school leavers. From next year every young person under 25 who has been unemployed for a year will be required to take up a guaranteed job, work experience or training place. The £1 billion Future Jobs Fund will provide 100,000 jobs for young people and a further 50,000 new jobs in areas of high unemployment. Adults who have been unemployed for six months will get access to jobs supported by recruitment subsidies, help setting up a business, skills training or volunteering opportunities.**

And a combination of public and private investment in the economy will ensure that it can create 1.5 million new skilled jobs in the coming years, enabling us to move back towards full employment in the next Parliament.

We have already committed to investing an extra £1.2 billion this year to build new houses.

But to ensure that we meet the needs of young families across the country, we will expand this building programme by investing a further £1.5 billion over the next two years to deliver 20,000 additional energy efficient, affordable homes to rent or buy. This housing investment package will also create an estimated 45,000 additional jobs in the construction and related industries.

A national response to a global crisis

1. The financial crisis of the last year has swept through a global economy that is deeply interdependent. From its origins in the US sub-prime mortgage market the crisis affected first financial markets and then, through a sharp contraction of credit and demand, the real global economy.
2. World trade has been severely affected, with the IMF forecasting that global GDP will fall by 1.3 per cent in 2009², the first time the global economy has contracted since World War II. The net result has been extremely steep falls in industrial production in many countries, with advanced economies being hit the hardest. In the first quarter of this year output fell by 6.9 per cent in Germany, 8.4 per cent in Japan and 4.3 per cent across the G7 as a whole compared to the previous year³. In 54 out of 57 countries for which data is available, industrial output fell in the last three months of 2008. This has led to steep rises in unemployment with unemployment rates almost doubling in the US, Spain and Ireland and the US rate now at a 26 year high.
3. While world trade has been hit hard, UK exports have been hit less hard than in many other major economies. In the year to April, German exports fell by almost 29 per cent, Japanese exports fell by 32 per cent and Chinese exports fell by 26 per cent. UK export volumes are 13 per cent lower than April last year.⁴
4. No country could avoid being affected to some degree. This is particularly true of the UK: our position as a leading financial and trading centre means that while we benefit so much from global prosperity in good times, we remain linked to the global economy when times are tougher.
5. However, Britain entered recession from a strong starting point, with low levels of debt by OECD standards, high employment, low inflation and interest rates, a skilled workforce and flexible labour markets. Since 1997 the UK experienced the fastest average productivity growth of all G7 economies. These strong economic foundations meant that we have been able to invest to protect the economy. In the first quarter of 2009 the UK contracted at a slower rate than many European countries with UK GDP falling by 1.9 per cent compared to a fall of 2.5 per cent for the Euro area.⁵
6. Because this global crisis requires global solutions we have worked with Europe, the G8 and the G20 to coordinate a Global Plan for Recovery and Reform to ensure that we do whatever it takes to stabilise the global economy and restore jobs and growth.
7. And we have worked with Europe, the G8 and the G20 to ensure that our approach to boosting the economy, including through giving extra support from the public finances, has been adopted internationally as the essential step to steering the global economy through the downturn. As the Managing Director of the International Monetary Fund has said, the “UK was probably the first country in doing the right thing and they have shown a lot of leadership on this question”⁶.

Protecting savers and stabilising the banks

Stabilising the financial system

8. The world economy was hit by a succession of economic shocks during 2007 and 2008. Starting in the US sub-prime mortgage market in mid 2007, the global credit shock caused a tightening of credit conditions and a number of bank failures across advanced economies.
9. The UK's first priority was to prevent the British banking system from collapsing. We took bold action to get us through this financial crisis and are acting now to make regulation more effective in the future.
10. The Government demonstrated its commitment to protecting retail depositors by preventing the collapse of Northern Rock in February last year.
11. Subsequently, the Government took further decisive action. Instead of standing back and allowing the financial system to collapse with devastating consequences for businesses and individuals following the collapse of Lehman Brothers, we intervened decisively, leading the world in recapitalising the banks and bringing in an innovative way of guaranteeing new bank lending (via the Credit Guarantee Scheme). In October we took a stabilising equity stake in RBS, Lloyds and HBOS. This was no 'bail-out': it was a commercial investment in the banks in return for shares.⁷ It came with strict requirements that banks maintain lending.
12. Then in January 2009 to further boost confidence to lending markets, the government launched the Asset Protection Scheme (APS) which insures lenders against potential bank losses and in doing so encourages a return to normalised lending and capital markets. The lending commitments associated with the APS put a legal obligation on banks and will ensure that over the 12 months from March this year, RBS

and Lloyds will lend, on a commercial basis and subject to demand, an extra £27 billion to businesses and £12 billion for mortgages.

Improving regulation

13. We have gone further to ensure that our financial system does not again get into such difficulties. The Banking Act of 2009 created new powers to resolve failed banks via the Special Resolution Regime and we have published a new tax code for banks so that they change behaviours and attitudes towards tax avoidance. It introduces a new level of transparency and attributes direct reputation risk to any bank that does not sign up.
14. We have set up the Walker review to ensure that far more responsibility over risk is taken in the boardroom, improving corporate governance in the financial sector, while the Financial Services Authority is reviewing compensation to ensure that financial companies design their rewards systems to incentivise only sustainable, long-term profitability and take full account of risk. As a lead stakeholder in several banks the Government will ensure that there will be no taxpayer-funded rewards for failure.
15. In addition we have worked hard internationally, in particular through the G20 process, to ensure that we have global standards and harmonised rules. This includes strengthening cross-border supervision (via colleges of supervisors), tackling tax havens via a new OECD code and moving to strengthen financial regulation within the EU while respecting the national fiscal authority of member states.
16. The forthcoming Financial Services White Paper, building on all this work and that of the Turner review of March 2009, will bring together our analysis, including on key issues like macro-prudential regulation. The White Paper will help lay the foundations of a new financial regime. The solutions must be based on better corporate governance, better

systems for dealing with bank failure and greater focus on system-wide risks.

17. Without our action to stabilise the financial system, it is likely that the recession would be more severe today. Without strong action to reform financial regulation, investors, businesses and families could not go forward to build the recovery with the confidence that the banking sector is there to serve them.

Maintaining demand in the UK economy

18. We acted quickly to make the recession as short and shallow as possible with a combination of tax cuts and investment brought forward. These measures help pay for themselves, as they limit increased spending on unemployment and the fall in tax receipts. The UK's leadership at the London Summit of the G20 nations was a crucial part of building a concerted and coordinated global stimulus, so that each country benefits from stronger demand in both domestic and export markets and we avoid a vicious circle of declining expectations and cautious spending resulting in lower growth.
19. In the 2008 Pre Budget Report we provided a £20 billion boost to the UK economy primarily through a temporary cut in VAT and bringing forward public investment in infrastructure projects. The Centre for Economics and Business Research has said: "Our calculations suggest that retail sales for the year are likely to be £8-9 billion higher than would have been the case without the VAT cut. The VAT cut therefore appears to be good value for the taxpayer".⁸
20. Our action to maintain demand has been backed up by a coordinated response from the Bank of England. Interest rates have fallen from 4.5 per cent in October 2008 to 0.5 per cent in March 2009. In March we authorised the Bank to inject up to £150 billion into the capital markets to ensure falling inflation does not act as a brake on the economy.
21. Using the public finances to support the economy in the short term has been critical to preventing a deeper slump in demand in the UK, with all that implies for the erosion of our productive base, businesses and skills and hence of the size of the debt. We must continue to place sound public finances at the heart of our economic strategy but we must do that in an economically sensible way. As experience in the past from Japan and other countries has shown, to begin to tighten fiscally too early could prolong and even deepen recession so we have stuck to our spending plans, while bringing forward some capital spending from 2010/11 to 2009/10 to help get us back to growth faster.
22. Our budget projections are for continued rises in total current spending this year and next so that we support the economy through the recession. We have increased investment in our frontline services this year and our plans for 2010/11 show we are able to make £5 billion extra efficiency savings while protecting the increased budgets promised to schools, primary care trusts, the police and local government. Our budget projections are for continued real terms growth of 0.7 per cent in current spending from 2011/12 onwards.
23. We have set out our intention to pursue £16 billion of asset and property disposals over 2011/12 to 2013/14. These disposals will allow us to free up additional resources on top of capital budgets to fund investment priorities. To assist in driving delivery of this agenda the Shareholder Executive will be strengthened by the appointment of a Board of external experts, including Gerry Grimstone and Lord Carter of Coles, to oversee this work. The Board will advise departments on making the best use of their property assets and identify further surplus assets, assist with overall portfolio coordination across the wider public sector; act as a source of expertise, for example in formulating and appraising

disposal commitments, alternative financing options and incentive structures; and support complex land and property transactions and help manage disposals into the market.

24. To ensure sound and sustainable public finances in the medium term once economic shocks have worked themselves through the system, the Government has set out in the Budget plans that will halve borrowing within five years, and ensure debt is on a declining path in the medium term: debt will be falling as a proportion of GDP once the global shocks have worked their way through the economy in full. Our plans for future public spending will support the resilience of the UK economy and help deliver these sustainable public finances. Over the next decade the key driver of sound public finances will be the speed and strength with which the economy recovers. That is why Chapter 3 sets out our new drive for growth in a post-recession era so that we make the most of global opportunities and lead the world in the sectors of the future. And it is why we are taking radical action, as set out in this chapter, to prevent short term unemployment turning into widespread inactivity.

Providing real help now to people and businesses

Real help for businesses under pressure

25. Our help for business through this crisis has had three clear aims: first, to ensure the banking system continues to provide credit to businesses that depend upon it to fund their investments and day-to-day activities; second, to deliver targeted specific interventions to improve cash flow and working capital; and third, to encourage investment so that businesses come through the recession ready to grow and take advantage of new global and domestic growth.
26. The Government's focus, through the bank recapitalisation programme and the introduction of the Credit Guarantee and Asset Protection Schemes has been to ensure, first, that the banks have sufficient capital, funding and liquidity and, second, that they utilise this to lend to individuals and businesses. As set out above, the Government has secured binding agreements with Lloyds Banking Group and Royal Bank of Scotland. In addition, major UK banks whose capital and balance sheets are not directly supported by the Government have also announced increased lending. For example, Barclays announced £11 billion of additional lending to be split equally between mortgage and business lending, while HSBC has announced that it will lend up to £15 billion to homeowners in 2009. This means around £50 billion in additional lending by the main banks above their 2008 levels of lending.
27. The Government monitors lending regularly and has established a Lending Panel of major banks and Ministers to monitor the flow of lending and recommend action to increase lending where necessary.
28. These overarching measures to repair the banking system are designed to ensure appropriate lending to businesses on commercial terms: it is not government policy, and nor would it be viable, for government to substitute for commercial bank lending. However, we recognised that certain market failures persist and have therefore introduced a number of targeted schemes.
29. We have put in place the Enterprise Finance Guarantee to encourage banks to lend to more businesses by guaranteeing a large part of the loan. This scheme has already agreed or is processing £490 million of loans to over 4,000 companies who would have otherwise been too marginal for bank lending.
30. We have established a working capital scheme to free bank capital for additional business lending. And because it has emerged that a major constraint on working capital

has been the reduction in credit insurance provision, we have allocated up to £5 billion from the working capital scheme to support a top up trade credit insurance scheme. This will provide extra cover to give businesses the confidence to offer credit to those placing large orders with them by insuring against the risk of non-payment.

31. The Transition Loan Funds have maintained lending to businesses in each Regional Development Agency's area, and are estimated to have helped save over 7,000 jobs.
32. This has been backed by a range of further support for businesses under pressure. As of 14 June, an estimated 140,000 businesses have deferred £2.6 billion in business taxes through the HM Revenue and Customs Business Payment Support Service. An estimated 140,000 loss-making businesses will be helped by changes to rules that allow them to temporarily extend trading loss carry-back from one to three years for losses up to £50,000. The Government is also allowing businesses to spread this year's business rates inflation up-rating over three years.
33. The Government has committed to making all its payments to suppliers within 10 days.
34. The Capital for Enterprise Fund was established at the 2008 Pre Budget Report and offers £75 million investment for potentially high growth businesses that cannot attract finance from other sources.
35. We have taken action to address the exceptional challenges faced by UK-based automotive companies and their supply chains. Our action reflects the fact that while the UK automotive car sector clearly needs to invest heavily in order to maintain future competitiveness, the UK should not allow the recession to destroy its viable productive base. After discussions with car makers, suppliers and unions we developed the Automotive Assistance Programme (AAP)

to provide loan guarantees that could enable lending of up to £2.3 billion to the sector, with the condition that investments be made

in the transition to lower carbon vehicles.

We also created a temporary, but already very successful, Vehicle Scrappage Scheme, which offers a £2,000 discount on the purchase of a new car and has already resulted in nearly 90,000 orders, providing a vital lifeline for manufacturers and the UK's car dealer network.

36. We have also taken action to encourage business investment through the downturn. This includes the introduction of a first year capital allowance of 40 per cent for one year with effect from April 2009, which will mean that firms investing over £50,000 in qualifying plant and machinery in 2009/10 will benefit from a higher rate of tax relief on investment. This will support around £50 billion of investment in 2009/10.
37. The ability of businesses to access key export markets is central to the UK's economic recovery. The Export Credits Guarantee Department (ECGD) is already consulting on a new 'letter of credit' facility to help exporters ensure that they are paid when their goods are shipped and is working on the future of the international trade credit market with the private credit insurers.⁹ The Government is also reviewing whether ECGD's operating framework has the necessary flexibility to provide exporters with the support they need, and will propose reforms in the autumn.

Real help for people out of work

38. The lesson from previous UK recessions is that government has a critical role to play in ensuring that those who find themselves without work in a downturn can access help in retraining and finding new employment. The Government is committed to ensuring that a cyclical rise in unemployment because of this recession does not result, as it has before, in people drifting over time into

long term unemployment and dependency on sickness and disability related benefits. Britain simply cannot afford to lose a generation of young people to unemployment.

39. These lessons have been built into our economy over the last decade. Our labour market reforms have created a more flexible job market that continues to create vacancies all over the country, and our welfare reforms have created a more active and supportive welfare to work system.
40. To help as many people as possible return to work quickly, we are investing an extra £5 billion to help people back to work. This includes £3 billion being invested in JobCentre Plus and other contracted providers; guaranteeing new support from day one, including help with writing CVs and applications. We are quadrupling funding for the JobCentre Plus Rapid Response Service; we recruited 6,000 extra staff for Jobcentre Plus by April with plans to recruit another 10,000 by autumn. Over 300,000 people are currently leaving Job Seeker's Allowance each month, while over 10,000 new vacancies are being notified to JobCentre Plus every working day. Around half of new claimants leave Job Seeker's Allowance within three months and three quarters within six months, and the number of people claiming inactive benefits is not rising, as it did in previous recessions.

Investing for a return to full employment

41. The challenge of returning Britain to full employment will be one of the defining missions for the Government over the next five years. It is not just a moral and social priority but also one of the critical challenges to ensuring medium-term stability in the public finances.
42. So this year **we will guarantee a sixth form, college or apprenticeship place to all school leavers. From next year every**

young person under 25 who has been unemployed for a year will be required to take up a guaranteed job, work experience or training place. The £1 billion Future Jobs Fund will provide 100,000 jobs for young people and a further 50,000 new jobs in areas of high unemployment. Adults who have been unemployed for six months will get access to jobs supported by recruitment subsidies, help setting up a business, skills training or volunteering opportunities.

43. And a combination of public and private investment in the economy will ensure that it can create 1.5 million new skilled jobs in the coming years, enabling us to move back towards full employment in the next Parliament.
44. To give more young people the skills they need to find work, we have provided £650 million to support the September guarantee of education and training for all 16 and 17 year olds who want a place. We have increased funding to create 35,000 new apprenticeship places, taking the total number to over a quarter of a million for the first time. And we want to ensure apprentices have a fair deal while avoiding undue burdens on business so we have already increased minimum pay and have now asked the Low Pay Commission to consider introducing a National Minimum Wage for apprentices.
45. Later on this year, we will consult on proposals to reform Housing Benefit to make it fairer, ensure it encourages people into work and supports access to decent, affordable housing.
46. Through a £1 billion Future Jobs Fund we will work with local authorities, social enterprises and the voluntary sector to create 100,000 jobs for young people and a further 50,000 jobs specifically targeted at unemployment hotspots. These will last

for at least six months, be paid at least at National Minimum Wage, deliver real benefit to local communities and underpin the Young Person's Guarantee.

47. The Government will set out further proposals for supporting a return to full employment in a joint Treasury, Business, Innovation and Skills and Department for Work and Pensions White Paper in the autumn that will set out: how we can best focus and manage our skills investment to help people get back to work; strengthen links with employers at local level, looking at how Jobcentre Plus, through Local Employment Partnerships, and local authorities engage with employers; strengthen work incentives within the welfare system and across the income distribution as a whole, including looking at how we can ensure that everyone who is unemployed will be better off in work; and what further support we can provide to support employment for all of those on benefits, including what further role the childcare system can play. The White Paper will set out plans for major reform across these overlapping areas in time for the Pre-Budget Report and will form a central component of our plan to provide medium term stability in the public finances, by delivering savings as the economy recovers through reducing the costs of welfare, and will build on the pace of reform set out in *Raising expectations and increasing support: reforming welfare for the future*.
48. Our investment in skills and jobs programmes will provide people with opportunities to gain experience which will be needed in the economy and public services of the future, such as low carbon, digital and new technologies and the care sector.

Real help to help people keep their homes

49. This support for employment and business will help Britain return to growth quickly. However because the housing market underpins

economic confidence we have also taken action to help prevent the hugely damaging effects of double digit interest rates and the surge in repossessions that characterised the early 1990s, when repossessions reached 75,500 in 1991. Even with a million more homeowners now than in 1991, we are working hard so that this year's repossessions will not reach these levels and welcome the recent reduction by the Council of Mortgage Lenders of its repossession projections for 2009 to 65,000 from 75,000.¹⁰ We have taken six major steps to keep people in their homes and support the housing market:

- We are working to strengthen protection through the courts. A new mortgage pre-action protocol issued last November means lenders must treat their customers fairly and treat repossession as a last resort;
- We have reformed support for Mortgage Interest for people out of work to help meet their mortgage interest payments, reducing the waiting period to 13 weeks and raising the amount of support to cover loans of up to £200,000. This scheme is already helping over 200,000 households stay in their homes;
- We have created Homeowners Mortgage Support, which allows households suffering a temporary fall in income to defer some of their mortgage interest payments for up to two years while they get their family finances back on track, as long as they can pay at least 30 per cent of the monthly mortgage interest payment;
- We have created the Mortgage Rescue Scheme which will allow up to 6,000 eligible vulnerable households to either sell a part share in their home and reduce monthly payments or sell their home and remain in the property as a tenant paying an affordable rent;
- We have taken action through the Financial Services Authority to ensure responsible lending and the fair treatment of customers, which has been taken further by mortgage

trade associations agreeing a number of voluntary initiatives to extend forbearance; and

- We have provided £15 million for debt advice services and a support desk in nearly every court to provide free advice to people working to keep their homes.

A more affordable housing market for the future

50. This support, combined with record low interest rates will help ensure that repossessions remain as rare as possible and help stabilise the housing market to create a stable platform for growth. But as we look ahead, we need to take action to ensure that house building picks up rapidly in a recovery.
51. We have introduced a stamp duty holiday on property sold for £175,000 or less and we are increasing mortgage finance with the Mortgage Backed Securities Guarantee scheme.
52. In addition to the £8 billion we are investing between 2008/11 in affordable housing through the Homes and Communities Agency's Affordable Housing Programme, in this year's budget we announced £500 million of new money to support housing construction in local communities, including a £400 million housing kick-start scheme which will deliver up to 9,000 additional homes and get building work restarted across the country. We are also investing £100 million in new council-built and owned social rented homes, which will meet high environmental standards. This funding, for provision of both social rent and low cost home ownership, represents a 50 per cent increase on the previous three years' investment.
53. These programmes to increase housing supply will mean there are more houses. But we also need to make them more affordable. So we are building on our work to help over 110,000 households into home ownership through shared ownership and shared equity over the past 10 years, through our "Homebuy" Low Cost Home Ownership programmes. These enable families to buy a stake in their own home, and get onto the property ladder.
54. **We have already committed to investing an extra £1.2 billion this year to build new houses. But to ensure that we meet the needs of young families across the country, we will expand this building programme by investing a further £1.5 billion over the next two years to deliver 20,000 additional energy efficient, affordable homes to rent or buy. This housing investment package will also create an estimated 45,000 additional jobs in the construction and related industries over the full three-year construction period.**
55. This pledge marks a new role for local authorities in the delivery of housing, making them key to Building Britain's Future. This package will enable local authorities to build 3,000 additional council homes over the next two years. A four-fold expansion of the scheme announced at the Budget. In addition this package will also deliver 10,000 new homes for private sale on mixed tenure developments. Overall, the package will be delivered by:
- Expanding the programme announced in Budget to enable local authorities to deliver an extra 3,000 new council social rented houses.
 - Expanding the existing affordable housing programme to enable Registered Social Landlords to deliver up to an additional 12,500 affordable homes;
 - Expanding the Kickstart Housing Delivery programme that aims to unlock stalled housing sites, with the aim of delivering an additional 13,000 homes, of which 4,000 will be affordable; and
 - Investing in the development of public sector land owned by the HCA to deliver an additional 1,250 units of which 500 will be affordable.

56. But, as we provide this new housing we must not forget about the need for quality and sustainability. We have set a ground breaking target for all new homes to be zero carbon from 2016, and are making this a reality. We published on 18 June detailed proposals for the first step, a 25 per cent improvement in the energy efficiency standards of new homes from 2010, cutting energy bills and reducing carbon emissions.
57. Alongside this, our eco-towns programme will mean a new generation of environmentally friendly new towns over the next decade. The first new towns since the 1960s to be built in England, they will be zero-carbon developments ensuring high levels of sustainability, while maximising affordability.
58. Good quality housing and urban infrastructure is an integral part of a strong community. It sends a powerful message about the pride people feel for their local area and contributes to a culture of prosperity. Learning from previous recessions, we will continue to invest in the communities that need our support most, not allowing them to become run down. We will spend more than £6.5 billion over the next two years to promote the growth and regeneration of our cities, towns, and communities and to prepare them for the upturn. And as we set out in the PBR, we have brought forward £180 million to support key regeneration projects threatened by the economic downturn. Chapter 6 sets out how we will match our new investment in social housing with continuing reforms that deliver value for money to the taxpayer and recognise the rights and responsibilities of those living in social housing.
- Real help for those who need it most**
59. Our measures on getting Britain back to work and restoring the health of the housing market will lay the foundations for future growth. To help people feel confident in the future, we are also putting extra money in people's pockets and ensuring that they have access to the credit they need. We put pressure on utility companies to pass on falling energy costs and on banks to pass on lower mortgage rates.
60. In September and April we increased tax free allowances on income tax so that 22 million people are on average £145 better off per year. We raised child tax credit so that 3.9 million families per year are £150 better off.
61. As a result of government pressure on mortgage lenders and the Bank of England's action the 4.5 million people on tracker mortgages are saving an average of £230 a month.
62. To help pensioners get by we have increased the Pension Credit standard minimum income guarantee from April so that no single pensioner will now need to live on less than £130 a week. In addition we made a payment of £60 to all pensioners in early 2009 which took the total value of the Christmas bonus to £70 last winter. From November 2009 we will help another 500,000 pensioner households by an average of £4 a week by increasing the capital disregard in Pension Credit, Housing Benefit and Council Tax Benefit for Pensioners to £10,000.
63. Although falling interest rates are essential to boosting the economy they also have an impact on those who rely on income from their savings. So we are raising the tax free ISA limits for people aged 50 and over to £10,200 (up to £5,100 of which can be saved in cash) from October 2009. We are extending these increases in the ISA limits to everyone from 6 April 2010.
64. People on low incomes who depend on credit have also been particularly affected by the credit crisis. Exploitation of vulnerable consumers by ruthless loan sharks and credit companies is completely unacceptable and is

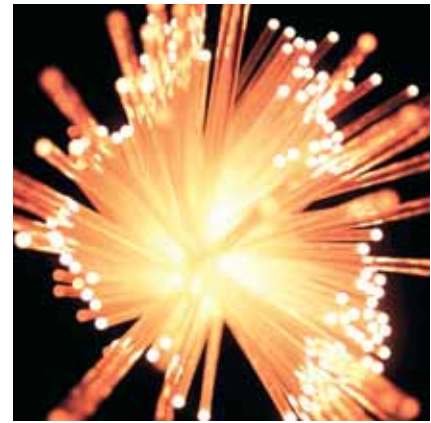
now the subject of a concerted government campaign. Illegal Money Lending teams will crack down on loan sharks and a single number helpline is available for concerned borrowers. Debt relief orders now allow debts to be written off, and there is now extra breathing space for consumers overburdened with arrears on their utility bills and other unsecured debts. We have announced we will legislate to prohibit the aggressive practice of sending unsolicited credit card cheques. In the forthcoming Consumer White Paper we will set out plans to make the relationship between lenders and consumers fairer and more transparent.

65. At the Budget we announced that an extra £270 million will be allocated to the Social Fund to fund around an additional two million loans over the next two years. The Government also committed an extra £18.75 million for the Growth Fund to support credit unions and so help those on low incomes who cannot get the credit they need. This will fund an extra 85,000 affordable loans to people on low incomes.
66. For those struggling with debts or worried about their finances we are also increasing free financial advice, funding more advisors at the National Debt line and extended opening hours for the Citizens Advice Bureau. From next year we intend to roll out the free Money Guidance service, if it proves to be effective. And looking further forward, we will introduce The Saving Gateway nationally, with the first accounts available in 2010, to encourage saving for those on lower incomes and to promote engagement with mainstream financial services, with eight million people eligible.

Conclusion

67. The measures outlined in this chapter show how we have taken a clear and considered response to the recession. We have acted to stabilise the banking system and support demand in the economy. We have also provided real help to people and business to weather an economic storm.
68. That help has addressed the challenges of maintaining decent businesses and helping people return to employment and keep their homes. It has also looked forward: to the skills and investment we will need to prevent long term unemployment and to build the businesses of the future. It is laying the foundations for a stronger and more prosperous Britain.
69. As the economic situation develops over the coming months, we will continue to take an active approach to providing the support that people and businesses need. Where help is no longer needed we will end programmes, where more is required we will reprioritise investment accordingly. We will balance the action we are taking now with measures which will ensure sound public finances to underpin the UK's economic recovery.

Investing for the future: Building tomorrow's economy today



Summary

This chapter sets out the Government's vision for the British economy over the next decade. Our aim is to put in place a framework to underpin sustained economic growth and high levels of employment in the medium term. We need to ensure that after the recovery Britain's economic base remains highly competitive within a rapidly changing global economy. And we need to meet the challenge and exploit the opportunities of building a low carbon economy. We will create good, skilled jobs that provide those on middle and modest incomes with rising living standards, as well as the confidence that they are equipped with the skills required in the labour market of tomorrow. Our new growth model is about increasing investment and up-skilling our people, industries and services so that we become ever more productive as a nation. This new drive for growth and jobs, based on increased investment, is at the heart of our plan for ensuring that Britain comes out of the recession a stronger nation with sound and sustainable public finances, ready to take full advantage of the opportunities of the future.

The progress made over the last ten years to create a productive and diversified economy has helped the British economy to remain resilient in the face of the global recession. As Chapter 2 highlights, the reduction in output has been less severe than that in many other industrialised nations, and the evidence is that although the recession is imposing serious hardship on many companies and people, our underlying strengths remain and provide a sound base from which we can now build.

Building for the future is the next great economic challenge for Britain. So to secure continued, investment-led economic growth we will ensure the stability of the financial system and make it work better to support investment and business; reform our approach to skills; secure the modern network infrastructure that our economy will need to thrive in the future; allow our regional economies and our city regions to become engines of growth; and adopt an activist approach to industrial policy with a focus on key markets and sectors with demonstrable potential for growth.

We will pursue a new, more active industrial policy to drive growth and create the high-value jobs of the future.

We will invest to ensure that Britain can lead in the new industries of the global economy, ensuring broadband access for all by 2012 and working towards a nationwide high-speed broadband network by 2016.

We will ensure that Britain's economy is underpinned by a world class modern infrastructure and that we have world-leading capabilities in the 'network' industries of the future – low carbon, biotechnology, life sciences, digital, advanced manufacturing and financial services. To support the key technology-based sectors of the future we will establish a new £150 million Innovation Fund which will over time lever in up to £1 billion of private sector funding.

To ensure the renewed British economy is a green one, we have set the world's first legally-binding carbon targets, cutting UK

emissions by a third over the next decade. We are investing in energy efficiency and the next generation of renewables, nuclear and clean coal technology to make Britain a global leader in low carbon industries.

As part of our continued shift towards low carbon modes of transport, we will shortly set out plans for a major programme of rail electrification and in the coming year we will publish a feasibility study for a new North-South high speed rail line.

These are the foundations of Britain's long-term prosperity.

Why is a new approach needed?

1. The Government's policies since 1997 helped build strong conditions for growth. We acted swiftly to secure macroeconomic stability which helped deliver a long period of low inflation and low interest rates. We went for bold micro-economic reform to boost productivity and growth through the drivers of productivity – for instance bringing in R&D tax credits to boost innovation; a big expansion in skills training and education more generally to boost human capital; a major stepping up in the competition regime; and substantial and sustained increases in investment in science.
2. These policies helped produce a strong record on growth and productivity. We grew by an average of three per cent a year, with our per capita growth outstripping even the United States. But the global financial crisis was a major shock that has inevitably pushed us back. While it does not undermine any of our previous approaches, it has revealed that we need better regulation of our financial markets and has required us to look again at how effectively our financial system supports productivity and real business growth and innovation. And it has made us reflect on what the new challenges are and hence what our approach to growth needs to be as we move forward.
3. Our new investment-led growth model will have a number of important drivers:
 - The need to ensure that UK firms and workers have the capacity to secure comparative advantage at the top of the global value chain, as the global economy returns to steady growth. Our tailored approaches in the key global network industries of the future like digital, life sciences and low carbon will support this and we will work to ensure we have world class infrastructure as part of a world-leading environment for business;
 - The need for UK firms and workers to respond to the transformation in technologies, above all the shift to low carbon. Our new Innovation Fund will foster early stage technology businesses with real potential;

Strategic Investment Fund

Budget 2009 announced a Strategic Investment Fund of £750 million. This is being invested over the next two years with £250 million going to low carbon projects which, Combined with separate funding of £155 million for DECC, also provided in the Budget, will mean £405 million of extra funding to support the development of the low carbon energy and advanced green manufacturing sector in the UK. £50 million of the Strategic

Investment Fund is being invested through the Technology Strategy Board, including additional support for the UK's transition to low emission vehicles, while UK Trade and Investment is investing £10 million in additional support for exports. Decisions on how to use the remainder of the fund will take account of the Government's other commitments to support advanced industrial projects, and will be announced in the months ahead.

- The need to improve productivity in all sectors including those going through structural change and in the non-traded areas, so that we can raise living standards;
 - The need to ensure that the UK economy remains resilient and diversified, both regionally and in the balance of sectors and markets; and
 - The need to ensure public spending supports areas of growth and the development of our productive base where industrial policy pays for itself through higher growth in the future. Our support for science, research and development and skills is a vital part of our effort to ensure Britain is a location of choice for global businesses and inward investment.
4. The need to ensure that Britain secures a strong and growing share of global inward investment, by maintaining our competitive business environment and an openness to international capital and talent, will mean redoubling our efforts to support business in identifying export and inward investment opportunities. The strength of the economy and level of employment are the primary drivers of the public finances now and into the future. Our drive for growth, together with our action to avoid short term unemployment becoming long term inactivity set out in the previous chapter, will be a key factor in reducing debt and maintaining sound and sustainable public finances.
5. Competing in the global economy requires strong and coordinated government action with effective, responsive, seamless institutions nationally and locally. We have therefore brought together key Whitehall resources in a new Department for Business, Innovation and Skills. This has created a single department committed to building Britain's future economic strengths, working alongside its counterparts in the devolved administrations. The new department will drive forward the strategy set out in *New*
- Industry, New Jobs*¹ in April 2009 and our commitments to:
- Support all businesses through continuing our world class competition policy, maintaining a climate that supports innovation and entrepreneurship, and creating a skilled workforce;
 - Ensure that the consideration of business opportunities is central to policy making in all government departments;
 - Tailor additional help to reflect the circumstances experienced by business – including by size, by markets, and by location. Where prudent and targeted government intervention can help unlock productive or competitive potential or remove barriers to market for UK firms in specific sectors or markets, we will not hesitate to take such action.
6. This co-ordination is also about helping people move between industries, where global restructuring means that new jobs are replacing old ones. And we will support successful industries with real career opportunities and well paid work in sectors where international trade is not such a natural force for change, such as retail, health and social care, education, and public services more widely. In all of these areas, we will make training and the development of new skills integral to people's working lives, so that they have the opportunity develop their full potential.
- Finance: the lifeblood of the British economy**
7. Getting the right finance to the right businesses at the right time and on the right terms is crucial if we are to build a strong and growing economy. Access to finance is the lifeblood of the British economy, and must be built on a strong and confident relationship between our lenders and our businesses and consumers. The forthcoming white papers on Financial Markets and Consumer Policy will shape a new settlement that is:

- Open, competitive and effective, able to meet the needs of business and families;
 - Inspires trust and confidence on the part of businesses and consumers, with fair and transparent information and pricing;
 - Subject to robust regulation that reduces the likelihood of damaging market, institutional and personal failures without preventing sensible innovation; and
 - Has effective mechanisms for dealing with the failure of financial institutions when, nevertheless, they do occur.
8. Our first priority must be to return stability to financial markets and take decisive action to reduce the frequency and impact of systemic financial crises. We believe the Financial Services Authority (FSA) is the primary mechanism through which we should regulate the financial markets. Through the future **Financial Services and Business Bill**, the Government will toughen the regulation of the financial system, ensuring that the FSA has sufficient powers to do its job and improve efficiency and competition. We will consider how to make it easier for new entrants to join the banking market and make existing participants more diverse.
 9. Looking to the future we need our banking system and other sources of capital to support innovation and growth. We will seek ways to encourage capital investors to take a longer term view of their investments so that the best ideas receive ready finance.
 10. Where private finance is not forthcoming but real potential exists, we will build on the existing public support – in line with state aid rules – to foster early stage technology businesses through a new Innovation Fund (see box). We are also undertaking a review, led by Christopher Rowlands, of the need for further solutions to help small businesses access growth capital. Such a mechanism could resemble the Industrial and Commercial Finance Corporation (later

known as 3i), set up by the Government in 1945 to facilitate private sector investment in SMEs. Following its listing in 1994, 3i's average deal size increased and the number of SME investments it made fell. This has left a gap in the market, which combined with the contraction of funding linked to the financial crisis, has led to calls for the Government to take action to fill the gap. The Growth Capital Review is scheduled to report ahead of the Pre-Budget Report. The Innovation Fund and the Rowlands review on growth capital are both targeted at ensuring that SMEs are able to access the capital they need to be able to grow, whether they are high-tech high-growth innovative businesses in sectors like advanced manufacturing, low carbon and life sciences or medium sized manufacturing businesses looking to expand.

11. Through guarantee and insurance schemes and the Bank of England's Asset Purchase Facility, we will continue to provide support to lenders and markets in providing the credit necessary to fund growth as long as is necessary for our economy to emerge from the recession.

Innovation Fund

To address the problems technology based companies face in accessing equity finance, the Government will launch a UK Innovation Fund. This will create a Fund of Funds based on a cornerstone investment of £150 million from the Government, and will leverage additional funding from the private sector, with the aim of building this into a £1 billion fund over 10 years. The UK Innovation Fund will invest in the sectors on which our future prosperity will be based, such as life sciences, ICT, advanced manufacturing and low carbon.

Continuing to be a world leader in financial and professional services

12. Although the financial markets have been heavily disrupted by global shocks over recent months, financial services remain a dynamic and vibrant sector of the British economy and one we want to succeed. We will continue to support our financial services sector in the context of necessary reforms to the regulatory environment to protect consumers and taxpayers from potential future systemic risks. The UK will continue to provide regulatory stability, as well as high quality infrastructure and skills.
13. Professional services such as consulting, accountancy, and architecture will also form an important part of our export-driven, high value-added economy. Working to provide access to talent, strong infrastructure and access to foreign markets is the way for Government to support this cutting edge sector.

Building world class infrastructure

14. Seizing the opportunities of the future depends on having truly nationwide, high-quality business and technical infrastructure. That is why we must give priority to bringing greater focus to building and modernising our economic infrastructure in energy, water, waste, communications, as well as transport and housing.
15. We are creating an environment in which it is attractive to invest in Britain's infrastructure, ensuring a stable long term framework and getting rid of the unnecessary planning delays and uncertainty that has often bedevilled our progress. To improve the planning process for nationally-significant infrastructure projects, the Government will consult on the first National Policy Statements. These statements will set the policy framework for the new Infrastructure Planning Commission in considering and deciding applications.
16. But we need to ensure we are also delivering the very best infrastructure in the most efficient and resilient way. So we will establish an advisory body – 'Infrastructure UK' – bringing a sharper focus to the Government's strategic work in enabling the development of the most up to date infrastructure for the economy in areas like energy, waste, water, communications and transport. It will identify the country's long-term infrastructure needs over a 5 to 50 year horizon, take stock of what existing plans are likely to deliver in the long term, and assess where more could be done, considering the interdependencies between different types of infrastructure and where there are efficiencies and synergies to be exploited. The body will build on the Council for Science and Technology's review of infrastructure for the Prime Minister, *A National Infrastructure for the 21st Century*.² Lord Davies of Abersoch will lead the development of Infrastructure UK. He will consult widely with key stakeholders and be supported with expert advice from Sir Adrian Montague and Paul Skinner. Full details of the new body will be announced and a Chair appointed in time for the Pre Budget Report.
17. We will strengthen our transport infrastructure to ensure that people are linked to jobs, that goods and services flow easily around the economy, and that international trade is facilitated. Through an existing £10 billion investment package our rail network will be transformed. This will involve significant redevelopment schemes including Reading station, Thameslink, Birmingham New Street, and Kings Cross, alongside smaller schemes like 500 longer platforms. **We will shortly set out our plans for a major programme of rail electrification.** We will also improve the quality and number of trains: our contract for a new generation of Intercity trains is worth £7.5 billion, offering shorter journey times and greater capacity. We are also

delivering 1,300 extra carriages that will provide around 10,000 extra seats per day.

18. Our major investments will include the £16 billion Crossrail project and up to £6 billion for the national roads programme. We will also support the expansion of Heathrow airport

subject to planning permission. This will provide up to 60,000 jobs during construction and will help maintain Heathrow's position as our most important international gateway.³ Additional flights will be subject to strict local environmental limits, and we are setting a new target to ensure that aviation generally

Infrastructure investment – creating opportunities for people and businesses

Olympic and Paralympic Games

Our investment of £9.3 billion in the 2012 Olympic and Paralympic Games will create new infrastructure and provide jobs for 30,000 people on the construction of the Olympic Park and Village in East London, and still more in companies involved in fulfilling the 75,000 supply chain opportunities throughout the UK.

Crossrail

The overall funding package for Crossrail is £16 billion. 14,000 jobs will be created at the

peak of construction, with a further 30,000 jobs supported by Crossrail during the construction period. Crossrail will improve access from where people want to live to where the high productivity job areas are – Canary Wharf, the City of London, West End and Heathrow – and facilitate the continued sustainable development of London's primary finance and business service activities. It will add around £20 billion to the UK's economy and increase London transport capacity by 10 per cent.

More information on how public investment projects are creating opportunities across the UK can be found at www.hmg.gov.uk/buildingbritainsfuture

Digital Britain

On 16 June 2009 the Government published the Digital Britain Final Report, which underscored the importance of the Digital Economy to the UK's future development, and secured the UK's position as one of the world's leading digital knowledge economies. This is a sector where we have internationally recognised strengths and, by taking the right decisions now, Britain can continue to be at the forefront of the digital revolution.

The Digital Britain Report sets out how we will strengthen and modernise the UK's Digital Infrastructure so the UK can compete and lead globally, the steps we need to take to ensure that everyone can share in the benefits of Digital Britain and how we make the UK one of the world's main creative capitals.

This will bring significant benefits to citizens, consumers and UK Plc by delivering universal broadband coverage across the UK by 2012. It will help to ensure that everyone has access to broadband and the benefits it brings, through proposals to accelerate the roll-out of next generation superfast broadband across the UK and to accelerate current and next generation mobile coverage and services. It also sets out how we will ensure that our creative sectors flourish both domestically and internationally, ensuring that people have the capabilities and skills to flourish in the digital economy, and that Government continues to modernise and improve its services to the taxpayer through digital procurement and the digital delivery of public services.⁴

plays its part in securing carbon reductions across the sector. **And in the coming year we will publish a feasibility study for a new North-South high speed rail line.** This will be carried by a company, High Speed. ²

19. The 2009 Budget announced funding to work towards nationwide connectivity for high speed broadband, and to pursue access to broadband at 2 Megabits per second for virtually everyone by 2012.⁵ This infrastructure is not only critical for the UK's creative industries, but for every sector of the UK economy. The recent Digital Britain report set out our plans to secure the UK's place at the forefront of innovation, investment and quality in the digital and communications industries as well as in the creative economy. We will also review Ofcom's powers to ensure that it can strike the right balance between encouraging investment and delivering competition in the communications infrastructure. The **Digital Economy Bill** will enable many of the steps necessary to ensure a world-class digital future.
20. Although postal services are under pressure from technological change and growing competition, the Post Office network and letters service remain vital to our economy. The Hooper Report clearly set out the need to modernise and how this should be done. We are committed to maintaining a universal letters service and to do what is needed to place Royal Mail on a sustainable footing for the future.
21. We will also continue to build housing infrastructure that meets the demands of the future economy, and we are currently considering what extra work the Government could do to improve innovation, competition, capacity, resilience and diversity across the housing construction sector, preparing the ground for market recovery.

Skills for the future

22. It is the skills, knowledge-base and human capital potential of the entire workforce that will determine Britain's industrial future. As we set out in the *New Opportunities White Paper*, four specific factors are crucial to building people's capabilities: support for parents and children in the early years that have a profound impact on subsequent life chances; world-class standards in our schools, as educational attainment at 16 remains one of the most important determinants of future success; investment during the critical transition years from compulsory education through further and higher education and into work; and fresh opportunities to get on in the labour market throughout people's lives, ensuring they have continuing chances to fulfil their potential.
23. It is essential that we develop a fair and family-friendly economy where everyone has the opportunity to develop their skills and experience. This will increase productivity as well as giving our economy competitive advantage when competing globally. Our plans to further improve childcare are set out in Chapter 6.
24. However, the vast majority of Britain's current workforce have already left education and are already over 25. We are committed to providing lifelong chances to those who need to update their skills with public funds for training. Since 2001 over 5.7 million people have benefited from our Skills for Life strategy, helping to improve their grasp of the basics in literacy, language and numeracy. To help people meet their aspirations, we are increasing funding for on-the-job training through Train to Gain.
25. Our skills policy has two central priorities. First, it will focus on the immediate priority of getting people back into work, ensuring that they can get on and make progress in their careers. Second, in the long term, skills

policy and the resources we devote to skills training need to be properly strategic and responsive both to the demands of business and to global trends. An activist approach will be particularly important where people's intermediate and higher skills will determine the UK's ability to secure high-value jobs in the global economy.

26. We will ensure that our learning institutions are increasingly responsive to skills needs in key sectors of the economy. Working with business, unions, Sector Skills Councils and the UK Commission for Employment and Skills (UKCES) will ensure an approach that allows us to identify and respond to skills needs in key areas of the economy quickly and effectively.
 27. The Government will ensure that public procurement and regulatory reform make a full contribution to raising skill levels. We are now committed to routinely considering skills issues and promoting training through procurement across government. We will ensure that there are sufficient incentives for employers throughout the economy to invest in skills, and that we strike the right balance between government and employer funding.
 28. We recognise the social and economic benefits that migration has brought to the UK. We are using the flexibility built into the Points-Based System to ensure we have the right blend of skills in the UK. We will use the system to help meet temporary skills needs where it is appropriate to do so, but to avoid long term dependence on migrant labour. A flexible immigration system rather than protectionism is best for British business and the British economy.
 29. We will publish a **National Skills Strategy** later in 2009. Complementing the *Getting Britain Back to Work* White Paper, this will set out how we plan to put in place an approach to skills policy which prepares Britain for the upturn and beyond. It will address specifically how further and higher education can promote enterprise and provide clear routes into self employment.
- ### **Building capacity to secure comparative advantage: a strong enterprise environment**
30. Over the last decade Britain's economy has transformed to take full advantage of an unprecedented period of global integration. Our workforce has become more skilled and productive, and we have secured a disproportionately high and growing share of world trade in key markets from communications services to aerospace.
 31. Britain has become a comparatively advantageous place to start and grow a business, and now ranks among the top ten economies in the world in this respect. However, we need to do more to ensure that growth in Britain continues to be driven by entrepreneurialism as well as long term investment in productive potential.
 32. The Government's Enterprise Strategy will ensure that small businesses are well positioned to make the most of new opportunities when the upturn arrives – with a particular focus on how we can help people hone good ideas and turn those ideas into a growing business; what further measures we might take to enable graduates to acquire enterprise skills or to start their own business; and what further measures we need to stimulate business start ups for women. And we have appointed Sir Alan Sugar as the Government's Enterprise Champion. He will act as an adviser to the Government and to small businesses to ensure small firms and entrepreneurs make the most of the real help available from Government and other organisations.
 33. We are also reducing the burden of red tape on business: our plans will save UK

based businesses £3.4 billion between 2005 and 2010. We are setting up a new external regulatory policy body to ensure that regulation is risk-based, proportionate and forward-looking. And to help business plan for the future more easily, from this summer we will publish our existing and potential regulatory proposals and set new simplification targets.

34. Both of these objectives are fundamental to small and medium sized businesses in the UK, which make up the bulk of the UK economy. We will continue to create opportunities to start and grow SMEs in Britain, including taking action to ensure that more SMEs are able to access, bid for and win contract opportunities in public services.
35. We still need to do more to unleash enterprise and innovation. We have asked Peter Jones to explore what the further education sector can do for those wanting to start a new business. But the direction of travel is clear. Some colleges already offer courses that integrate advice on starting a business with vocational skills. We need to build on this to define a broader range of 'qualify with a business' offers that could be delivered through our further education system. We will explore how to bring together coherent packages of business support, vocational and practical skills development, and advice and guidance into a single joined-up package for budding entrepreneurs. Not only would they gain the practical skills necessary, for example in trades like plumbing and hairdressing, but they will complete their courses fully prepared to start a successful business.

Changing technologies: innovation and the best science base in the world

36. Britain's leading-edge economy, especially in key strengths such as advanced manufacturing, green technologies and life sciences, is rooted in our science and research base. Sustained investment over the last

decade has given the UK one of the strongest science and research bases in the world – Britain is ranked first in the G8 for productivity of research papers,⁶ for example. Britain leads the world in many areas, for example in the life sciences and green technologies.

37. Many UK businesses have invested heavily in innovation over the last decade, supported by a Research and Development tax credit that has already provided £3 billion of support to UK businesses since 2000.
38. We know how important science and research will be for building Britain's future. We are allowing the Research Councils to refocus £106 million of efficiency savings in sectors which are expected to be central to future economic growth and the health and well-being of the UK: in green technologies, life sciences, the digital economy, high-value manufacturing systems and services, and the cultural and creative industries.
39. The establishment of the Technology Strategy Board (TSB) in 2007 has created a business-led body whose programmes channel public funds into driving business innovation in areas with major opportunities for future growth. Between 2008-11, the TSB in partnership with the RDAs, Devolved Administrations and Research Councils, will invest over £1 billion to support technology development in the sectors of the future, including life sciences, ICT and clean technologies. The TSB's budget was strengthened in the 2009 Budget. It prioritises its investments to stimulate business innovation to address specific societal challenges or maintain core expertise in leading edge technologies where the UK has real strength and where there is greatest scope for boosting UK growth and productivity. This is exemplified by an increased focus on challenge-led innovation activities in areas such as low carbon vehicles and assisted living. For example, the recently announced support for eight new low carbon

vehicle projects, providing £25 million to run real life trials of over 340 new vehicles and making this the biggest initiative of its kind.

40. The Higher Education Funding Council for England will this year develop a new Research Excellence Framework (REF) that will take better account of the impact research makes on the economy, and provide greater incentives to encourage mobility between universities and business and public services.
41. The creation of a single department to cover business, innovation, science and skills is a demonstration of our strong desire to focus efforts in research, development, demonstration, deployment and diffusion; build our skills base; and tie scientific and process innovation to productivity growth.

World class life sciences

42. The UK life sciences industry – pharmaceuticals, medical biotechnology, and medical technology – ranks second in the world after the United States, and is at the forefront of future growth areas such as regenerative and stratified medicine.
43. The UK has a competitive advantage in the National Health Service, offering vast resource for clinical trials and studies, and opportunities for driving innovation through procurement across the entire industry. As well as providing jobs and growth, the life sciences industries will also make a vital contribution to tackling future challenges such as an ageing population and obesity. In the next few months, we will publish a Life Sciences Blueprint, which will set out the action we are taking to support the UK life sciences industry.

The shift to a low carbon economy

44. Tackling climate change is among the greatest economic challenges facing the world in the 21st century. Moving to a resource efficient, low carbon climate resilient

economy and ensuring that we are resilient to the impacts of climate change will require major structural changes, particularly in our energy supply and transport infrastructure, the resource efficiency of our businesses and the management of water, waste and land. But these changes will also be a significant opportunity for future economic growth. Through the combination of a comprehensive long term policy framework – to reduce emissions, develop new technologies and adapt to climate impacts – and an active industrial strategy, we will maximise the economic and employment benefits to Britain of the green economy.

45. The 2008 Climate Change Act provides the foundations for action. Following the advice of the independent Committee on Climate Change, the 2009 Budget set out our legally-binding carbon budgets under the Act, reducing the UK's greenhouse gas emissions by 34 per cent by 2020 and 80 per cent by 2050. This summer we will publish a comprehensive Climate Change and Energy White Paper showing how we will meet our budgets – at the same time as ensuring the security of energy supplies, maximising economic benefit and bearing down on energy prices, particularly for the most vulnerable households. It will include details of:
 - Our renewable energy strategy, through which we will achieve 15 per cent of energy coming from renewable sources by 2020;
 - Our programme to facilitate the building of new nuclear power stations to replace those being decommissioned over the coming period;
 - A new funding mechanism to support up to four carbon capture and storage (CCS) demonstration projects, including any new coal-fired power stations for which it will be a condition of planning consent;
 - The 'Great British Refurb', our investment programme in insulation and energy efficiency in the housing stock, through

- which every loft and cavity wall will be insulated by 2015 and smart meters installed in every home by 2020;
- Our new feed-in tariff and renewable heat incentive to promote household and community-based energy generation and district heating schemes;
 - Our strategies to reduce carbon emissions from transport, waste management and land use.
46. These policies will generate significant economic and employment opportunities for British-based businesses. The global market for low carbon goods and services is already worth £3 trillion and is projected to grow to over £4.3 trillion by 2015. In the UK this sector is currently worth over £100 billion, employing around 880,000 people and representing 7.4 per cent of GDP. Under the Government's policy framework it is expected to grow by around 400,000 jobs by 2017.
47. The Government aims to ensure that the UK is among the best places in the world to locate and develop a low carbon business and our plans were set out in *Investing in a low-carbon Britain*, published alongside the Budget.⁷ Next month we will set out full details in our Low Carbon Industrial Strategy. To finance the strategy, Budget 2009 provided £1.4 billion in new support for the low carbon energy sector, coupled with £4 billion in new lending from the European Investment Bank. This will generate an estimated additional £10.4 billion of low carbon and energy investment over the next three years, a major green stimulus. The package included £375 million additional spending on energy and resource efficiency programmes for homes, businesses, public buildings and waste infrastructure; £70 million of additional spending on decentralised energy; extended fiscal incentives for Combined Heat and Power (CHP) plants, bringing forward an estimated £2.5 billion in new investment; and an increase in support for offshore wind, to protect around £9 billion of investment.
48. The Budget also provided £405 million of new funding to support the development of UK-based businesses in low carbon and green manufacturing sectors.⁸ This will be used across the field of business support, inward investment, training and skills and R&D, with a focus on those sectors in which Britain has particular competitive advantage. These include carbon capture and storage, where the Government's new commercial demonstration programme will make the UK a global leader; offshore wind, where the UK already has more installed capacity than any other country in the world; and ultra-low carbon vehicles, where the Government's actions to incentivise the market for ultra-low carbon vehicles – including research and development, vehicle demonstrations and, from 2011, consumer incentives to help make vehicles more affordable and provide the infrastructure to support them – all of which should help to support a major British manufacturing base. Other key sectors include marine energy and carbon finance, where the UK is the world centre for carbon trading and home to Europe's largest low carbon venture capital market, attracting around 30 per cent of all European 'clean tech' investment over the last decade.
49. We will also work to develop a strong and growing contribution to energy supply from Nuclear Power. The process for approving the development of new nuclear capacity is now well underway and our aim is to commission the first new stations within the next decade, marking the beginning of a sustained period of growth which will both reduce the UK's dependence on imported supplies of oil and gas and contribute materially to the target of reducing emissions. In support of this development we will also be focusing on the development of specialist and technical skills in an area of great global potential. We will also be supporting advanced work on

the development of the nuclear fuel cycle to reduce the risks of proliferation and to facilitate the secure development of civil nuclear power around the world.

50. As well as the low carbon sectors, there are significant economic opportunities to be gained from developing technologies and services designed to enable adaptation to climate change. The UK already leads the world in many of the analytical tools necessary for effective adaptation planning. The new UK Climate Projections launched earlier this month set out the changes we can expect to see in temperature, rainfall and rising sea levels over this century.⁹ Alongside the Projections, we are consulting on our proposals to ask public sector organisations and statutory undertakers – such as energy and water utilities – to undertake risk assessment and adaptation plans. And to help address the immediate effects of climate change in the UK, we will introduce a **Flood and Water Management Bill** aimed at improving the management of flooding and water emergencies.

We have set the world's first legally-binding carbon targets, cutting UK emissions by a third over the next decade. We are investing in energy efficiency and the next generation of renewables, nuclear and clean coal technology to make Britain a global leader in low carbon industries.

A diversified and balanced economy: promoting British manufacturing

51. Advanced manufacturing, which utilises a high level of design, scientific and innovative skills to produce technologically complex manufactured products and processes, is an area where there are strong global market opportunities and where the UK is currently a world leader. *New Industry, New Jobs* explained how we will build on the Manufacturing Strategy to help industry

compete successfully in the high growth areas of the future.¹⁰

52. We have also identified a range of new industrial technologies that offer the potential for UK sectors to maintain and develop their positions as leading advanced manufacturers. These include the development of non-oil based chemicals, the shift from metal to composite materials across a wide range of potential applications, and in plastic electronics technology that enables electronic circuits to be printed cheaply onto flexible surfaces. There are also considerable potential opportunities for UK sectors in the decarbonisation of aerospace and other transport technologies. The Government will help support industry to unlock these and other opportunities.

Driving productivity growth across the economy

53. Increasing productivity is the key to increasing prosperity in Britain because it pays for rising wages, underwrites our continued innovation and ensures we use our national economic resources in the most efficient way. Many parts of the British economy are fully open to international competition, which requires them constantly to innovate and improve productivity.
54. But these open sectors are balanced by a large 'non-traded' sector that is relatively closed to international competition. A large part of our economy is made up of these domestically focused, labour-intensive industries. In the private sector, retail and construction are prime examples. In almost all cases, employment in these areas has been growing solidly for many years, though growth associated with innovation has been fragmented, often confined to high performing businesses rather than occurring on average across sectors. We face the challenge of improving productivity in these sectors without the spur of international competition.

55. The introduction of the National Minimum Wage has spurred the development of these sectors, helping to raise productivity without harming employment. Future improvements will be driven by effective management, capital investment and appropriate planning schemes – using government procurement to support development in areas such as health and education. Government can and should work with these sectors to ensure quality and output is second to none.
56. The Government is already improving standards and skill levels in many of these markets such as social care and childcare. And so that people in all areas of the economy are better able to progress in work and compete in the upturn, we are putting in place a new Integrated Employment and Skills Service. This will give people better support to gain new skills through the advice of a new adult advancement and careers service. New personal skills accounts, clarifying their entitlements to training, will give them more control over how they improve their skills, including through their employer using ‘Train to Gain’. This will allow people to train for employment opportunities in their local labour market, getting the skills that local businesses need.
57. Our diverse economy, with strengths in many sectors, is an important source of resilience. We will continue to ensure that all regions and localities are able to respond to global challenges and take advantage of emerging opportunities. We are ensuring that city-regions are increasingly able to act as local champions of growth. The **Local Democracy, Economic Development and Construction Bill** will further strengthen the work of the Regional Development Agencies and local authorities in supporting economic growth within a clear framework of national priorities.¹¹

Conclusion

58. This new growth model for Britain is right for our future. It builds on our experience in taking the country through both benign and challenging global economic conditions. Our intention is to build an economy which is diverse, creative and competitive – which can both enable us to pay our way in the world and provide the high quality jobs that are essential if everyone is to be able to fulfil their personal talents and aspirations.
59. Our approach rejects isolationism, recognising that the UK can only prosper in a strong and stable European and global economy. It is active in its commitment to building the capabilities of British workers, and in providing the resources on which British-based firms will need to draw. It regards the extension of opportunity as fundamental to our competitiveness. The UK cannot afford to waste the potential of any of its people.

Fair chances for all: Building the next generation of public services



Summary

We will only truly prosper if we draw on all our talents and ensure fair chances for all. So the government will fight hard to create excellent public services that give people real power over their lives.

We will continue to sustain investment in public services, but over the coming years we will need even sharper reforms, with tough choices about where to target investment for the future and a determination to get value for money from every pound spent by cutting waste, improving efficiency, and encouraging innovation.

We have a strong record on which to build. Once ambitious goals are now delivered as the norm, like the 18-week maximum waiting time from referral to treatment. And services once thought aspirational – such as Children’s Centres, a universal childcare offer for three and four year olds, and neighbourhood policing teams are now rightly seen as something every family should expect.

These reforms mean we can now extend power to the public over their services and offer greater freedom to front-line professionals. So the next stage of reform will be characterised by moving from a system based primarily on targets and central direction to one where individuals have clear entitlements over the service they receive. This means:

- Introducing clear entitlements to public services, for example access to high quality timely healthcare;

- Ensuring that public services have the power and responsibility to secure high standards for citizens and there are clear and appropriate redress mechanisms when entitlements are not delivered.

As we extend clear service entitlements, so we will devolve greater responsibility and power to the front line, offer greater choice and control for users and continue to tackle robustly underperformance and failure wherever it occurs. To deepen this new approach and ensure that world class public services are a guarantee not a gamble, we will now give:

- **Parents a new guarantee to an education that is individually tailored for their child, including: a personal tutor for every pupil at secondary school; stretching teaching for all pupils, with catch up tuition for those who need it, including one to one; and qualifications that suit every child’s strengths whether practical or academic. And we will back headteachers to enforce good behaviour in every classroom and achieve high standards for all pupils, with the best headteachers working in more than one school as we radically expand federations of schools, Trusts and Academies.**
- **Patients enforceable rights to high standards of care, including hospital treatment within 18 weeks, access to a cancer specialist within two weeks and free health-checks on the NHS for people aged 40 to 74.**

Building the next generation of public services

1. Public services are a fundamental part of the UK economy and society – helping to sustain economic growth and build a fair society. They are critical to extending opportunity to those who would otherwise not fulfil their potential – whether supporting all our children to develop, providing training and support to those who are seeking a job, or helping people manage a health condition. We are committed to building public services that deliver fair chances for all.
2. Across the country the next generation of public services will be central to Britain's future.¹ As society changes and people's expectations rise, our public services will continue to respond, with tangible results. In our education system, every child will learn from three to eighteen and every parent will know there is a good local school which provides access to activities from 8am to 6pm. In health, patients will get personal care ranging from preventative health-checks to support to help them manage chronic conditions.
3. We have a clear strategy to deliver this next generation of services. We will put power in the hands of users, ensure that professionals have the freedom and responsibility to respond to citizens' needs directly, and underpin these changes with a more streamlined and strategic role for government. By devolving power to users and creating greater autonomy for professionals, we can ensure that services look outwards more than they look upwards. But there will remain a crucial strategic role for government, tackling failure, ensuring high standards, supporting innovation and creating the right incentives to underpin improvement.²
4. In the next phase of reform we will further empower citizens and communities, through

stronger rights and entitlements to core services, with clear redress mechanisms for citizens if those entitlements are not delivered. We remain committed to continuing to deliver the ambitious improvements in health, education and skills, crime, transport, housing, communities and across other public services – as we set out in the Public Service Agreements in 2007.

5. These new entitlements and systems of redress will entrench the improvements of recent years and drive value for money across our public services.

Building on a decade of improvements

6. Delivering the next generation of public services through stronger entitlements is only possible because we have achieved dramatic improvements across our public services since 1997. In return for record investment, people now have far better, higher quality public services. Once aspirational targets are now almost universally delivered, like the 18-week maximum waiting time from referral to treatment. Once high standards for the few are now high standards for many: the number of schools in England where less than 30 per cent of the pupils achieve at least five GCSEs at A*-C (including English and Maths) has fallen from one in two in 1997 to one in six today.³ And services once thought to be the exception are now available in almost every community: over 3,000 Children's Centres, 15 hours free childcare for all three and four year olds from 2010 and neighbourhood policing teams. This is a testament to the hard work and dedication of public service employees.
7. We have achieved these improvements through a radical reform programme over the last 12 years. Initially this relied on a heavily top-down approach. Central government intervened to drive up quality and standards. Because we were impatient to drive through improvements in services, we relied on direct

central government action – for example to tackle underperforming schools and to set targets for healthcare waiting times.

8. But the progress made means we are now in a position to move decisively to the next phase of reform – empowering individuals and communities with clear entitlements and freeing up front-line professionals to be more responsive, innovative and personalised. Local and national government will remain key players in this new phase – setting out entitlements that are right for different public services and intervening swiftly to ensure they are delivered. But the key relationship in the next decade will not be between the government and the public service provider. It will be between the empowered individual service-user and the public service professional – with a strong, strategic role for government to ensure the system works in the best interests of all those who depend on our vital services.
9. Giving power to individuals in this way will drive up standards, at the same time as locking in fairness by ensuring that improvements are genuinely universal. We remain committed to ensuring that accident of birth and social background does not hold people back. New entitlements in the public services will make sure that it is not just those with the sharpest elbows or the loudest voices who receive good quality services – by empowering individuals, we will guarantee clear universal rights for all, regardless of where they live or what their background is. That is why the **Equality Bill** will introduce a new Equality Duty requiring a range of public bodies to consider the needs of different groups in the community when designing and delivering public services.
10. We have already started on this path. We have given more power to parents, patients and communities. The NHS Constitution will give patients the right to a choice of hospital for elective surgery and we are piloting personal budgets for patients. In our schools, we have freed up the curriculum so that professionals can personalise learning to the needs of individuals. This year up to 150,000 children who need it will have access to one to one tuition in English and the same number in Maths, rising to 300,000 in each subject in 2011.⁴
11. And we are continuing to pursue our radical reform agenda across all public services. In social housing, applicants now have more say over where they live through Choice-Based Letting, which we will now expand nationwide and we will offer support to tenants who need to move to take up the offer of a new job. And in welfare, we are giving more power to front-line professionals, equipping them to provide a more personalised and effective service.
12. For local government services, we have empowered citizens through greater petitioning powers over their local council and through the use of participatory budgeting. The introduction of new Comprehensive Area Assessments is giving local areas across England more flexibility and improving accountability to local people.
13. Alongside this we have fostered innovation and flexibility in service provision by freeing up public service professionals, by increasing training and development and recruiting more of our country's highest achievers into our key public services. There are now more opportunities for professionals to lead and personalise services, and new institutions – like Foundation Trusts in the NHS and Trust and Academy schools – have given local professionals significant autonomy to improve services. And we have reduced the number of targets for local authorities from over 1,000 performance indicators to just 35 agreed priorities in each area.

Clear entitlements to public services

14. But to deliver the next generation of public services, we must be prepared as a government to take bold action to put power into the hands of users.
- In our schools we have already invested significantly in personalisation and catch-up provision for those who need it, including one-to-one, and a wider range of activities in extended schools. But our forthcoming Schools White Paper will go further, by setting out a clear set of entitlements for pupils and parents across England.
 - In the health service, the NHS Constitution has already enshrined the principle of access to health services based on need not on ability to pay, turned access to all NICE-recommended health treatments into a right and begun to set out what patients should expect if quality is not met. But we will now go further by entrenching basic standards of access and quality as entitlements for all patients. So once aspirational targets will become the guarantees for all patients. For example, the right to be seen by a cancer specialist in under two weeks. And we will establish robust redress mechanisms so that where patients fail to receive their entitlements, they and their advocates will be equipped to act – getting access to alternative services.
 - And as set out in Chapter 5, we will extend this approach to policing: having given every community its own neighbourhood police team, with police spending more time out on the beat tackling crime and local priorities, we will now go further and strengthen the local community's entitlements to a high quality, responsive service. This will include a right to: minimum response times, and minimum time on the beat; monthly beat meetings to shape local priorities; support for community action against crime and local people having their views taken into account in decisions on prosecutions, and

having a say on how offenders pay back to the community.

Effective forms of redress

15. These guarantees, and others which we will set out, will be backed up by more responsive non-legal redress mechanisms, appropriately tailored to particular services. This will create a system which gives power to people to challenge organisations which are not delivering their entitlements on a personal level with minimal bureaucracy. In particular, where a service falls below an acceptable standard, we will seek to ensure there are alternatives open to patients and parents. Redress could take a number of forms, which might include giving users the power to seek alternative services, or offering people greater powers to complain and have their complaint heard by an independent ombudsman. These mechanisms will create clear incentives for organisations to meet the expectations we all have.
16. Effective redress is not a threat to public services, but rather a powerful force for sustaining improvements and ensuring they are genuinely universal. It will tackle unfair postcode lotteries and help remove inequalities in some public services. Crucially, whilst we will need to legislate to establish the framework for entitlements and rights in some services, we will not legislate in such a way as to mean redress will be through the courts. This will not be a charter for drawn-out legal action to receive your rights – but rather a rapidly responsive system of personal advocacy. It will allow those who are not receiving their guarantees timely access to an advocate or ombudsman with the necessary powers to ensure they are treated in the way they are entitled.
17. Forms of redress will need to vary from service to service. For example, in the NHS, cancer patients not seen within two weeks could expect their PCT to secure an immediate

appointment at another hospital, or require their local hospital to make an appointment available. We are already making a start on this – following the publication of an independent report on redress, we have committed funding for local government to test different ways of improving redress in their services. Over the next year, we will develop and consult on further proposals for new entitlements and linked redress mechanisms.

18. These reforms will give us the opportunity to transform the way we deliver public services. We will not only provide entitlements to individuals and communities backed up with redress, we will also clarify responsibilities. For example, we need to be clear that parents have a responsibility to ensure that their child arrives at school ready to learn, and that parents work with schools to address any pupil behaviour issues.
 19. By establishing self-policing systems of rights and entitlements, the users of services can be empowered to ensure minimum standards are achieved, and the role of government can be further streamlined, and any unnecessary bureaucracy removed, for example, reducing the focus of Strategic Health Authorities in the NHS on the performance management of targets.
 20. To make sure this new approach works, we will also transform the provision of information – people must know not only what they can expect, but also how well services are being delivered. That is why we are introducing new ways of sharing information, radically improving transparency – such as crime maps, showing patterns of crime across local areas; and School Report Cards, to provide clear information to parents on the performance of different schools.
- ## World-Class standards in our schools
21. The Children’s Plan sets out our vision for making this country the best place in the world to grow up. At the heart of this agenda is our ambition for world-class schools that provide excellent teaching and personalised support, providing all our children with the opportunity to succeed in the 21st century.
 22. There have been significant improvements since 1997 – in 2008, 68,000 more pupils gained five or more good GCSEs (including English and Maths) than in 1997.⁵ This achievement was made possible through greatly improved teaching and leadership in our schools and the programme of targeted investment and reform we have undertaken. Since 1997, we have increased total real-terms funding per year by 97 per cent, or £2,880, per pupil.⁶ We have also introduced new forms of secondary schools and now have 133 Academies, and over 160 Trust schools. Almost all secondary schools are now offering a specialism, raising standards across the board and offering parents greater choice.
 23. But we need a school system that delivers excellence for every child, not just the majority. We must go further in guaranteeing a great education to every child and parent – and secure these entitlements by empowering world-class professionals and extending the reach of our best school leaders, allowing government to play a strategic role, intervening in cases of failure, but standing back when there is success. Our forthcoming Schools White Paper will set out how we plan to create a school system in which every child can reach their full potential.
- ### Delivering excellence for all children
24. Every child should be entitled to first-class teaching and personalised learning. We have increased targeted support available to children who most need it, including

those with special educational needs, while also expanding opportunities for stretching education to all our children. Our ambition is that every child and every parent has a school with excellent teaching and the highest standards, extended schools providing activities from eight in the morning to six in the evening, access to a rich range of sports and arts as part of a modern and broad curriculum offer, greater personalisation for all pupils including through personal tutors for all secondary pupils, and online information for all parents on their child's progress and learning.

25. Every child should also be entitled to attend a school with strong discipline and behaviour. We have made real progress through legislation to strengthen schools' disciplinary authority, reinforcing parental responsibility, and introducing a national programme to strengthen schools' capacity to manage behaviour. As a result, the number of schools having inadequate behaviour is now at the lowest level ever recorded.
26. Every parent should be entitled to be fully involved in all aspects of their children's learning and development. New technology is making it possible for parents to be kept fully informed and up to date with their child's progress, their behaviour and attendance and to receive tailored information on what they are studying. The best schools provide an exceptional service for parents. The challenge is to make this available to all parents. That is why, from 2010 all secondary schools, and from 2012 all primary schools, will report online to parents. And every child deserves a learning environment fit for the 21st century, so we have invested in new, state of the art buildings and IT.
27. Because parents need the best information about how their child's current, or prospective, school is doing compared to other local schools, we will introduce a new School

Report Card, which will show how well each school is doing to meet demanding standards of achievement, ensure that all children are progressing in their schooling and how the wider needs of children are being met. The Report Card will provide fuller and clearer accountability on school performance to parents than existing school league tables. Entitlements must be matched with responsibilities, of course, and so the **Improving Schools and Safeguarding Bill** will introduce measures to drive up performance of schools and expect parents to ensure children arrive at school ready to learn, and work with schools to address behaviour and attendance problems.

Creating 21st century schools

28. Our forthcoming Schools White Paper will set out a guarantee to an education which is individually tailored for every child.
29. Where an entitlement is not being delivered parents will want to know that they can resolve the problem promptly and effectively. The Schools White Paper will also set out how this will work.
 - **We will give parents a new guarantee to an education that is individually tailored for their child, including: a personal tutor for every pupil at secondary school; stretching teaching for all pupils, with catch-up tuition for those who need it, including one to one; and qualifications that suit every child's strengths whether practical or academic.**
 - **We will back headteachers to enforce good behaviour in every classroom and achieve high standards for all pupils, with the best headteachers working in more than one school as we radically expand federations of schools, Trusts and Academies.**
30. As part of the entitlement to catch-up tuition, we will also now guarantee extra support for pupils if they start secondary school without

being secure in the basics, with a progress check to ensure that this support has been effective.

31. Parents also need to be given a stronger voice in shaping the quality and pattern of schools in their local area. So the White Paper will announce new measures to ensure that where parental dissatisfaction in an area is high, local authorities will be compelled to take action – which could mean expanding places at good schools, creating new federations to spread the expertise of strong schools and school leaders, and sometimes creating entirely new schools. We aim to radically expand the role of executive headteachers, Academy chains and shared Trust schools in the 21st century school system.
32. We will only deliver our new entitlements to pupils and parents through a world-class workforce. There are now 40,900 more teachers and 115,000 more teaching assistants in our schools than in 1997.⁷ We now have the best generation of teachers ever – a generation that knows how to get the best from our children. Through highly successful schemes like Teach First, and new incentives like the £10,000 “golden handcuff” for teachers to work in the most challenging schools, we are recruiting the best and brightest into the profession. And we are supporting these teachers to deliver, reforming the initial training of teachers to make teaching a Masters-level profession.
33. But while government needs to step back to give our great teachers the freedoms they need, we also need to be prepared to intervene where there is underperformance. We have made significant strides in tackling endemic failure. The National Challenge will ensure that no secondary school is left behind as standards increase. At a primary level, overall standards in literacy and numeracy have been transformed since 1997, with over 120,000 more pupils now reaching the

expected level in both English and Maths at the end of primary school.⁸ We need to go further and make sure that all primary schools are challenged to improve. That is why we will support and challenge all primary schools to raise standards. This will not only focus on primaries where the number of children reaching the expected standard is below our minimum level, but also on schools where poor rates of progression and inconsistent performance are impeding children’s chances of success. It will also help to harness the support of the best schools in the system to help the rest in spreading excellence throughout the system.

Providing opportunities and skills for everyone to reach their potential

34. As well as improving education for those under 18, we also have to look at ways to make sure we have opportunities for young people and those who are already in work to develop their skills. This is why we have substantially increased investment in post-16 learning. This investment will ensure every young person has a clear pathway to their future which best suits them – a skilled apprenticeship, a job with prospects and training, or a place at college or university, while providing new training opportunities for those in work.
35. We recognise it is vital that every young person has the skills they need to succeed in adult life, so we have taken the historic decision to raise the age for leaving education. From 2013 all young people under the age of 17 will be required to participate in education and training, and this will be extended to 18 from 2015. This will be based on a set of clear entitlements for young people making the transition to adult life:
 - The September Guarantee, put in place in 2007, guarantees that every young person will be offered a suitable learning place to

- continue their education and training;
 - New Diplomas – with an entitlement by 2013 for all 14 to 16 year olds to the first 14 Diplomas; and for all 16 to 18 year olds to all 17 Diplomas; and
 - Apprenticeships – this year for the first time there will be more than a quarter of a million apprenticeship starts, including 35,000 additional apprenticeships, 20,000 of them in the public sector, to help individuals and businesses through the downturn. By 2013, we will have a clear entitlement to an apprenticeship place for all suitably qualified 16 year olds.
36. Expanding opportunity also depends on continuing to widen participation in higher education. Over the last decade, we have successfully increased the number of higher education students by 22 per cent, to 2.2 million. However, despite a steady increase in the number of young people entering university from lower-income backgrounds, these young people still face additional barriers. Of those who come in the top 20 per cent of test results at age 11, young people from low income backgrounds are around half as likely to attend university.⁹ These are the people who rely on support from their school and from programmes like AimHigher. So to expand opportunity we are going further:
- By 2012, identifying high-performing pupils from low-income backgrounds early, ensuring they receive a package of support to attend university, including early experience of higher education, regular mentoring, and attending a school with close links to a university.
 - By 2012, around 10,000 pupils a year will benefit from improved and structured outreach from research-intensive universities.
37. Supporting all young people to aspire to attend university is only part of the story. We also need to break down barriers to

opportunity in the labour market, particularly in key professions. That is why we have established an independent Panel on Fair Access to the Professions to examine what more needs to be done to ensure that everyone has a fair opportunity to get into the top jobs in our society. This Panel will report back to the Government in the summer.

Ensuring a healthier society

38. A decade of investment and reform in health and social care has delivered major improvements in the public's health and driven up standards across the NHS. In the 1990s, people wondered whether the NHS could survive; now it is restored as a source of national pride. Over the last 10 years we have trebled investment from £33 billion to £96 billion and increased the capacity of the NHS to deal with ill-health. 70,000 more nurses and 40,000 more doctors than 10 years ago are working in radically improved facilities across England – over 100 new hospitals, 90 new walk-in centres, and over 650 one-stop primary care centres.¹⁰
39. Alongside this investment, we have introduced far-reaching reforms to make sure we are delivering effective healthcare that meets the needs of patients. These reforms have included stronger incentives for organisations to improve performance, for instance through payment linked to patient outcomes, a revolution in patient choice, and more freedom for providers who can demonstrate competence, for example through the establishment of Foundation Trusts.
40. These reforms have transformed people's experience of the NHS – higher quality, responsive services leading to far better health outcomes:
- The NHS is delivering the shortest waits since records began. What was an average 13 week wait for admission for inpatient treatment in 1997, is now just four weeks.¹¹ In 1997, it was common for patients to wait

18 months for hospital treatment; now the maximum wait from referral to treatment is 18 weeks, with average waits considerably shorter;¹²

- The proportion of cancer sufferers who survive has risen nearly 20 per cent – deaths from cancer are now at the lowest recorded rate, with nearly 9,000 fewer deaths in 2007 compared to 1998;
- Death rates from cardiovascular disease for people under age 75 are down by 44 per cent, saving 33,000 lives in 2006, compared to 1996;¹³
- MRSA bloodstream infections are continuing to fall – 2008 figures show a 65 per cent reduction since 2003/04. C difficile infection rates are also falling – there has been a 35 per cent reduction over the last year.

41. And the public are now more satisfied with the NHS than at any time in the last 25 years. In 2008, 93 per cent of hospital patients reported their overall care as good, very good or excellent.¹⁴ Encouragingly, staff feel they are contributing to patient satisfaction – 90 per cent of staff feel that their role makes a difference to patients.¹⁵ The NHS is now delivering world class healthcare, scoring top marks for equity, efficiency and co-ordinated care, when compared to the other countries in a Commonwealth comparative survey of international healthcare systems.

42. However, the NHS now faces major new challenges from an ageing population, rapid technological advance, the growing number of people with long-term conditions, increasing preponderance of lifestyle diseases and rising expectations. Investment to date means the NHS is well-placed to rise to these new challenges, but further radical change will be essential if our health system is to meet them.

43. As set out in *High Quality Care for All*, the final report of the NHS Next Stage Review,

these new challenges demand a relentless focus on quality and innovation across the NHS. This means quality services which are responsive to the public, led by clinicians who are able to drive change locally. Lord Ara Darzi's recommendations are leading to wide-ranging changes to deliver this transformation, including annual quality accounts, payment for quality and greater freedom for the front-line.

More control for patients – enforceable rights, entitlements and guarantees

44. Key to achieving our vision of a high-quality NHS is empowering patients, by giving people more control over the healthcare they receive. We have already made progress towards this aim:

- Over 70 PCTs are developing plans to pilot Personal Health Budgets delivering real control to patients and carers, linked to personal care plans offered to all those with long-term, ongoing or chronic conditions;
- Our commitment to improve GP services means that 74 per cent of all practices now offer extended opening hours, allowing patients to access care at the time convenient to them; and
- We need to go further with new choices for patients, not just over where and when they are treated but over the nature of their treatment. Increasingly, patients are able to make informed decisions about their care in tandem with their clinicians. We will set out new plans over the next year to offer more patients the choice of care in their own homes, such as palliative care or children's cancer care.

45. By clearly articulating people's rights and entitlements we will entrench existing improvements – making them truly universal – and establish a platform for continuing to drive up standards of healthcare across the NHS. This approach will build on the already published NHS Constitution, by establishing clear rights and entitlements and the means

by which patients will be able to enforce them. So we will add to the legal right to choice of hospital and NICE-approved drugs with clear new enforceable entitlements.

46. To extend this approach **we will give patients enforceable rights to high standards of care, including hospital treatment within 18 weeks, access to a cancer specialist within two weeks and free health-checks on the NHS for people aged 40 to 74.**
47. At the same time we will look closely at where we can go further to establish new rights, for example to NHS dentistry, to evening and weekend access to GPs, to an individual budget for those with long-term or chronic conditions and whether we can create a right to choose to die at home as further progress is made in implementing the end of life care strategy.
48. Where patients do not receive the service they are entitled to expect, the NHS Constitution emphasises the responsibility of all NHS staff, at all levels, to listen to feedback and address concerns promptly. The priority should be to resolve problems locally and as quickly as possible.
49. In addition, Primary Care Trusts (PCTs) have a duty to act on behalf of patients to ensure high-quality NHS services for their population. PCTs currently have a range of powers to secure redress for patients, and we will look at how we can clarify and strengthen the PCT advocacy role so that:
 - Every PCT has a 'Constitution champion' who will provide advocacy for patients and their families and carers;
 - PCTs will arrange treatment from an alternative provider where a patient has not been offered their entitlements as set out under the Constitution; or where possible allow patients the flexibility to choose an alternative provider themselves; and

- PCTs can take enforcement action, including contractual penalties, against providers who are not meeting service guarantees.

50. We will bring forward proposals in this area in the autumn alongside our plans to strengthen patients' rights and entitlements under the NHS Constitution.

More power for clinicians and greater freedom to the front-line

51. The *Next Stage Review*, led by 2,000 clinicians across the NHS, signalled our commitment to putting front-line staff at the forefront of reform. The creation of local services, led by high quality clinical teams, will complement this devolution of power to patients. We are committed to devolving greater decision making and funding to the local level. And we are embedding clinical leadership at every level of the system. We have given nurses and physiotherapists the right to run their own services. This new right will create a new generation of social enterprises run by clinical staff providing services across local communities from October 2009. And greater diversity of provision will be underpinned by effective government intervention to protect minimum standards and entitlements. That is why we have established the tough new NHS performance regime which will identify underperforming services and provide a framework for intervention, supporting recovery and tackling failure.

Focusing on prevention and reducing the costs of ill-health and sickness

52. But creating an NHS that is truly fit for the challenges of the 21st century will require more than this – it demands a radical approach to tackling ill-health, identifying disease and risk earlier and preventing as well as curing. This focus on prevention is not just right for patients, it is also the most effective means of controlling long-term cost pressures which the UK faces through its

ageing population and the growing incidence of lifestyle related chronic and long-term conditions. We are committed to encouraging healthy lifestyles, increasing physical activity, supporting people to make positive changes and enabling local organisations to deliver services that improve health and wellbeing. This will require nothing less than a major shift in the focus of the NHS – to ensure investment and reform focus on prevention, early intervention and partnership with patients. We are committed to bringing about this transformation so that the NHS is as effective at providing high quality preventative care and keeping people healthy as it is at providing world-class cures and treatments.

53. We must recognise that prevention is the responsibility of people and organisations across society. The NHS's role will sit as part of the national Coalition for Better Health, which we are launching this summer. The Coalition will bring together key groups in society in partnership with government to improve the health and wellbeing of individuals and the public as a whole.
54. Prevention will be fundamental, not just to supporting a healthier population but also to securing a sustainable future for the NHS in an era of tighter fiscal constraints and rising cost pressures. Every healthcare system in the world faces the challenge of shifting to a greater focus on prevention as the best way of making high quality healthcare financial sustainable – the NHS is almost uniquely well placed to achieve this vision and our strategy on prevention later this year will set out our plans for how it will be done.
55. We can already point to some positive first steps on which this strategy will build. NHS Stop Smoking Services have helped over one million people quit smoking since 2003. In January we launched Change 4 Life – a nationwide campaign to encourage us all to be more active and eat healthily. In just five months, a third of a million people have joined the campaign. We are consulting on a mandatory code of practice for alcohol retailers to stamp out the most irresponsible practices. Introduced this year, our health checks for all 40-74 year olds will detect the major killers early, preventing further damage or disease by helping those at most risk to change their lifestyle where appropriate and ensure they are on the right medication where necessary. These checks will prevent at least 9,500 heart attacks and strokes a year, and prevent 4,000 people a year from developing diabetes. We are also developing the Healthy Child Programme to ensure that children's health needs are met, improving early intervention and prevention of later health problems.
56. We will also continue to drive improvements for the 17 million people living with a long-term condition. Building on the introduction of personal care plans for all those with a long-term condition, we will ensure both better outcomes for patients and value-for-money improvements through reduced emergency admissions, supporting self-care and early intervention.
57. And we will set out new plans to ensure the NHS is able to diagnose and intervene much earlier – the critical challenge in cutting mortality from cancer and cardiovascular disease to world-leading rates and thereby savings thousands of lives each year.
58. We will look to repeat our success on reducing premature mortality over the next 10 years. We should be looking to secure world-class standards in preventing and treating cancer and heart disease, building on the progress we have already made in improving outcomes. Mortality rates for cancer have fallen by 18 per cent and for heart disease by 44 per cent for people under 75 since 1997. We will engage leading

clinicians and voluntary organisations, together with patients, carers and their representatives, to set new challenges for the decade ahead.

Greater choice and personalisation for patients

59. The Next Stage Review made clear that quality should be the organising principle of the NHS. Whilst there have been major improvements across the board in the quality of NHS provision over the last 10 years – exemplified by dramatic reductions in healthcare associated infections – there remain areas of service which are still in need of radical reform.
 60. NHS maternity services are among the safest in the world, yet are not always fully responsive to the preferences and aspirations of expectant mothers and their partners and families. Some women want more support in the early months with their babies, and there are opportunities to further improve the integration of services across pregnancy and the early childhood years, learning the lessons from the successes of Children’s Centres. We will therefore bring forward proposals for the further transformation of maternity services and early years services to ensure they are better able to offer personalised support throughout pregnancy and early years – offering greater control and choice for all women.
 61. And we will continue to work with and through the NHS, social care providers and the third sector to enable many more patients to choose to be cared for at home. Too often, in areas such as cancer care or palliative care, the means exist to care for patients in their own homes but services are not set up or organised to offer this. Later this year, we will bring forward proposals to extend wherever possible the choices which patients have to receive their care at home, in comfort and with the support of their family, and in a way which suits them and their personal circumstances.
- ## Better services, better value
62. Our future growth depends on support for our front-line services. To cut spending at this time would prolong and deepen the recession. Recognising the scale of investment that has already been made, as well as the tight fiscal context, we will rigorously prioritise through targeted investment and a tougher focus on efficiency at every level of government. This will help us deliver both better services and better value.
 63. The public sector has made significant improvements in efficiency in recent years, delivering £26.5 billion savings between 2004 and 2008, well beyond the £21.5 billion savings target identified by Sir Peter Gershon. In many cases these efficiency savings have also improved services for citizens:
 - Benefit recipients now receive payments straight into their bank accounts, saving the Department for Work and Pensions £1 billion over 5 years;
 - Patients have benefited from additional investment in priority healthcare services made possible by £380 million a year procurement savings, by 2008, negotiated by the Department for Health; and
 - There is more money to invest in priority policing measures because of the £500 million savings delivered through Home Office renegotiation of contracts for asylum support services.
 64. And over the next three years we will build on this progress, delivering an additional £35 billion of savings which will help fund the Government’s key priorities. However, we are not complacent about the scale of the challenge. We know we need to continue to deliver better services and better value.
 65. That is why we have launched the Operational Efficiency Programme, which has identified £9 billion savings from 2011/12, over and

above our £35 billion commitment. These will be delivered through value-for-money measures in support services such as IT and procurement, but also by ensuring our public servants have the right incentives to reduce waste and bureaucracy.

66. We also need to look at transforming how we deliver our services to guarantee value for the taxpayer. The Public Value Programme, launched at Budget 2008, looks at transformational policy options, identifying ways to improve how we use our money in major areas of spending. As part of this programme, the Government has announced that it will:
- Make improvements to the way the NHS buys services and drugs, and raises the quality of healthcare, by improving the capability and planning capacity of NHS commissioners (most notably in community services and mental health), delivering billions of pounds of savings per year by 2013/14;
 - Help NHS organizations use their facilities more effectively with the roll-out of new metrics, reducing the need for new hospital space and saving up to £100 million per year of estate costs by 2013/14;
 - Ensure the most cost effective use of teaching assistants to enhance educational performance;
 - Improve police workforce productivity to generate savings worth around £1 billion or equivalent to 20,000 officers;
 - Deliver new efficiencies in the Highways Agency, working to double its performance against its value-for-money target by 2010/11 through improved cost management of major schemes and the re-tendering of routine and winter maintenance contracts; and
- Market test two high-cost or low performing public prisons in 2009, re-compete five existing prisons in the open market by 2012, and ensure that all new-build prisons will be built and managed by the private or third sector.
67. In Budget 2009, we announced that we would expand our Public Value Programme. The expanded programme will review a minimum of 50 per cent of government departments' budgets, focusing on areas of spend which impact across departmental boundaries. To make sure this process builds on best practice, we have brought together a group of innovators from different backgrounds to work in partnership with the public sector. These reviews will report by spring 2010.
68. In the longer-term, we will also need to think about entirely new ways of delivering services that will improve outcomes and help reduce costs. This may include:
- Empowering citizens through information so that they can exercise greater control over services, for example, building on crime maps, which show recorded crime in a local area, giving the public the tools they need to hold the police and justice agencies to account;
 - Providing new incentives for innovation, for example Children's Trusts and Primary Care Trusts paying service providers on the basis of outcomes they receive rather than the 'activity' they undertake;
 - Harnessing the innovation of citizens and front-line public servants, for instance through the new Innovators Council which will seek out, develop and implement the next generation of innovative ideas from citizens and front-line public services to continue to drive forward public service reform;

- Taking a ‘whole area’ approach to public services to encourage collaboration and innovation in local areas. This will help to deliver better services by focusing on the needs of users, and reducing bureaucracy. We will explore this approach through our new Total Place pilots announced in Budget 2009; and
 - Further focus on prevention and early intervention, for example ensuring integrated service models across health and social care, to avoid unnecessary hospital admissions.
69. Government will have an ongoing, crucial role in facilitating and driving these improvements in value-for-money, for example by ensuring transparency in the measurement of productivity of different services.

Conclusion

70. Building the next generation of public services will help ensure Britain’s future prosperity and offer fair chances to all. Our new approach will be to give power to individuals and communities by clarifying their rights and entitlements to public services. We will back these up with tough new forms of redress where services are not delivered. And alongside these rights, we will expect people to take on new responsibilities.
71. Clarifying people’s core public service entitlements will help us target investment on our priorities, whilst continuing our relentless drive to improve the efficiency of our services.

Fair rules: Building a strong society



Summary

A strong economy goes hand in hand with a strong society. Strong social bonds are the foundation for our resilience and the platform for building a stronger Britain. The strongest communities are those which have a shared base of common values and where people have a clear British sense of ‘fair play’.

Hardworking families doing their best in tough economic times have a right to expect everyone in their community to play by the rules, and accept the responsibilities, as well as the rights, of living in Britain. When people are treated fairly they naturally treat others in the same way, but when a minority break the rules, try to cheat the system, or fail to contribute, the majority rightly expect a tough response: that is what fairness demands.

So, just as we are working hard in these times to make people more secure in their homes and jobs, we must continue to make them more secure against the threat of crime. To back communities in tackling crime and anti-social behaviour, **we will take a bold new approach to policing and justice. Having given every community its own neighbourhood police team, with police spending more time out on the beat tackling crime and local priorities, we will now give local people more power to keep their neighbourhoods safe, including the right to hold the police to account at monthly beat meetings; to have a say on CCTV and other crime prevention measures; to have their views taken into account in prosecution decisions; and to vote on how offenders pay back to the community.**

We have always welcomed immigrants who contribute to Britain. But in tough economic times it is right to be more selective about the skill levels of migrants; we have therefore introduced a tough new Australian-style Points Based System for immigration. And because in tough economic times it is even more important that newcomers to our communities are seen to contribute, **we will now require newcomers to earn the right to stay, extending the Points Based System to probationary citizenship and controlling the number of people getting settlement.**

Finally, we are matching our new investment in social housing with reforms that deliver value for money for the taxpayer and that recognise the rights and responsibilities of those in social housing; and we are toughening our approach to those on welfare with drug problems, and tightening the screws on benefit fraud with a new one-strike rule, because in tough economic times it is even more important that those who receive welfare live up to their side of the bargain.

Crime, policing and justice

1. Just as we are working hard to make people more economically secure in their homes and jobs, so in tough economic times it is even more important to make people more secure against the threat of crime and antisocial behaviour.
2. Since 1997, overall crime has fallen by 39 per cent, with violent crime down by 40 per cent,¹ and dangerous criminals are more likely to go to prison and stay there for longer. Real terms spending on law and order is 40 per cent

higher, helping pay for 15,000 more police officers, 16,000 new Community Support Officers and around 25,000 more prison places compared to 1997.

3. We are determined to continue to bear down on crime – but we must also recognise that the nature of crime, and the causes of crime, are changing. We face new challenges – youth knife crime, organised crime, and e-crime – as well as the new challenge of preventing what happened in previous recessions, where crimes like burglary and robbery went up.
4. Because we are determined to tackle fear of crime as well as crime itself, and because we believe in giving people more control over their public services, **we will take a bold new approach to policing and justice**, placing a greater emphasis on guaranteeing minimum standards of service, and giving communities a greater say over local crime priorities and justice – while supporting professionals and freeing them from red tape so they can focus on catching and punishing criminals.

Communities in control: next generation neighbourhood policing and community justice

5. It is because we are determined to give people more control over the fight against crime that **we have given every community its own neighbourhood police team, with police spending more time out on the beat tackling crime and local priorities**. We now have more than 3,600 teams across the country. This is a major reform of policing, supported by a further £330 million of ring-fenced funding this year.
6. Now that this new capacity exists in each neighbourhood, we want local people to shape how it is used. So we will now go further **and give local people more power to keep their neighbourhoods safe,**

including the right to hold the police to account at monthly beat meetings, to have a say on CCTV and other crime prevention measures, to have their views taken into account in prosecution decisions and to vote on how offenders pay back to the community.

7. To ensure that officers are freed up to deliver the highest service, we have scrapped all the central targets for the police except one: building public confidence. Staffordshire police have shown what can be achieved under the new system, cutting 80 per cent of recording for 80 per cent of crimes. We have also funded more than 18,000 new handheld computers over the last year – equipment that enables officers to connect to the police computer from the beat rather than returning to the station to fill out forms, saving up to half an hour every shift. The **Policing, Crime and Private Security Bill** will further reduce red tape by cutting down on reporting requirements.
8. Public confidence demands that justice, as well as policing, be more transparent, more responsive and more accountable to communities: justice must not only be done, but be seen to be done. In Community Payback, offenders now wear high visibility orange jackets as they work to pay back to the community – and they work more intensively, doing real work for several hours a day, not a few hours a month. In many areas local people can now vote online on which projects they should carry out – we will extend this to every area, and also in Community Cashback give people the power to vote on how criminal assets should be spent to pay back to the community.
9. 30 pioneer areas across England and Wales are beginning to pilot a range of initiatives enabling local people to feed in views to prosecution and sentencing decisions, including Community Prosecutors,

Community Impact Statements, and extended use of Citizens' Panels.²

10. We are investing in modernising courts in cities and towns across the country and improving the experience for victims, witnesses and jurors. New video links and electronic file-sharing between courts and police stations allow cases to be heard in court while the defendant is still in the custody suite – saving time and money. Our Legal Aid reforms will ensure that the Legal Aid budget is focused on the most vulnerable, while ensuring maximum value for money.
11. Our fully funded prison building programme will see prison capacity expand to around 96,000 places by 2014, ensuring that the public continues to be protected from serious and dangerous offenders and that offenders get the sentences they deserve. This building programme has already delivered around 4,900 places in the last two years. The new prisons will draw on best practice at home and abroad to tackle the underlying problems causing re-offending. We are also piloting a problem-solving approach in which courts make tackling the causes of crime part of sentencing, with local agencies working together on sentencing options for magistrates including drug treatment, alcohol treatment or housing support.
12. We are committed to making greater use of online technology to allow people to see what is happening with crime, policing and justice in their local area. By September members of the public will be able to get a range of monthly information on crime, policing and justice outcomes for their area on an online 'crime and justice map', including a 'scorecard' outlining the performance of their local police. There will also be new ways for people to feed in their views, including through online petitions and voting, for example on neighbourhood policing priorities, on Community Payback and on how seized criminal assets should be spent.
13. We will build on these changes as part of our new approach to public service reform set out in Chapter 4, as we move from a system based on targets and central direction, to one where individuals and communities have enforceable entitlements over the service they receive, with clear redress mechanisms when those entitlements are not delivered. World class public services should be a guarantee, not a gamble. So we will build on the introduction of neighbourhood policing, the Policing Pledge, the 'Engaging Communities in Justice' Green Paper, and the 'Justice Seen Justice Done' campaign to set out clearly the full range of what people can expect from their local police and justice system, including:
 - A right to minimum response times – 999 calls answered in 10 seconds; responses to emergencies in 15-20 minutes, non-emergency 'priority' issues in 60 minutes, non-urgent enquiries in 48 hours, and complaints in 24 hours;
 - A right to police on the beat – with neighbourhood teams spending over 80 per cent of their time on the beat;
 - A right to a monthly beat meeting, where local policing priorities are agreed;
 - A right to support for community action – with CCTV where communities demand it, Community Crime Fighters and Neighbourhood Watch;
 - A right to more accessible, regular, and user-friendly online and other information about crime and justice in your area, the action the police are taking, and what happens to criminals who are caught;
 - A right to vote on how criminals pay back to the community – with online voting on Community Payback, and Community Cashback – where criminal assets are reinvested in the community;
 - A right for victims to support and information about the progress of their case from the police and courts; and

- A right to have your views taken into account in prosecutions and sentencing decisions at local level.
14. All but the last of these entitlements will be in place, and enforceable, across the country over the next 12 months. Over the coming months we will set out plans to strengthen accountability and redress mechanisms – we want people to know how to complain when their local force or neighbourhood team, or local prosecutors or courts, are not listening to their concerns or meeting the standards being met elsewhere. Her Majesty's Inspectorate of Constabulary has committed to inspecting the progress of the Policing Pledge by the end of the year. Further details will be set out in a Policing White Paper in the autumn, including a stronger role for Her Majesty's Inspectorate, and rights to public hearings. As set out in Chapter 4, this new approach to accountability and redress will not be through the courts. This will not be a charter for drawn-out legal action to receive your rights – but rather a responsive system which will allow those who are not receiving their entitlements quick access to an inspectorate, advocate or ombudsman with powers to ensure they get the service they are entitled to.
 15. The White Paper will respond to concerns over the policing of protests, emphasising the need for transparency and accountability in cases of alleged misconduct, and a clear commitment to proportionate public order policing.
 16. It will also outline how we will strengthen our support for innovations driven by professionals that increase police effectiveness and bring them closer to communities – for example, initiatives by local neighbourhood teams including offering to walk people the last mile home if they feel unsafe, starting up e-mail groups for people to keep each other informed about burglary, or taking over shops on the

high street where people can drop in and talk to the police and get crime prevention advice.

17. Supporting strong communities in the fight against crime and anti-social behaviour requires a response which goes far wider than the police and courts. So we will continue to encourage, support, and where necessary mandate service providers, from schools and youth workers to neighbourhood managers, to work together with neighbourhood policing teams and justice agencies in tackling crime and anti-social behaviour. And we will continue to do all we can to encourage active engagement by local people: we have introduced the Community Crime Fighter Programme – over £5 million funding by the end of 2010 – to help train and support 3,600 members of the public who are already active in fighting crime in their communities.

Tough measures against crimes that rose in previous recessions

18. In previous recessions crime rose, particularly acquisitive crime such as burglary and robbery. To ensure that these crimes are kept in check through the present downturn and beyond, in the next month we will launch Operation Vigilance. This new programme, targeted on the areas facing the greatest emerging challenges, will improve co-operation and intelligence-sharing between local agencies – particularly probation services and neighbourhood police teams – to tackle burglary and robbery, and monitor prolific offenders on release from prison. In addition, this year we invested £15 million in a new nationwide burglary prevention initiative, including neighbourhood police teams working closely with the insurance industry and DIY retailers to provide advice packs and support.
19. We will also step up our activity over the next year to ensure that more difficult economic times and higher unemployment do not result in anti-social behaviour. We have launched a new national Action Squad of trouble-shooters

who will focus on areas where perceptions of anti-social behaviour are high or where the authorities are not doing enough. We will use all the powers at our disposal to target persistent offenders, including checking for benefits and council tax fraud, television licence evasion and vehicle insurance dodging, and strengthening powers where necessary: for example, in recent months we have made it easier to close and board up homes or premises causing persistent significant disorder or nuisance to neighbours.

20. CCTV will continue to play an important role, deterring and detecting crime and helping secure convictions. Having spent almost £170 million funding nearly 700 CCTV schemes earlier this decade, we are now focused on improving their effectiveness through operator training, and giving local people more of a say on where they want to see additional CCTV coverage, but also giving them clearer ways to complain on the rare occasions where they feel it is excessive.

Protecting communities from violence, organised crime and terrorism

21. Since 2007, our crime strategy has moved away from a focus on overall crime and towards a greater focus on serious crime, as well as local priorities. While overall violent crime has fallen, knife and gun crime remains a real concern, as does the number of young people joining gangs in some of our cities. The Tackling Gangs Action Programme, launched in September 2007, focused on the four cities (London, Manchester, Birmingham and Liverpool) responsible for over half of all gun crime, supported by national action on gun supply and sentencing. Gun crime is now falling across the country.³
22. We are now taking the same targeted approach to knife crime, bringing together police, schools, local authorities, youth workers, the probation service and other agencies through the Tackling Knives Action Programme, launched in June 2008. This has led to more stops and searches, more search equipment including search arches and wands, tougher sentences, and a more targeted approach to prevention, with 14,000 more youth activity places available on Friday and Saturday night, and police now being given a role in planning these activities in high crime areas. We are also reviewing the guidelines on sentencing for knife murders.
23. Knife murders have fallen by 12 per cent (from 59 to 52) in October to December 2008 compared with the previous year, and knife woundings are also falling, with 17 per cent fewer teenagers hospitalised with stab wounds nationally, and steeper reductions of 30 per cent in the areas targeted by our programmes.⁴ We will continue to invest and work to reduce knife crime further over the next twelve months, extending the programme to 14 police forces in total, and broadening it to include other forms of serious youth violence.
24. We are also stepping up our efforts to target organised crime – which is increasing globally but has local effects, through the trade in illegal drugs, weapons, illegal immigration and people trafficking. Next month we will be launching a new organised crime strategy, with better co-ordination between agencies, including Revenue and Customs, new powers to seize the assets of organised criminals – including legislating to shift the burden of proof so that criminals have to account for their houses, cars, and other assets, as we have already made them do with their cash and a more flexible approach using the full range of civil and criminal powers to make Britain a more hostile environment for organised criminals.
25. We will continue to harness new technology to fight serious crime, including further development of DNA analysis, new protections against the growing threat of e-crime, and new electronic checks at our

borders – which as well as allowing us to count people in and out, have already led to over 3,000 arrests for crimes including murder, rape and drug dealing.

26. Terrorism remains a serious threat to our security, and one which continues to evolve. We launched an updated strategy in March (2009).⁵ Investment is continuing to increase from £1 billion in 2001 to £3.5 billion in 2011, funding new regional counter-terrorism units, increasing the number of police personnel working on counter-terrorism from 1,700 in 2003 to 3,000 today, doubling the size of the security services, strengthening protection for our national infrastructure and crowded places, and training more people to be able to handle potential attacks.

27. We have an increasingly sophisticated approach to understanding what leads people to be radicalised and become terrorists or violent extremists. Extremist or divisive ideas can take root where people feel unrepresented and lacking power and influence. Using all the powers of central and local government to address the real issues in these communities is part and parcel of our response to extremism and our commitment to build strong communities. We are investing more than £140 million over the years to 2010/11, through local authorities and community groups, to help create strong, organised and empowered communities which are better equipped to reject the ideology of violent extremism, to confront and isolate those who support terrorism, and to provide support to vulnerable individuals.

28. We continue to prosecute terrorist suspects through the courts wherever possible. Between 11 September 2001 and 31 March 2008, a total of 196 people have been convicted of a terrorist or terrorist-related offence, many under new offences which have been brought in since 2001. In terrorist trials in 2007/8, 54 per cent of suspects pleaded guilty.

29. We have reformed the machinery of government, establishing an Office for Security and Counter-Terrorism to bring together efforts across government. We established the National Security, International Relations and Development (NSID) Committee to provide oversight of national security issues, including counter-terrorism. NSID takes advice from external experts, including the new independent National Security Forum. Finally, greater parliamentary oversight on issues of national security will be provided by a new Joint Parliamentary Committee on the National Security Strategy.

Tough, innovative responses to the causes of crime

30. As well as new kinds of crime, the causes of crime are changing, and we are responding to them. The £100 million Youth Crime Action Plan in July 2008 set out a comprehensive package of measures across crime prevention and early intervention which are currently being delivered in 69 priority areas in England, with two additional areas in Wales to begin delivery shortly. These measures include:

- Increased after-school patrols;
- Operation Staysafe, bringing together police and children's services to take at-risk young people off the streets and to a place of safety with support services on hand; and
- US-style Street Teams in 55 local authority areas including reformed ex-offenders, working in partnership with the police to engage with young people on the fringes of crime – cutting anti-social behaviour by half.

31. We have a deepening understanding of how to identify and address early in a child's life issues that can prevent good development and cause problem behaviour later on. Through the expansion of Children's Centres, and Family-Nurse Partnerships – expanding from 10 Primary Care Trusts and local authorities last year to 30 this year, on the way to 70 areas by 2011 – we are

transforming the support families get in the early years – not only reducing future crime, but also improving life chances overall.

32. For older children involved in crime or anti-social behaviour, we are expanding parenting contracts and parenting orders to ensure parents have the right combination of challenge and support.
33. For those parents who are struggling most to provide a supportive home environment, letting down their children but also the communities who are damaged by their behaviour, we are expanding the highly successful intensive Family Intervention Projects. These programmes provide support and tough guidance about improving behaviour – ‘tough love’ – to families in trouble. They are now present in every local authority, scaling up from a small number of families two years ago, to 2,000 families today, building to 20,000 families by the end of 2011. In the light of recent horrific cases like that of Baby Peter, we will set out a clear list of early warning signs which would automatically lead to an assessment for a range of services – for example, from a parenting order to a Family Intervention Project. These early warning signs will include involvement with drugs or alcohol, domestic violence, the persistent absence or exclusion of children from school, or their involvement in crime or anti-social behaviour.
34. We will also provide more help to tackle the binge drinking that is the underlying cause of much violence and anti-social behaviour. Ultimately, how much people drink is a matter of individual choice. However, government has an important role to play in making sure people are able to make informed choices, and encouraging drinkers to drink responsibly, especially in public; in making sure businesses sell alcohol responsibly; and in making clear that individual choice is never an excuse for causing harm and distress to

others. Over the course of this year we will be providing training and guidance to ensure that licensing authorities, councils and police are using the full range of tools and powers available to them, including the new ‘yellow card, red card system’ which gives premises a last chance to reform before taking away their licences; and clearer ways for local people to have a say in licensing reviews. We will also legislate this year on a new mandatory code for alcohol retailers targeting the most irresponsible promotions and practices which can encourage crime or anti-social behaviour and turn some of our town centres and public spaces into intimidating or unpleasant places.

Immigration

Migrants must contribute and play by the rules

35. Our history and our future as a nation is built on openness to trade, ideas and the talents of others. But in tough economic times it is right to be more selective about the skill levels of migrants, and to do more to put British workers first. It is even more important that communities see those who come to Britain contributing, and embracing our sense of fair play – working hard, respecting our way of life, helping us through the downturn and building the Britain of the future. We are embedding these principles in our immigration system through two major reforms. We recognise the important benefits migrants have brought, and will continue to bring to our economy and society. But those who join us must join as contributors.

A Points Based System to ensure migrants fill skills gaps

36. Because we are determined to ensure the immigration system is fair and in the interests of our economy, we have introduced a tough new Australian-style Points Based System, controlling overall numbers, and giving priority to those who will help us grow our way out of recession.

37. The Points Based System gives us the power to flex our immigration controls to respond to changing economic circumstances, and for the first time we are now using that power to help British workers through the hard times of the recession. We are not setting a specific target for the reduction of immigration: we believe that a flexible system is better for British business and the British economy. But in tough economic times it is right to be more selective about the skill levels of migrants, and to do more to put British workers first. So this year we have tightened up the system in two ways:

- For Tier 1 of the Points Based System – the only route that offers access to the UK labour market without a specific job offer – we have raised the qualification requirement to a Masters degree and the minimum salary level to £20,000.
 - For Tier 2 of the Points Based System – the route for skilled workers who have a specific job to come to and who are sponsored by an employer – Jobcentre Plus are now taking a stronger role in applying the Resident Labour Market Test so that no job can go to a migrant unless it has first been advertised to jobseekers in the UK.
38. Alongside these changes: we are retaining a suspension on Tier 3, the low skilled route, meaning that no low-skilled migrants from outside the European Economic Area (EEA) can come to the UK; we are maintaining the restrictions on migration from Bulgaria and Romania; and we have tightened Tier 4, for students, with more stringent checks on colleges.
39. As a result of these and other changes we estimate that fewer non-EEA migrants will come to the UK over the next year. We will keep the numbers, and the effects on the labour market, under review and have asked the Migration Advisory Committee to advise us on future adjustments to ensure that

under all economic circumstances, the right number of migrants with the right skills come to the UK.

40. We will also continue to do everything we can to give British workers the skills they need to take the opportunities of the future. We have invested over £3 billion in post-18 training, and in future, if there are short-term skills shortages which mean immigrants are needed this will automatically trigger a Leitch-style skills review to ensure that in the medium term, employers can fill skills gaps from existing resident workers.

A Points Based System for citizenship so migrants earn the right to stay

41. In the past, permanent residence and citizenship have followed automatically from spending a certain length of time in the UK. We are reforming the system to change this: we believe fairness demands that citizenship brings responsibilities as well as rights, and that those who look to build a new life in Britain should earn the right to do so. In Ipsos MORI polling, more than 70 per cent of people have indicated support for this.
42. In 2008 we consulted on a new concept of ‘earned citizenship’, together with tougher standards for learning English, making an economic contribution and paying tax, and obeying the law. The legislation to bring in this change is currently before Parliament. But we want to go further. **We will now require newcomers to earn the right to stay, extending the Points Based System to probationary citizenship and controlling the number of people getting settlement.** We will shortly consult on making these changes. The test would occur at the point when temporary migrants apply to become citizens – with their first step being to become probationary citizens. This will mean that points could be awarded for economic contribution and skills, and English language proficiency, among other factors. And because

we believe it is important for newcomers to contribute to their communities, we will speed up progress through the new system by up to two years for migrants who demonstrate 'active citizenship'.

43. Temporary migrants will continue to have access to contributory benefits after a set period of paying taxes, but access to non-contributory benefits will be delayed until newcomers have earned the right to citizenship, saving hundreds of millions of pounds over the next few years. Migrants who reach the end of their permission to stay as temporary residents and fail to meet the Points Based test for probationary citizenship or permanent residence will be required to leave the UK. Those who break the law for anything other than low level offences will stop progressing through the immigration system. Those who get a prison sentence of over a year, or a number of shorter sentences, will be subject to automatic deportation. We continue to remove increasing numbers of foreign criminals – exceeding our targets of 4000 in 2007 and 5000 in 2008, with a target of 5800 in 2009.

Helping local areas deal with the impact of migration

44. To reinforce these reforms, and bring greater fairness to the immigration system at national level, we have also introduced a new £50 charge for migrants coming to the UK from outside the EU, in addition to existing visa fees, to support communities at a local level in managing pressures from migration, with a £70 million fund over the next two years.⁶ This reflects our recognition that immigration, while benefiting our economy and society, can place short term pressures on local public services including councils, schools, NHS and the police, and that it is fair to ask newcomers to make an additional contribution to support the communities they are joining. All English regions will receive a proportion of the funding, with the amount

they receive weighted towards the areas where international migration has had the greatest short-term impact.

Welfare reform

Everyone on welfare must contribute to the best of their ability

45. We recognise these are tough times and we will do everything necessary to support those who do their best to help themselves. But we believe that virtually everyone should be required to take up the support we know helps them to overcome barriers to work.
46. Since the introduction of the New Deal in 1998, those who do not turn up to compulsory interviews at Jobcentre Plus, or who refuse appropriate work, face benefit sanctions. A number of more difficult groups, including those with drug and alcohol problems, have posed challenges for this system. But we have made clear that while we will provide the support these groups need to overcome barriers to work, we expect them like everyone else to participate and to help themselves.
47. From 1 April 2009, Drugs Co-ordinators were introduced in every Jobcentre Plus District in England. Jobcentre Plus Personal Advisers are now able to refer individuals who identify themselves as having a drug problem to a local treatment provider.
48. For those who do not voluntarily identify themselves, we will pilot a new mandatory approach for problem drug users, set out in the current Welfare Reform Bill. This will replace current benefit rules with a new set of conditions that specifically focus on tackling drug use and the barriers drug users face in getting back into work. In return, individuals will be expected to take up the help that is on offer, and if they do not, they will face benefit sanctions like everyone else. We are currently reviewing the position of people with problems of alcohol misuse in the

benefit system to consider the feasibility of extending the mandatory drugs regime to this group as well.

We will not tolerate welfare cheats

49. We will not tolerate people who seek to defraud their communities. The vast majority of people who claim social security benefits do so honestly, but we will continue to take a hard line with the minority who do not. Benefit fraud is at its lowest ever level, down by over two thirds since 2001 to under one per cent of benefit spend, but we are committed to doing more.
50. The Welfare Reform Bill is creating a 'one strike' provision for all first offences of benefit fraud. From the first offence, the claimant will receive a criminal conviction, administrative penalty or caution; any benefit overpayment will have to be paid back; and their benefit entitlement will be removed or reduced for four weeks.

Fair rules for social housing

51. We are matching our new investment in social housing with reforms that deliver value for money to the taxpayer and recognise the rights and responsibilities of those in social housing. There is a perception that allocations policies for social housing are unfair, inflexible and act as a barrier to people being able to move when they need to. While preserving security of tenure we will pursue reforms to tackle these problems.
52. Firstly, we will change the current rules for allocating council and other social housing, enabling local authorities to give more priority to local people and those who have spent a long time on a waiting list. Secondly, we will expand Choice Based Lettings to help residents move nationwide, and we will offer support to tenants who need to move to take up the offer of a new job. Thirdly, we will launch an autumn crackdown on fraud within the sector, freeing up homes for those

in need. Further details on this initiative will follow in the next few weeks. Fourthly, we will consult on reforming the council housing finance system and allow local authorities to keep all the proceeds from their own council house sales and council rents. We want to see a bigger role and more responsibility for local authorities to meet the housing needs of people in their areas.

Conclusion

53. This programme of continued investment and reform – across crime, policing, justice, immigration, welfare, and social housing – shows how we are building on the changes we have made over the last decade. Above all, our commitments to push ahead with radical reform of policing and justice at local level, and to ensure that migrants who wish to stay in Britain have to earn the right to do so, will reinforce fair rules and shared values in our communities, and help them become even stronger through the downturn and beyond.

Strengthening family and community life



Summary

Strong families and communities are the bedrock of our society. While families have clear responsibilities, no family or community should have to go it alone.

But it is not the role of government to privilege one form of family life over another. Instead, we aim to help all families cope with the pressures of modern life as they pursue their hopes and ambitions.

With the right help and support, all families can be stronger. So we have taken action to help families balance work and family life, created a universal childcare system, and made changes to children's services to ensure they are open at times and in places that suit busy families.

We are creating local Sure Start Children's Centres within easy reach of every parent and we are extending free early learning for two year olds. To make sure they have the best start to their primary education, all children will be entitled to start school in the September after their fourth birthday, or to be offered 25 hours of free early learning a week. And Government is extending the right to request flexible working to parents of children aged 16 or under.

We must also help families make the most of longer and healthier lives. The security of affordable, high-quality and personalised care for older people and people with disabilities is fundamental to this. So we will bring forward proposals to reform our care service to be fairer, simpler and more affordable. We will end unfair postcode

lotteries and help individuals, families and government work in partnership to use resources and respond to individual needs more effectively.

To nurture strong communities, we will encourage everyone to give something back to society. Through youth community service, **our goal is that, in time, every young person should give at least 50 hours of service to their community in their teenage years. And we will in the coming years create new or refurbished youth centres or other facilities in every constituency to ensure all young people have easy access to positive activities.**

We will also continue to invest in our communities, making them more attractive and prosperous places to live, through better housing, transport and public services. As part of this effort we are reforming the bus subsidy. **Now we will go further by providing incentives for the take-up of low carbon buses and developing a National Cycle Plan to promote cycling as a mainstream form of personal transport.** We will also lay out plans to encourage low carbon transport options that also promote personal health and wellbeing.

Supporting families

1. Strong families and communities are the bedrock of our society. Growing up in a happy family and a strong community gives children a better chance in life and makes them more likely to achieve good results at school and go on to university, college, or an apprenticeship.

2. We will do all we can to support family and community life. In tough times, people rely more on those around them, whether for help with childcare or looking after an elderly relative. Families have clear responsibilities but no family should have to go it alone. Government has a critical role to play in supporting families to create a society which is resilient and robust. We do not privilege one form of family life over another. Instead, we aim to empower all families to help them cope with the pressures of modern life as they pursue their hopes and ambitions.

Supporting families to develop the next generation

3. Our aim is to ensure a fair deal for all families. In 1997 the basic building blocks for creating a family friendly society, communities and workplaces were not in place. From the late 70s to the mid 90s, child poverty had doubled and childcare was not seen as a core part of the welfare state.

4. The progress in the last decade has had a real impact on millions of lives. Parents now have the right to request flexible working to help them balance work and family life: recent surveys show that 80-90 per cent of requests to work flexibly are ultimately agreed, reflecting the changing culture in workplaces. Our historic ambition to abolish child poverty by 2020 has already, since 1998-99, seen 500,000 children across Britain lifted out of relative poverty. And we have transformed early years services in Britain by building up a clear set of entitlements for parents in their children's first years, giving them real flexibility to decide how to balance work and family life. We have achieved this by:

- Extending maternity leave to twelve months and statutory maternity pay to nine months, and we have completed a consultation on extending statutory maternity pay to 12 months;
- And introducing two weeks paid paternity leave, and 13 weeks parental leave to support

all families to balance work and care;

- Strengthening protection against discrimination for pregnant women;
- Establishing over 3,000 Sure Start Children's Centres, with 3,500 planned by 2010, to make sure parents of children up to five years old can access high-quality advice on health and parenting, information on going back to work and childcare under one roof in every local community;
- Introducing an entitlement to 15 hours of high-quality early education a week for every three and four year old by 2010;
- Providing childcare and a range of extra-curricular activities for children through extended schools open from eight in the morning to six in the evening: over 17,000 schools across England are providing access to extended services already; and
- Giving parents confidence that childcare is safe and of high quality we have invested over £250 million since 2006 in driving up the standards of provision.

5. The challenge now is to embed progress and go further on tackling child poverty, creating a family friendly society and extending childcare. As our population ages and more women decide to enter the labour market, families will face increasing pressure to balance work, caring and life. We need to offer families more support, earlier in the life of their child, helping all families to cope with increasingly busy lives.

6. Child poverty continues to hold too many children back from achieving their potential, which is why we are legislating through the **Child Poverty Bill** to enshrine our commitment to eradicate child poverty by 2020. This legislation will define success in eradicating child poverty and establish an accountability framework to drive progress towards the 2020 goal at national and local level.

7. Despite progress, we need to continue to both expand availability of high-quality childcare and improve the quality and responsiveness of services.
8. We are expanding our childcare offer to help families balance work and family life in three ways:
 - First, we are building on the universal entitlement for three and four year olds by making early years provision for four year olds more generous. From autumn 2011, **to make sure children have the best start to their primary education, all children will be entitled to start school in the September after their fourth birthday, or be offered 25 hours of free early learning a week. And Government is extending the right to request flexible working to parents of children aged 16 or under.**
 - Second, we are investing further in extended schools services. Access to childcare and a menu of activities for children will also be a part of parental entitlements set out in the forthcoming Schools White Paper. Our goal is to give parents certainty that their children will have access to extended school services from 8am to 6pm; and
 - Third, we are working towards our goal of high-quality, free, early learning for two-year-olds. Free places for two-year-olds are initially being offered to those who need it most, but in the long term we will go further, extending this entitlement, stage-by-stage to parents of all two-year-olds.
9. And we are continuing to ensure that children's and early years services are of the highest quality and respond better to different families' needs and demands:
 - First, we will make the existing three and four-year-old childcare entitlement more flexible, allowing families to use it at times which best suit them;
 - Second, through a new single national website, we will open up information about all childcare providers, allowing parents to compare the quality and price of providers, and learn from other parents' experiences; and
 - Third, we are committed to having a graduate leader in every childcare setting by 2015. We are also considering making it a requirement that all childcare workers have A-level equivalent qualifications.
10. At the same time as doing more to support families to balance work and family life, we are also responding to new concerns that parents have. We recognise that modern life offers children and young people experiences and opportunities that their parents may never have had, for example through new technologies. But there is understandable unease amongst many parents about the pressures on their children from advertising, and worries about the early sexualisation of childhood and about the prevalence of violent images and content on the Internet. This can mean tough choices for parents who want to let their children take advantage of new opportunities whilst trying to keep them safe.
11. We have already taken action to respond to many of these concerns. Following the review of video game classification, we will be legislating in the next year to reform the classification system, giving parents the information they need to keep their children safe while exploring new technologies. In addition, we have initiated reviews looking at how children are affected by the commercial world and the sexualisation of childhood.
12. Parents – and the wider public – also want to know that children are safe and protected from harm. While the vast majority of parents provide safe and loving homes for their children, in the small minority of families where this is not the case, it is our top priority to take the action needed to protect those children from harm. This is why we are implementing Lord Laming's

recommendations on child protection and bringing forward legislation in the next session.

13. We want to be sure that we are supporting every type of family – from lone parents to families with both children and elderly parents to care for – and every member of the family. This is why we are publishing a Green Paper in the autumn, to give everyone the chance to talk about what helps families thrive, and what more can be done.

Helping families to make the most of longer lives

14. We must also help families respond to the challenges of an ageing society. An ageing population means longer and healthier lives and new opportunities, but will also place increased demands on families themselves, as well as our health and social care services.
15. As our population is living longer, British families will become increasingly multi-generational. For several decades, we have seen life expectancy steadily grow. But in 2007, the UK went through a demographic tipping-point – the number of people of working age compared to those over State Pension age began to decline for the first time in 25 years.¹ This is reshaping families and communities across the country.
16. More people living longer lives is a cause for celebration and a great opportunity for the future. Getting ageing ‘right’ could transform later life and the traditional notion of retirement. And it could be a big factor in the success of British businesses and the UK’s economic growth – people over 50 currently account for 80 per cent of national wealth and 40 per cent of annual consumer spending.² But for all of this to happen, longer lives must be healthier lives, lived in prosperity, with chances for all to participate. That is why we are legislating through the **Equality Bill** to outlaw unjustifiable age discrimination,

when providing services or carrying out public functions.

17. All of us have a role to play in seizing the opportunities of ageing. For individuals, three things are important: preparing better for later life; living well in later life; and finding the right support if required. The state should enable and support families and individuals to do all of this. Businesses can help too in the design of everyday products so they are accessible for everyone. Employers can tap into the wealth of skills and expertise of older workers. And all of us can question the traditional views of later life and help to ensure it is a time to enjoy not endure.
18. Better preparation for later life – from any point in adulthood – includes living healthy lifestyles, planning finances properly and making the best possible career and retirement choices. Across the UK we have already made some progress towards this goal, for example:
 - We have introduced a number of ‘checks’ for people in or approaching retirement to help them plan for a healthy and active retirement;³ and
 - The Welsh Assembly Government has named a Commissioner for Older People to be an independent voice, safeguarding and promoting the interests of those over 60 who live in Wales.⁴Living well in later life requires choices around work and leisure. Our new strategy for an ageing society will set out the next steps to promote options for work, including a review of the legal framework. It will also set out how public services will help people continue to learn, travel, access culture, play sport, volunteer and surf the web, whatever their age.
19. This vision will depend on adequate income and prosperity in later life. Pension Credit means no pensioner today should live on

less than £130 a week, and many receive additional support through housing benefit and council tax benefit. Legislation will also restore the link between the basic state pension and earnings. And, from 2012, employers will have to automatically enrol all eligible workers between the ages of 22 and state pension age into a good quality workplace pension scheme and to pay a minimum contribution. This will provide millions of people, particularly those with low and moderate earnings, with their first opportunity to save for retirement.

20. Families also have a key role to play in supporting people in later life – providing social networks, emotional support, and helping ensure older people live happy and fulfilling independent lives. But we know some of us will need additional support in later life. This should come as soon as need arises – not only once needs are acute. The Government will set out the details of a health prevention package for older people, which will bring together existing entitlements such as flu vaccination, cancer screening, eye checks and vascular checks. It will build on these entitlements by promoting best practice around footcare, falls and fractures prevention, as well as a review of national intermediate care guidance. It will set out progress on audiology and telecare. The package will evolve over time and will also include continence care, and treatment for depression and arthritis.
21. Ensuring affordable, high quality and personalised care for older people and people with disabilities is one of our society's greatest challenges for the future. So we will shortly publish a Green Paper on Care and Support, bringing forward new proposals that will overhaul our care and support system, bringing it into the 21st Century from its current base in the Poor Laws of the Victorian era. It will help to end the postcode lotteries that currently exist and put people's contributions to the care system on a fairer basis. Our goal is to reform our care service to be:
 - More preventative;
 - Better at using existing resources; and
 - Better at setting out what people can expect from the new system.
22. Strong families will help build strong and resilient communities. Living in a strong community helps people get back to work – one in four people find their job through the personal relationships that strong communities foster.⁵ And strong and prosperous local communities help reduce social tensions – by reinforcing the common values members share, and helping to crowd out extremists who seek to isolate members of minority groups by creating false divisions in our society. That is why we are committed to encouraging everyone to give something back to society, promoting vibrant civic life, and helping communities help themselves.
23. If we are to enjoy strong local communities, people must feel willing to contribute to their community. Chapter 5 outlined how we will act to make Britain a fairer place, showing families and individuals that they can and will get a fair share. We want active communities that will unite together to live their common values, banishing violent extremism. Local communities that feel valued will be more engaged, so we will not let our communities become run-down: we believe everyone deserves places to live and work that inspire them and make them proud. We will continue to invest in our communities, making them more attractive and prosperous places to live, through better housing, transport and public services.

Building our communities

A culture of contribution

24. In Britain's strongest communities, getting involved, helping your neighbours, and giving something back is a natural part of everyday life. Whether through participating in community organisations, campaigning for local causes, taking part in local civic life, or simply helping out a neighbour in need, contributing to and participating in your community helps to build networks of trust, support and cohesion which benefit us all. We want this culture of contribution to be at the heart of every community, not just those that are already thriving the most.

25. Key to this will be opening up opportunities to volunteer, so that more people are encouraged and enabled to give of their time and talents, and build their own skills and aspirations in the process. We are increasing volunteering opportunities for everyone, but are focusing on young people as a key priority, hoping to build habits that last a lifetime. We are investing £117 million in the youth volunteering organisation 'V' that will also have access to an additional £45 million through match funding.⁶ 'V' is recruiting a million new young volunteers, including developing full-time volunteering places for some of our hardest to reach young people. V is a powerful example of the change that can result from combining the large-scale and co-ordinated support which government investment can bring, with the innovation and flexibility of the third sector.

26. Three million young people already give of their time to their communities each year, whether by helping in a care home or tutoring younger pupils, campaigning on local issues, or organising community activities or environmental projects.⁷ Our ambition is to create a Britain in which there is a clear expectation that *all* young people, not just the many who already volunteer, will undertake some form of service to their communities. That is why we are committed to ensuring

that there are both the opportunities and support, and a clear social expectation, for all young people to give something back to their communities, and this becomes a normal part of growing up. Through youth community service, **our goal is that, in time, every young person should give at least 50 hours of service to their community in their teenage years** by introducing:

- A new programme for 16 to 19 year olds starting this September will see 20,000 school-leavers a year undertake community service alongside training, as part of an Entry to Employment course. This will help develop young people's skills and employability, help them into work, and improve their role in their local community, by giving them a sense of personal responsibility and independence;
- A set of intensive local area pilots will begin in early 2010, to test ways of significantly increasing the proportions of 14 to 16 year-olds participating in community service. This will involve over 14,000 young people in the next two years. The pilots will explore what kind of placements work best for this age group; how to match young people to the right placements for them; how to motivate young people to take part; and how to ensure that placements benefit both the young people and the wider community; and
- From this autumn, new funding will help all schools find or create more service opportunities for their pupils. This will include information and guidance on local opportunities, capacity building to support take-up, and a new accreditation scheme to ensure that opportunities are high-quality and that young people get the recognition they deserve for taking them up.

27. **And we will in the coming years create new or refurbished youth centres or other facilities in every constituency to ensure that all young people have easy access to positive activities.**

Supporting a vibrant voluntary and charitable sector

28. At the heart of our strongest communities lies a vibrant, innovative and inclusive third sector. The third sector – encompassing voluntary and community organisations, charities and social enterprises – is in many ways the glue that binds communities together. This sector enables and empowers people to get involved and contribute, helping to drive local change by generating innovative solutions to local needs.
29. The sector has a vital role to play in helping people to face the challenges presented by the downturn, and in helping to build a sustainable economy, innovative and personalised public services, and strong communities for the future. So we have doubled our spending on the third sector since 1997 to £11 billion a year, and have also increased our support to the sector to help organisations deliver real help to families and communities through the downturn.⁸
30. The third sector is now firmly established as a delivery partner for public services and is integral to building strong, cohesive communities, but it also offers the potential for future economic growth, jobs, training and enterprise. We will continue to work with the sector in new ways to realise this potential.
31. We will do more to support the expansion of a new culture of business that blends profit with social objectives: social enterprise. We will unlock new forms of affordable and sustainable finance, beginning with a consultation on the creation of a new Social Investment Wholesale Bank.

Helping communities help themselves

32. Finally, as Chapter 1 set out, the most effective government support for strong communities comes when we share power widely and give local people the opportunity

to get involved in the decisions that affect them. So we are working with local authorities to give communities a fairer say in how resources are used and local decisions are made. Through Local Area Agreements and the new place-based performance framework, we have transferred control of public services away from centralised bureaucracies into the hands of local government.

33. But we must go further, encouraging local government to transfer more powers to local people, including through greater use of participatory budgeting – already 35 per cent of Local Area Agreements offer local people a direct say in funding priorities for their neighbourhood.⁹ Our Community Assets and Community Builders programmes provide a combination of loans and grants to purchase and refurbish facilities that benefit the community as a whole, such as community centres that also provide childcare and primary care services. And through the Asset Transfer Unit, the Government is increasing the number and scale of assets passed into community ownership.

Investing in attractive and prosperous communities

34. We will continue to invest in communities to ensure they are places where people want to live and work. Sustainable communities combine economic vibrancy, strong social bonds and a good quality of place that helps individuals and business thrive. This is why we will continue to prioritise decent housing, reliable and efficient transport links, a pleasant and green local environment, and good sporting and cultural facilities.
35. The London Olympics and Paralympics epitomise what investing in our communities can accomplish. As well as the broader economic gains – an estimated £2.1 billion from extra tourism alone – the Olympics is

regenerating one of the most deprived parts of the country at an unprecedented speed and scale.¹⁰ 75 pence in every pound spent by the Olympic Delivery Authority is being spent on long-term regeneration.¹¹ The event itself will inspire a generation of young people and will mobilise one of the largest peacetime volunteer operations the UK has ever seen. Right around the country, we are working to maximise the Games' unique capacity to inspire people to take part in sport, and physical activity, and participate in their communities.

Regenerating our cities and towns

36. Learning from previous recessions, we will continue to invest in the communities that need our support most. In May, the Government published *Taking Forward the Regeneration Framework* which set out a vision for increasingly devolved regeneration funding, to ensure that even the most disadvantaged benefit from our investment and economic growth. We are determined to build on the urban renaissance of the late 1990s and 2000s, so that our towns and cities are the powerhouses of the upturn. We will spend more than £6.5 billion over the next two years to promote the growth and regeneration of our cities, towns, and communities and to prepare them for the upturn. And as we set out in the Pre Budget Report, we have brought forward £180 million to support key regeneration projects threatened by the economic downturn.

Ensuring reliable and convenient transport

37. By making sure our communities are well connected, we will help to develop opportunities for local people. Reliable, convenient and sustainable transport enables local businesses to grow their markets, helps people find work, and creates the links that give people greater chances and broader horizons. So we are investing £2.5 billion a year in support for bus services to ensure that

public transport makes the links that help communities prosper.

38. We have also pioneered new approaches to transport policy at the local level. Internationally, many towns and cities recognise that transport has a crucial role to play in promoting broader social outcomes, such as health and quality of life. We have already introduced three Sustainable Travel Towns which aim to encourage 'smarter' travel choices – whether changing times of travel or mode – to reduce congestion, improve health and promote quality of life by promoting cycling and personal travel planning, for example. The emerging evidence is encouraging. Over the last five years they have seen car use fall by up to nine per cent, walking increase by up to 14 per cent and cycling increase by at least 12 per cent. Full results will be known later this year.¹² We are offering the nine largest urban areas across England (excluding London) the chance to become the first Sustainable Travel City, with up to £29 million over the next three years to be invested in at least one of England's largest cities to encourage greener travel choices. These could include plans to support walking, cycling and initiatives to improve public transport.
39. We have already increased the national cycling budget in recent years to £60 million a year, and established 18 Cycle Demonstration Towns. There has been a doubling in levels of cycling in London since 1997, and we want to build upon this and go further. So we will develop a **National Cycle Plan to promote cycling as a mainstream form of personal transport**. This comprehensive plan will set out the role that local authorities, public transport providers, employers and schools, can play in delivering a cycling revolution across the country.
40. We will complement this with a new active transport strategy, laying out plans to

encourage low carbon transport options that also promote personal health and wellbeing. The Department for Transport and Department for Health will deliver this major joint plan by the end of 2009.

41. Because we recognise that low carbon cars will be an important part of Britain's transport infrastructure in the decades ahead, with real potential for British industries to lead the world, we will invest £250 million to help the UK to become a world leader in ultra-low carbon vehicle technology. **Now we will go further by providing incentives for the take-up of low carbon buses**, and reforming bus subsidies to deliver the next generation of public transport our cities and communities need.

Creating attractive and prosperous communities

42. Well planned and designed places make the best of their built heritage, provide safe and attractive public and green spaces, and improve the local economy, crime and cohesion as well as people's health and quality of life – all hallmarks of the strong communities that will underpin Britain's future. We will continue to invest to improve the quality of our public spaces in every region, and will shortly bring forward national design guidance on green infrastructure.
43. Sport and culture create higher levels of individual aspirations and trust, which in turn feed through into higher employment, lower crime, and stronger, more cohesive communities. We will continue to invest to drive up levels of participation regardless of ability to pay. We will ensure that all under-16s have the opportunity to do five hours of sporting activity each week by 2012, and will continue our strong record of public investment in community sports for children and adults. We are introducing free swimming for young people and over-60s, in partnership with local authorities. We will continue to

expand our programme of offering free and subsidised culture to young people, including introducing free theatre for young people across the country.

44. The quality of local leadership has a critical role to play in future of our cities. Chapter 1 identified the further steps we are considering, as we build upon the devolution and community empowerment this Government has pioneered.

Conclusion

45. Building the Britain of the future depends on the contributions and talents of everyone in our society, finding new solutions to the challenges of the future. Supporting our families and building our communities – creating a cycle of investment in British society – will help to build our future prosperity. That is why we are creating opportunities for everyone to contribute, underpinned by support for families and communities.

Britain in a fairer and safer world



Summary

Britain's future place in the world will be defined by how we respond to a new global era. Despite the recession, globalisation continues to bring change of unprecedented scale, speed and diversity. And power is shifting with the rise of Asia, powerful global movements and non-state actors. There will be greater opportunities for Britain to grow and prosper than ever before. But there will also be enormous challenges.

In response we have developed a new kind of foreign policy based on four fundamental principles. Britain's role in the world is:

- Active not passive, leading efforts to tackle pressing and difficult issues from the global economic crisis to the challenge of terrorism and violent extremism in Afghanistan and Pakistan;
- Internationalist, not isolationist, at the heart of global solutions to global problems such as climate change, poverty and international terrorism;
- Able to provide integrated solutions for interrelated problems, such as tackling the challenges of failed states and development together, and preventing dangerous climate change at the same time as increasing energy security; and
- Flexible and agile, responding to rapidly emerging challenges like piracy and cyber attack while finding innovative ways, and forging new relationships, to make the most of opportunities such as the doubling of the global economy over the next two decades.

This chapter sets out how Britain is applying these principles in our foreign policy in five key areas: the economy, development, security, human rights and climate change. **We will ensure Britain leads globally on three major international reforms over the coming year: reforming the International Financial Institutions, including through the G20, and leading global action to fight poverty; securing a global climate change agreement in Copenhagen by the end of 2009; and driving forward a step-change on the nuclear non-proliferation and multilateral disarmament agenda in 2010.**

A new approach to foreign policy

1. The last 18 months have shown just how far the prosperity of all countries in the world is interlinked. Globalisation has contributed to long-term economic prosperity around the globe and continues to lift millions out of poverty, but in its rawest form has exposed families and businesses on every continent to a global economic downturn.
2. Countries can now work together more closely than ever, but are more affected than before by the decisions of states far beyond our borders. At the same time, new and changing security threats, climate change, and the dangers of extreme poverty and human rights abuses require a global response. In short, globalisation has raised the stakes.
3. Power is shifting and dispersing. The rise of China, India, Brazil and other new

powers is clear, with the G20 emerging as a premier global forum. And power is flowing downwards and outwards as individuals, non-state groups and businesses increasingly command change and exert their influence in the emerging global society.

4. These changes mean we need Britain to have a global network and influence. Based on four core guiding principles, the new kind of foreign policy approach we have developed means that we are:
 - *Active not passive*, tackling difficult issues quickly *and decisively*. This was demonstrated most clearly when world leaders were brought together at the London Summit in April this year to address the immediate problems with the world economy and to set out a long term vision for the international architecture of the future.
 - *Internationalist not isolationist*, so that we are at the heart of global solutions to global problems. Internationalism is the best way to defend our national interest, which is why we are working through the EU, NATO, the G8 and G20, the UN, the Commonwealth and other organisations.
 - *Able to provide integrated solutions for interrelated challenges*. Security and stability challenges are influenced by a combination of economic growth and trade, demography and migration, and poverty and inequality. We cannot begin to solve problems relating to competition over resources such as energy, food and water without considering the global impact of climate change; and
 - *Flexible and agile*. This means not only being able to confront new threats like cyber attack and piracy and exploit new opportunities like the rise of the global middle class, but also building new kinds of relationships. To meet our ambitions and uphold our values, we must build new coalitions that bring together people, governments, businesses and others to pursue common goals.
5. Across every major area of foreign policy we are beginning to see the fruits of this practical and progressive approach, and have a clear plan for Britain's role in the world for the coming months and years. We will continue to work closely with our partners throughout the world, including the United States and members of the European Union, and through the leading role that we play in international organisations, such as the UN Security Council. And we will further strengthen our already close links with the major emerging powers of the 21st century, including China, India and Brazil.
6. Looking ahead, **we will ensure Britain leads globally on three major international reforms over the coming year: reforming the International Financial Institutions, including through the G20, and leading global action to fight poverty; securing a global climate change agreement in Copenhagen by the end of 2009; and driving forward a step-change on the nuclear non-proliferation and multilateral disarmament agenda in 2010.**

Prosperity in the new global economy

7. The global financial crisis has required unprecedented action from governments, central banks and regulatory authorities across the world. The scale and impact of the economic crisis has dispelled the myth that any country or region could be immune from the impact of global markets.
8. Britain has led efforts to build a new global economy. As we set out in chapter 1, we brought leaders together at the London Summit to take decisive, collective action to fight back against the global financial crisis and reinvigorate growth, ensure stability and protect jobs. Together we took action on an unparalleled scale, committing \$1.1 trillion to help the world economy through the crisis, and began the process of rebuilding a

- new co-ordinated approach to international financial regulation. This came on top of the \$5 trillion already committed to fiscal stimulus packages around the world.
9. Critically, Britain and other nations took steps to prevent a future crisis emerging by building on the Washington Action Plan for greater cross-border regulation of the financial sector. We agreed:
 - New rules to co-ordinate regulation of financial markets including a new Financial Stability Board, supervisory colleges for significant cross-border firms, and stronger mechanisms of coordination between national regulators;
 - Decisive steps to tackle tax havens and non-co-operative tax jurisdictions;
 - The injection of significant new funds for international institutions, promoting global liquidity and supporting countries most in need during the crisis;
 - A new international monitoring mechanism to ensure the world does not slide back into protectionism; and
 - Agreements worth \$50 billion in support of the poorest countries, and a recommitment to aid targets.
 10. EU member states have also responded to the crisis in a decisive and co-ordinated way by injecting €400 billion so far into the European economy, by taking co-ordinated action to stabilise the banking crisis and by standing strongly in defence of continued free and open trade. EU consumers have benefited from a co-ordinated approach guaranteeing their personal savings up to €50,000 irrespective of where they bank in the EU. And to help sound businesses get through this credit crunch, the European Investment Bank has made more than £1 billion available through British banks to British companies over the next four years.
 11. While the scale of these agreements both at EU and G20 level was unprecedented in the history of global economic governance, we must continue to build on these achievements to ensure a return to growth and stability, beginning with the upcoming G8 Summit in L'Aquila and the next G20 Summit in Pittsburgh.
 12. Kick-starting the Doha trade round is a priority. Sustaining growth, creating jobs and increasing prosperity in the long-run depends on a more open and diverse trading environment, with a fair deal for both developed and developing nations. A successful trade deal could boost the global economy by \$150 billion every year.
 13. We must also develop a longer-term approach to the reform of the International Financial Institutions to ensure the international financial architecture can not only provide responses to crises once they have begun, but can ensure effective crisis prevention in the future. So in advance of the next G20, we will make the case for:
 - A reformed International Monetary Fund (IMF) that has significant 'early warning' capacity, and the information, authority and resources to promote economic and financial stability;
 - A strengthened World Trade Organisation (WTO) monitoring facility, to ensure the world is aware of and can take collective action against the re-emergence of protectionism;
 - Co-ordinating national financial regulators to ensure common principles operate across jurisdictions; and
 - A significant expansion in the capacity of the European Investment Bank to lend to business and support critical infrastructure projects, (an extra €50 billion over two years), as well as increasing both funding and the level of risk it accepts to support business and jobs across Europe.

Development beyond the economic downturn

14. The economic downturn has been global in impact, with the world's poorest people among the hardest hit. More than 50 million men and women in Africa, Asia and Latin America could lose their jobs in 2009; 90 million more people will remain in poverty and up to 400,000 more children could die unnecessarily next year.
15. Some may be tempted to use the excuse of the downturn to abandon or reduce their commitments – we will not. The moral case for action is unarguable. But even putting this aside, it is clear that we must take action to protect our national interest. The major challenges facing the world's poor affect us directly and demand that we take action: the downturn requires a global recovery in demand and trade, climate change needs every country to act, and resource competition, fragile states and conflict are internationalised challenges that demand global solutions.
16. So we have led international efforts to respond to the immediate effects of the economic crisis, and put systems in place to ensure that we can rebuild more equitable and sustainable growth for the future. Our influence has been strengthened by a decade of global leadership, in which we have seen more than 400 million people lifted out of poverty, 40 million more children in school and three million more children saved through immunisations. This has not happened by accident, but because of concerted national and international action, with Britain playing a central role. Our own aid budget has more than tripled since 1997 and \$50 billion of international debt has been cancelled, releasing money to be used for clinics, schools, clean water and essential infrastructure.
17. Building on our decade of leadership, we forged agreements at the London Summit that took a first important step in protecting the poor through the downturn. As a result, this is the first recession where the needs of the world's poor are being addressed as a priority. Leaders agreed \$50 billion for low-income countries, \$100 billion additional lending from Multilateral Development Banks over the next three years for developing countries, and a recommitment to aid pledges.
18. Our immediate action is accompanied by a sound long-term strategy and a firm commitment to continue to focus our aid on poverty eradication, delivering aid levels of 0.7 per cent of Gross National Income (GNI) by 2013 and achieving the Millennium Development Goals. Over the coming year we must urgently focus on advancing education for all and reducing the number of women dying in child birth.
19. Conflict and insecurity directly harm some of the world's most vulnerable women, men and children, trapping them in poverty that can have wider global consequences. Because interrelated challenges need integrated solutions, we will set out in our forthcoming Development White Paper a new approach to tackling the interrelated problems of conflict, insecurity, bad governance, and poverty:
 - Our work on fragile and conflict-affected states will focus on conflict prevention, peace-building and state-building, and improving our ability to help states deliver security, the rule of law, basic services, and economic opportunities in insecure conditions;
 - Work to foster innovative partnerships for change, working alongside governments, NGOs, businesses, faith groups, trade unions, civil society and others to work together to drive forward progress. Last September, we helped to amass the largest ever alliance of representatives from all of these groups at

an historic UN summit in New York which generated new commitments of over \$16 billion for the poorest;

- More support for poor countries to increase the money they raise through their own tax systems, and crack down on the flow of resources out of poor countries through tax havens; and
 - Support for poor countries to adapt to the impacts of climate change they are already facing, invest in low carbon growth and work for an ambitious and fair deal at Copenhagen in December.
20. In an interdependent world we cannot achieve these aims alone. We will work more closely together across governments to ensure that our development, diplomatic and defence policies play distinct but complementary roles that support both poverty eradication and other goals. We will also continue an ambitious agenda to reform the governance of institutions such as the UN, World Bank and International Monetary Fund (IMF), as well re-energising and reorienting the policies of these institutions, working alongside our partners in the European Union.

Protecting Britain's national security

21. Protecting Britain's national security remains our fundamental priority. And because security challenges are more varied, interconnected, complex and fast-moving we are taking action to ensure that our response is comprehensive and effective.
22. Last year we set out the first ever *National Security Strategy of the United Kingdom*, bringing together the objectives and plans of all departments, agencies and forces involved in protecting our country and interests.¹ But the security environment continues to evolve rapidly, with the attacks in Mumbai, the changing situation in Afghanistan and Pakistan, problems of instability, piracy, and terrorism in East Africa, the international

outbreak of H1N1 'flu' and the global recession all requiring us to adapt quickly.

23. Our assessment of the changing threats we face, and the Government's response to them, has been laid out in the first annual update to the National Security Strategy, *Security for the Next Generation*.² This looks to the future and refines the Government's analysis of the main threats to our national security as well as the longer-term drivers of insecurity. It also looks more carefully at how and where threats manifest themselves, recognising for example the importance in national security terms of rapidly developing environments such as cyberspace. Alongside *Security for the Next Generation* we have published the Government's first ever *Cyber Security Strategy*, which sets out our approach to building a safe, secure and resilient cyber space for the UK.³
24. In Afghanistan and Pakistan, fragile governance, violent extremism, international terrorism, transnational crime, weapons of mass destruction and other factors come together to threaten regional stability and development, and the security of the UK. Our response, set out in a new strategy in April, shows the four principles of our new foreign policy approach translated into action.⁴ We are being active not passive – with over 8,000 troops and over 200 civilian staff deployed in Helmand, Afghanistan, and capacity-building and development programmes in Pakistan. We are internationalist, playing a leading role in UN, NATO, and EU efforts in the region. We are offering integrated solutions to interconnected problems, for example with a UK-led joint civilian-military HQ in Helmand in southern Afghanistan bringing together a range of programmes across security, capacity-building, governance and development in a single Helmand Road Map. And we are flexible and agile, adapting our approach to the increased threat from mines and roadside bombs with new tactics

and better protected vehicles; shifting the emphasis of our development and governance spending to support the immediate priority of human security, and providing humanitarian assistance for displaced people. And in all these areas we recognise that the solutions to the challenges in these two countries must be led by the governments and people themselves, with the support and long-term commitment of the international community.

25. Fragile societies, poor governance and inequalities can lead to conflict and instability which, as well as having a direct and devastating impact on people's lives, can in turn create opportunities for terrorist networks. As set out in Chapter 5, the Government's updated counter-terrorism strategy, launched in March,⁵ describes our comprehensive programme of action both in the UK and overseas to tackle the immediate threat, and the symptoms and causes of international terrorism, using new resources to disrupt terrorist operations, build on recent successes in prosecuting those responsible through the courts, protect potential targets, and act early to stop people from becoming terrorists or supporting violent extremism. It is active not passive, agile in the face of the evolving threat, committed to greater international co-operation, and fully integrated across Government – bringing together a wider range of people and resources than ever before: £3.5 billion per year by 2011 compared to £1 billion in 2001.
26. Communities in the UK can be particularly affected by the impact of instability and terrorism overseas. We work together with communities to address the impact of these upon them and to tackle the causes of violent extremism abroad. In turn, addressing causes of extremism overseas can serve to undermine grievances which can fuel radicalisation in the UK, and can increase the resilience of communities in the UK to violent extremism.
27. The risk of terrorism is just one consequence of weakened and failing states. We are also taking action to limit the potential wider impacts, such as organised crime, increased poverty, counter-proliferation, trade, energy security and human rights abuses. For example, the UK is at the head of international efforts to tackle problems resulting from continuing instability in Somalia, where the absence of effective government in the last 20 years has led to severe humanitarian problems, piracy, crime, extremism and terrorism. Together with others we are leading international efforts – including the EU's anti-piracy operation in the Indian Ocean, and the UN-brokered efforts at reconciliation in Somalia. And as set out in Chapter 5, we will shortly be launching a new strategy for tackling organised crime, integrating our domestic and international efforts.
28. Building on our international development work in fragile and conflict-affected states, we will produce later this year a Conflict Strategy that sets out a comprehensive approach across development, diplomacy and defence to prevent, stabilise and resolve conflict. This will include improved early warning systems, a shift in spending towards early action to prevent conflict and its recurrence, and more effective international peacekeeping. Building regional capacity is crucial here, for example with the African Standby Force which is expected to reach interim operating capability by 2010 with our support. We will also increase our capacity to deploy civilian expertise in post-conflict peacebuilding.⁶
29. While no state currently threatens Britain directly, we must prepare for potential threats in the future. Our Armed Forces have the job of deterring and if necessary responding to potential state-led threats, as well as acting in support of our national security and foreign policy aims. In Afghanistan they continue to perform superbly in challenging conditions. The last British combat troops will leave

Iraq by 31 July. Iraq continues to face real challenges but is showing genuine potential for a stable and prosperous future. The Prime Minister has set out plans for an inquiry to learn the lessons. At the same time we are moving to a new relationship with Iraq's emerging democracy.

30. To ensure our Armed Forces continue to be able to respond to the full variety of security challenges, from protection of the UK against potential future threats, to assistance to stabilisation and development in conflict situations, to support for counter-terrorism, we are continuing to reform our military capabilities and our approach to defence procurement. These reforms will emphasise the need for clear strategic prioritisation and the need to spend the defence budget as effectively as possible in the light of the defence cost increases faced by advanced militaries around the world. At the same time we will continue to improve the support we give to our Armed Forces, their families and veterans – setting out later this year how we will entrench the improvements in recent years across medical care, accommodation, pay and allowances and compensation.
31. Because our approach in all these areas is internationalist not isolationist, we will complement the reforms to our own policies and capabilities by working with partners to drive reform in the international sphere: in the UN; in regional organisations like the African Union (AU); in NATO through a new Strategic Concept; and by strengthening the EU's ability to harness its civilian, political and military tools and to work more productively with NATO and other partners.
32. One of our most important priorities is to create the conditions for our ultimate goal of a world free of nuclear weapons, combined with secure rights to peaceful nuclear energy to meet increasing demand.⁷ Towards this end, the UK, working with international partners,

is rebuilding international momentum and challenging a fractured global consensus: developing ideas on the nuclear fuel cycle, investigating new approaches to the verification of disarmament, and supporting the negotiation of a new treaty banning the production of fissile material. Later in the year we will publish a plan to take us to the next global milestone, the 2010 Nuclear Non-Proliferation Treaty Review Conference, and set out a roadmap of action beyond.

Promoting human rights and democracy

33. Britain will always lead efforts to improve human rights and support democracy across the globe. Democracies are more likely to respect human rights, more likely to support open trade, and less likely to go to war with each other. Promoting and protecting international standards on human rights is about promoting shared values enshrined in international law. Their observance is a necessity for states' legitimacy, stability and security. This is why, for example, we used our influence to discourage Afghanistan from adopting new laws which could undermine women's rights. If we want ordinary Afghans to deny the Taliban support and sanctuary, we need to give them confidence that their state will protect them and secure their rights – as well as making clear that our own forces will maintain the highest standards. Promoting democracy, security and human rights must be a central part of our approach which addresses interrelated problems in an integrated way, helping to support our efforts in tackling conflict, extremism, climate change and poverty.
34. Our efforts to promote democracy and human rights are not limited to Afghanistan. We have been active across the world in promoting democratic transitions, including in Sierra Leone, Kosovo, and Iraq. We have consistently spoken out against continuing abuses in Zimbabwe, Burma, Iran and Sudan,

and worked with European and international partners to take action to help citizens of these and other countries. We will continue to show leadership in strengthening fragile democracies and addressing human rights challenges around the world:

- In Burma we will redouble efforts to secure the release of Aung San Suu Kyi and the more than 2,000 political prisoners detained with her, and will continue to press for a peaceful transition to democracy;
 - In Sri Lanka we will work with the international community to alleviate the humanitarian crisis and work towards long-term peace and stability;
 - In China we will continue to promote greater respect for human rights as part of the process of reform and modernisation;
 - In Russia, we support President Medvedev's stated intention of improving the rule of law and respect for human rights. We will continue to press for human rights improvements, bilaterally and through international organisations including the EU, the UN and the Council of Europe;
 - In Zimbabwe we will work with international partners to support the Inclusive Government. Our priorities remain the human rights and wellbeing of the Zimbabwean people. We stand ready to engage as further Government reform is delivered; and
 - In Sudan, we continue to strongly support the implementation of the Comprehensive Peace Agreement, the UN/AU-led political process for Darfur, United Nations – African Union Mission in Darfur (UNAMID) deployment, accountability and humanitarian assistance.
35. As well as working through traditional governmental channels, it is essential that Britain continues to work with civil society organisations and ordinary people to promote human rights and democracy everywhere. Through civil society involvement in international processes such as the UN Human Rights Council's Universal Periodic Review, and through bilateral co-operation with NGOs on the ground from Nigeria to Pakistan, we are having a much greater impact than would be the case if we only worked with other governments. In addition, Britain will continue to make use of smart, soft power alongside more traditional foreign policy tools. This will include continuing to foster free international public debate; promoting economic openness as a driver of political and social change; and ensuring that our aid supports good governance.
36. Working with international partners, we have driven reforms in the United Nations, establishing a new Human Rights Council and a system of Universal Periodic Review, whereby every country in the world will have its human rights record examined on a regular basis. We have supported efforts to reduce the use of the death penalty, supporting a landmark UN resolution calling for a moratorium on its use, with 139 countries now having abolished it.
37. Alongside fellow members and key stakeholders we are modernising the Commonwealth. This unique and important organisation cuts across many of the divisions which threaten to destabilise the world today. We want to revitalise the ability of the Commonwealth to bridge the traditional blocs in the UN and other international organisations. In this respect the Commonwealth is more relevant to the world in the 21st Century than when it was founded 60 years ago. To be effective, the Commonwealth institutions must focus on the Commonwealth's brand strengths, namely democratic values and good governance.
38. We will continue to push for progress in the International Criminal Court and other international courts and tribunals to ensure that the perpetrators of the world's most serious crimes, including war crimes, genocide and crimes against humanity, are

brought to justice. The best solution is for those alleged to be responsible for such heinous crimes to be brought to justice in the place where the crimes took place so that justice can be seen to be done, or in international tribunals before the eyes of the world. We are also examining whether our own law might need to be strengthened.

39. We will work to reform multilateral systems including the EU and the UN to tackle human rights and conflict – including by implementing the groundbreaking commitment made by states in 2005 to the ‘Responsibility to Protect’ (R2P) doctrine. R2P sets out the primary responsibility of a state to protect its citizens from the four crimes of genocide, ethnic cleansing, crimes against humanity and war crimes. It also sets out the international community’s responsibility to help countries meet this standard, and is clear that where the state is unable or unwilling to address these crimes the international community has a responsibility to take action to protect those rights. We are determined that Britain will play a key role in international efforts to give practical effect to the Responsibility to Protect consistently across the world.
40. We have also worked to reduce harm to civilians in conflict zones. Last summer we helped to lead the international community towards a new Convention on Cluster Munitions, one of the most significant new arms control agreements in recent years, banning the use, development, production, acquisition, retention, transfer and stockpiling of these weapons. The Government will this year introduce the **Cluster Munitions Prohibitions Bill** to pave the way for the UK’s ratification of the Convention.
41. We will continue to work alongside governments, NGOs, businesses and others to secure a legally binding Arms Trade Treaty to regulate the international trade in

conventional arms to prevent them reaching those who would use them for human rights abuse. Besides the clear and immediate moral imperative, we recognise the vicious circle between insecurity and development – it is estimated that Africa alone loses \$18 billion per year due to wars, civil wars, and insurgencies.⁸ These costs are unnecessary and unacceptable.

42. The Government opposes the use of torture in all its forms and works hard with international partners to stop the practice of torture and of cruel, inhuman or degrading treatment. The UK is party to the key international agreements which prohibit torture and in March 2009 the Prime Minister announced that, for the first time, the Government will publish its guidance to intelligence officers and service personnel about the standards that we apply during detention and interviewing of detainees overseas. The Intelligence Services Commissioner, Sir Peter Gibson, will monitor compliance with the guidance. This will ensure that the public know what those involved in interviewing detainees can and cannot do, putting beyond doubt the terms under which our agencies and service personnel operate.

Building a low carbon, resource efficient world

43. The world faces a series of interlocking resource challenges. As the global population continues to increase and economic growth resumes the increasing demand for natural resources, particularly oil and gas, water, land and minerals, will place stresses on both the natural environment and social and political systems. Intensifying competition for resources is already the source of conflict and threats to security in many regions of the world, and will be exacerbated by the impacts of climate change. By 2025, it is estimated that three billion people could be living in water-stressed countries. Our approach

to the climate and resource emergency is internationalist, active, and responsive; we are determined to show the global leadership required to achieve the security the planet needs.

44. Because climate change is already happening Britain is investing to support African and Asian countries to manage water and agricultural resources in changing climates. This means facilitating regional and cross-border water initiatives to promote co-operation over shared resources, funding global agricultural research, and investing £100 million in scientific research to better predict the impact of climate change and help identify suitable adaptation measures in the least developed and most vulnerable countries.
45. These measures will help countries adapt. But as the *Stern Report* showed it is clearer than ever that unchecked climate change will incur major economic and social costs in every country, including Britain. The science tells us that to avoid the most dangerous impacts in the future the average global temperature rise needs to be limited to no more than 2°C above the pre-industrial level. For the sake of the world's – and Britain's – future prosperity and security, we must make the transition to a global low carbon economy.
46. In December this year, the international community under the UN will meet in Copenhagen with the aim of reaching a comprehensive global agreement to tackle climate change. Working with partner governments in both the north and south, we are playing a leading role to ensure that the agreement reached is ambitious, effective and fair. We are clear that the Copenhagen agreement must put the world on a path to at least a halving of global greenhouse gas emissions by 2050. This will require developed countries to commit to major emissions cuts by 2020, and to provide financial and technological support to developing countries to assist them to reduce their emissions significantly below business as usual trends. The poorest countries will also require help to adapt to the climate change that is already inevitable. To help break the deadlock in the negotiations on this, we have proposed a financing package for developing countries of around \$100 billion per annum by 2020, including an expanded carbon market and new public funds additional to aid.
47. Over the last year, working with partners in the EU, we have put in place the essential building blocks towards this goal. The EU has committed to reduce European emissions by 20 per cent by 2020, or 30 per cent as part of a strong global agreement. In December Britain played an instrumental role in passing the historic '2020 package' of EU measures to implement that commitment, including a strengthening of the EU Emissions Trading Scheme, a 20 per cent target for renewable energy, a 20 per cent improvement in energy efficiency by 2020, and a new financial support mechanism for carbon capture and storage technology, alongside radical new emissions standards for cars.
48. But European leadership alone is not enough. We recognise that ambitious aims for Copenhagen will not become reality unless all countries see how a low carbon transition is in their economic interests and the political conditions are in place to make that transition occur. That is why we have worked with partners to promote a global low carbon recovery, using the G20 Summit to secure commitments that countries should make the best use of fiscal stimulus packages to promote investment in low carbon energy infrastructure and resource efficiency.

49. We have led G8 efforts to assist developing countries' response with around \$6 billion pledged last year for the establishment of new Climate Investment Funds. These will provide finance for clean technology, improving the climate resilience of vulnerable economies and tackling deforestation. In October we published the report of the Eliasch Review on tackling deforestation, which recommended a series of financing measures which would enable rainforest countries to halve deforestation by 2020.
50. At the same time we have led global efforts to improve energy security. Highly volatile oil prices have exposed both the structural imbalance of supply and demand, and the political risk attached to over-dependence on oil. So we are taking action to stabilise these markets, increase our energy security and diversify our sources and routes of fossil fuel imports:
 - At the London Energy Meeting in December, the international community came together to agree progress on increasing investment in oil exploration and refining, in improving the transparency of oil markets, and in an enhanced dialogue between consuming and producing nations;
 - With our partners in the EU we have sought to ensure the continued supply of gas into Europe and to open up new supply routes from Central Asia;
 - Our forthcoming nuclear 'Road to 2010' strategy will set out Britain's approach to growing global needs for civil nuclear energy; and
 - Investment in renewables, nuclear and low carbon vehicles in the UK will reduce our dependence on oil and gas.

Europe

51. Britain has worked successfully with EU partners across a range of areas where we have common interests and face common challenges. Nowhere is this more crucial than in the economic sphere. The EU Single Market is the largest single market in the world and is crucial to our economic interests. 3.5 million jobs in the UK are linked to the export of goods and services to the EU, and 52 per cent of the UK's total trade is with the EU, with a value in excess of £400 billion to the UK economy.
52. Working with our European Union partners is essential in the fight against terrorism, in preventing and resolving conflict, meeting the challenge of humanitarian crises, and in fostering stability and prosperity globally. The EU has, for instance, played a crucial role in extending peace and stability to the Western Balkans. And, through its civilian and military missions, the European Union is increasingly able to have a positive and tangible impact in places as far apart as Kosovo and Afghanistan.
53. EU co-operation is helping to provide greater security for the citizen and ensure that criminals cannot escape justice by crossing borders. The European Arrest Warrant was indispensable in enabling us to catch Hussain Osman, one of the terrorists involved in the attempted London bombings of July 2005. The EU has a list of individuals and organisations involved in terrorism, and it requires all Member States to freeze their assets, so that terrorists are denied access to funds across the EU. EU co-operation on asylum and illegal immigration has benefited the UK, in particular enabling the UK to share information with other EU countries and return asylum seekers to where they first entered the EU.

54. In the coming months we will work with the European Commission to hold Member States to account on their commitments to the poorest and maintain the EU's global leadership on international development. In promoting the EU's progressive values globally, we believe the new Commission should put poverty reduction at the heart of its efforts to address climate change, energy, stabilisation and conflict prevention, economic co-operation with third countries and trade – including securing a World Trade Organisation (WTO) deal which delivers open markets and provides better trading opportunities for developing countries.
55. The EU, with Britain at the heart of the debate, has agreed the most ambitious collective climate change targets of any country or group of countries in the world. The EU has been a global leader in the fight to avoid dangerous climate change and will continue to push for an ambitious agreement at the forthcoming Summit in Copenhagen.
56. We need to ensure that the EU is equipped to help those most affected by the global recession, including the world's poorest, and to refocus its efforts on helping people across the EU enjoy more productive and rewarding work. Britain will play a leading role in recrafting the Lisbon Strategy that will support a more competitive and productive European economy. Economic and structural reform must continue to put the EU in the strongest possible position to greet the economic upturn. We must ensure that financial support is available for states in greatest need of structural or economic development, through maximising use of institutions like the European Bank for Reconstruction and Development (EBRD) and European Investment Bank (EIB).
57. The EU must make better use of its budget. We will continue to press for a radical rethink about the way the EU spends its money, for example by doing away with inefficient, expensive parts of the Common Agricultural Policy and channelling money into research and development of low carbon technologies.⁹
58. The EU has a special role in bringing stability and prosperity to our neighbourhood including Eastern Europe and North Africa. We continue to be committed to enlargement of the EU, because countries that adopt our norms and standards become more effective partners in tackling common challenges such as tackling the financial crisis, organised crime, and climate change.

Conclusion

59. We cannot escape the consequences of Britain's interdependence with the world. The old distinction between 'over there' and 'over here' is obsolete. There is no longer an 'over there' of terrorism, failed states, poverty, forced migration and environmental degradation and an 'over here' that can be insulated from these problems. Power has shifted between States, but also away from them, towards new kinds of actors and influences. Our self interest today is found not in isolation but in openness and co-operating with others to overcome shared challenges.
60. So our approach is bold and progressive. Bold because the scale of the opportunities and challenges we face can only be addressed through strong leadership that drives global action. Progressive because the way we respond to problems, from extreme poverty to human rights abuses, will always reflect our belief that it is not only in our interests to do so, but is the right thing to do.

Introduction and summary



1. This is the third year that the Government has published its legislative programme in draft for consultation in advance of the Queen's Speech. This year it is being published as part of the Government's broader plan for Building Britain's Future. This provides an opportunity for both the public and Parliament to see how the Draft Legislative Programme (DLP) forms part of the action the Government is taking to build a more prosperous, stronger and fairer country.
2. The aim of publishing the DLP is to be transparent about what the Government is planning to achieve through legislation. This provides an opportunity to look across the programme as a whole and take a view as to whether the balance of priorities is right, whether there are important areas that have been missed out or areas of the programme that should be given lower priority. This, in turn, enables views to be fed into the development of the programme before the final programme is announced in the Queen's Speech towards the end of the year.
3. As a draft programme, the Government expects it to develop and change over the course of the year, as a result both of consultation and as new issues arise. For example, on 10 June the Prime Minister announced the start of public engagement on further democratic reform, some parts of which could require primary legislation – this exercise will be running in parallel with consultation on the DLP.
4. We are publishing this year's DLP as part of Building Britain's Future because the Government's plans for legislation are subject to the same key priorities as activity across government at this critical time: cleaning up politics and reforming our democracy; taking Britain out of recession into recovery; and reforming Britain's public services. This means that this year's DLP should be considered with two particular points in mind.
5. First, although the legislative programme has a central part to play in Building Britain's Future, the work of Government is about a great deal more than legislation. As the rest of this document sets out, most Government action can and should be delivered through other means. We will only legislate where necessary and appropriate: although where we need to legislate we will do so. Much of the action we are taking to build Britain's future is rightly being taken forward outside the legislative process.
6. Secondly, the next session of Parliament, which will begin in the autumn, is the final session of this Parliament. It is likely to be, at most, around half the length of a normal session and the time available for legislation will therefore be significantly reduced. This year's DLP is therefore necessarily slim and the Government is sticking rigorously to its priorities for Building Britain's Future.
7. To implement the proposals in this document, the Government is proposing to introduce 11 bills in key areas in the next session of

Parliament (two of which, the **Equality and Child Poverty Bills**, have recently been introduced but will be largely considered in the next session and one, the **Constitutional Renewal Bill**, is intended for introduction before the end of this session).

8. The Government has also recently introduced the **Parliamentary Standards Bill**, intended for Royal Assent before the summer recess, to create an Independent Parliamentary Standards Authority to revise, monitor and administer the system of MPs' allowances; to set and enforce the rules relating to the registration of MPs' financial interests; to create new criminal offences for MPs of making false or misleading claims for allowances, failing to register a financial interest, and engaging in paid advocacy and to provide for the Code of Conduct for Members to be placed on a statutory footing.
9. Many of these bills are referred to throughout Building Britain's Future but, for clarity, their key contents are drawn together in this annex. The list of proposed contents of bills is not exhaustive as departments are still consulting and developing policy in many areas.
10. It is also of crucial importance that the United Kingdom Government works together with the Devolved Administrations to ensure that the law not only respects the devolution settlements but also serves the best interests of all the citizens of the UK. To this end, all Government departments work closely with their devolved counterparts when preparing legislation. The Government will continue to work closely with the Welsh Assembly Government, the Scottish Executive and the Northern Ireland Executive to identify if areas of the UK legislative programme require the consent of the devolved legislatures.
11. The Government is keen to receive your views on the DLP in answer to the following question:

Do you think the Draft Legislative Programme reflects the right priorities for the United Kingdom and, if not, what other issues do you think the Government should be addressing?

In summary the themes of the programme and the bills are:

Rebuilding trust in a modern, democratic Britain

- Constitutional Renewal Bill
- Bribery Bill

Real help now that builds a stronger Britain

- Financial Services and Business Bill

Investing for the future: Building tomorrow's economy today

- Digital Economy Bill
- Energy Bill
- Flood and Water Management Bill

Fair chances for all: Building the next generation of public services

- Improving Schools and Safeguarding Children Bill
- Equality Bill

Fair rules: Building a strong society

- Policing, Crime and Private Security Bill

Strengthening family and community life

- Child Poverty Bill

Britain in a fairer and safer world

- Cluster Munitions Prohibition Bill

12. To be taken into account, all responses must be received by the **deadline of 21 September 2009**.

Rebuilding trust in a modern, democratic Britain

Constitutional Renewal Bill

Rebuilding trust in our democratic and constitutional settlement by ensuring openness, transparency, and accountability by:

- completing the process of **removing the hereditary principle** from the second chamber;
- providing for the **disqualification** of Peers convicted of a serious criminal offence;
- allowing Peers to resign;
- placing the **Civil Service Code**, recruitment into the Civil Service and the role of the Civil Service Commissioners on a statutory footing;
- creating a statutory basis for the **Parliamentary scrutiny of Treaties**, prior to their ratification;
- limiting the circumstances in which the **Attorney General** can intervene in cases and requiring her to publish a protocol on how the Attorney General would work with the Directors of the prosecution services that she oversees;
- removing the Prime Minister from involvement in all **judicial appointments** in England and Wales;
- repealing legislation that limits **protests around Parliament**; and
- standardising the time limit within which legal action can be brought under the **Human Rights Act** across the UK.

The Government has already made significant reforms to the House of Lords and will bring forward further reform through the **Constitutional Renewal Bill**. To complete this final phase of reform, the Government will then set out proposals and publish a draft bill for a smaller and democratically constituted second chamber.

Bribery Bill

Modernising the law on bribery to support the highest ethical standards across business and public life and to equip prosecutors and courts to deal effectively with bribery by:

- Providing a new, modern and comprehensive scheme of bribery offences enabling a more effective response to bribery in the public and private sector, at home and abroad;
- Enabling the courts to consider evidence from proceedings in Parliament in the event of a prosecution for bribery of a Member of Parliament or Peer;
- Creating an offence of bribery of foreign public officials in order to obtain or retain business;
- Creating a new corporate offence where a business fails to prevent bribery being committed by those working on its behalf;
- Guaranteeing that foreign nationals who are resident in the UK are liable to prosecution for bribery committed abroad in the same way that UK nationals are already liable; and
- Removing the existing requirement for the consent of the Attorney General to a prosecution for bribery.

The Government published its proposals for reform of bribery law in a draft bill on 25 March 2009.¹ Subject to views expressed by Parliament during the process of pre-legislative scrutiny up to the summer, the Government proposes to introduce the **Bribery Bill** to Parliament in the next session.

The draft bill covers England, Wales and Northern Ireland. The reform of the law on bribery in Scotland is a matter devolved to the Scottish Parliament.

Real help now that builds a stronger Britain

Financial Services and Business bill

Promoting stability, efficiency and competition in financial markets, taking action to reduce the frequency and impact of systemic financial crises and promoting efficiency and competition by:

- **Renewing financial regulation** including strengthening regulation (including to cover all important institutions) to reduce the systemic risk of markets and to enable a wider approach to regulation;
- **Protecting and supporting consumers** to boost financial capability and tighten up consumer-focused regulation. In particular to enable spending on a national **money guidance service**;
- **Improving efficiency and competition in financial markets** including considering ways to strengthen the diversity of market participants, as well as action to maintain the competitive position of the UK as the leading global financial centre;
- **Toughening regulation of the financial system** to ensure that the Financial Services Authority (FSA) has sufficient powers to do its job. For example, the Government is examining powers to:
 - suspend individuals or firms for misconduct or to penalise individuals who should have sought approval to perform a controlled function but did not do so;
 - freestanding powers to take certain emergency actions for the purposes of financial stability, including placing restrictions on short selling and requiring disclosure of short selling;
 - strengthen the FSA's statutory objective and governance in respect of consumer education;
- **Banning unsolicited credit card cheques** – these cheques contribute to drawing people further into debt than they intended to go by making accessible a form of credit which

often attracts higher interest rates than card purchases; can carry a handling fee and can come without the protections available when using credit cards themselves. The Government will be consulting on the proposed framework of a ban shortly in the context of the upcoming Consumer White Paper.²

Investing for the future: Building tomorrow's economy today

Digital Economy Bill

Ensuring a world-class digital future following the **Digital Britain White Paper**³, published on 16 June 2009. The White Paper sets out the Government's ambition to secure the UK's position as one of the world's leading digital knowledge economies and take forward a new, more active industrial policy to maximise the benefits from the digital revolution by:

- Delivering a **universally available broadband in the UK by 2012** through a public fund, including funds released from the digital television switchover help scheme;
- Giving the sectoral regulator, Ofcom, two new duties: first, to **promote investment in infrastructure and content** alongside its duties to promote competition; and second, to carry out a **full assessment of the UK's communications infrastructure** every two years; to ensure that the UK has a first class and resilient communications infrastructure;
- Establishing the necessary enabling powers for **new commissioning bodies providing strong multimedia news** in the Nations, regionally and locally and update the Channel 4 Corporation's remit. This would help create the environment for continued investment in, and creation of, high quality and innovative content, including necessary changes in relation to public service broadcasting;
- Ensuring that all national broadcast radio stations are digital from the end of 2015, by making changes to the existing **radio licensing regime** to enable digital coverage

to be extended, encourage investment by the commercial sector, alongside the BBC, in new digital content, and revise the existing regulatory and multiplex licences;

- Creating a robust legal and regulatory framework to combat **illegal file sharing** and other forms of online copyright infringement and give Ofcom a specific new responsibility to significantly reduce this practice, including two specific obligations on Internet Service Providers: the notification of unlawful activity and, for alleged serial-infringers, collation of data to allow rights holders to obtain court orders to force the release of personal details, enabling legal action to be taken against them; and
- Implementing the recommendations of the Byron Review⁴ published in June 2008, to put **age ratings of computer games on a statutory footing** for ratings of 12 years and above. This will be achieved through the adoption of a new and strengthened system of classification for boxed video games with a strong UK based statutory layer of regulation, ensuring protection for children.

Energy Bill

Moving decisively to a low carbon economy while maintaining the security and diversity of electricity supplies by:

- Introducing a financial incentive, funded by electricity suppliers, to support up to four **Carbon Capture and Storage (CCS) commercial-scale demonstration projects**.

Flood and Water Management Bill

Helping to address the immediate effects of climate change by strengthening the UK's resilience to the threat of flooding and drought, and reducing the risk of disruption to householders, businesses and the economy that flooding and drought can cause, by:

- Implementing the recommendations of Sir Michael Pitt's report '*Learning Lessons from the 2007 Floods*'⁵ through the **Flood and Water Management Bill** which was published in draft for consultation on 21 April.⁶

- **Protecting homes and businesses from flooding and coastal erosion** by improving the Government's ability to manage the risk of flooding through clearly defining the **roles and responsibilities** of everyone involved in flood risk management and giving the **lead to local authorities** in managing the risk of all local causes of floods;
- Placing a duty on all relevant bodies to **co-operate and share information** in support of flood risk management;
- Introducing an improved, risk-based approach to **reservoir safety**, extending to all reservoirs which could pose a risk to public safety if they were to fail;
- Encouraging sustainability by requiring developers to include **sustainable drainage** wherever practicable in new housing and business developments, built to standards which would help to reduce flood damage and improve water quality;
- Updating existing protection against drought, increasing the scope and flexibility of water companies to **restrict non-essential domestic uses of water during droughts**; and
- Protecting against the threat to continuation of water supplies posed by a **water company** becoming insolvent.

The Government intends to make changes in other related areas when Parliamentary time allows. The draft Bill extends to England and Wales.

Fair chances for all: Building the next generation of public services

Improving Schools and Safeguarding Children Bill

Creating world class standards in schools, listening to parents, giving them more information and acting to protect vulnerable children by delivering the commitments in the forthcoming **Schools White Paper** including:

- A new set of **guarantees to an individually tailored education** for each child and their parents;

- Backing head teachers to **enforce good behaviour** with measures to clarify parents responsibilities to sit alongside their entitlements;
- An accountability framework and school improvement strategies for all schools, underpinned by a new **School Report Card**;
- Giving **parents** a greater say over the range of schools in their local area;
- Clarifying the role of Ofsted and other inspectorates in inspecting **Local Safeguarding Children Boards** (LSCBs) and enable information sharing for LSCB purposes;
- Improving **monitoring arrangements for children educated at home**;
- Helping to tackle anti-social behaviour through powers of intervention with **Youth Offending Teams** that are considered to be failing – otherwise putting young people and/or local communities at risk;
- Putting in place a new framework, based on the position in youth courts, to **enable the media to report the substance of family proceedings** whilst protecting the identities of families and providing the courts with discretion to disapply this safeguard where it is in the public interest and safe to do so.

Equality Bill

Strengthening equality law and fighting discrimination by:

- **Banning age discrimination** by those providing services and public functions. The Bill would ban harmful discrimination but would not affect products or services for older people where age based treatment is justified or beneficial e.g. priority flu vaccinations for over age 65s;
- Placing a new duty on Ministers, departments and key public bodies such as local authorities and NHS bodies to consider what action they could take to reduce the **socio-economic inequalities** people face;
- Placing a new Equality Duty on public bodies which would require them to **consider the needs of diverse groups** in the community when designing and delivering public services

so that people can get fairer opportunities and better public services;

- Using the power of **public procurement** to help achieve the Government's public policy objectives on equality. A common approach could reduce burdens on business applying for public sector contracts;
- Including a power to require **reporting on the gender pay gap** by private sector employers with more than 250 employees. This power would not be used before 2013 and would only be used if sufficient progress on reporting had not been made. The Bill also includes powers to require public authorities to report on equality issues. The Government is consulting on requiring public authorities with more than 150 employees to report annually on their gender pay gap and their ethnic minority and disability employment rates. The Bill would ban secrecy clauses that prevent employees discussing their pay with colleagues; and
- Extending the scope to use **positive action**, by giving employers the choice to make their workforce more diverse when selecting between two job candidates who are equally suitable. It would also allow political parties to do more to increase diversity, for example by extending the use of all-women shortlists.

The Bill generally applies to England, Scotland and Wales. The socio-economic duty applies to England and Wales only.

Fair rules: Building a strong society

Policing, Crime and Private Security Bill

Backing communities in setting fair rules to tackle crime and anti social behaviour through increasing protection against a range of threats, including violence, anti social behaviour and financial exploitation by:

- **Further cutting police officer red tape** by reducing the reporting requirements on stop and search forms (whilst retaining important ethnicity monitoring oversight) so that police officers can spend more time tackling the crime and less time completing forms;

- Retrospectively adding to the DNA database those **convicted of serious violent or sexual offences before the 2004 change in the law** which made it routine procedure to collect the DNA of offenders. Many of those offenders who were arrested before 2004 will now be back in the community. This new power, which is currently being consulted upon, would enable the police to take their DNA and continue to be able to tackle so-called ‘cold’ cases⁷;
- Providing the police with powers to compel sexual and violent offenders who have been **convicted and imprisoned abroad** to provide a DNA sample on their return to the UK;
- **Protecting women from violence** through considering any recommendations for legislation from the response to the Violence Against Women and Girls consultation to be published in the Autumn⁸;
- Providing **greater support to struggling parents** who cannot cope with a child’s anti-social behaviour through ensuring that a parenting assessment is carried out on every child aged 10 to 15 who is considered for an ASBO and, for the same age group, will make a Parenting Order automatic upon breach of a child’s ASBO;
- Introducing a **compulsory licensing requirement for private wheel clamping businesses**. The ongoing consultation proposes bringing clamping businesses under the regulation of the Security Industry Authority, which already vets and licences individuals, to ensure that known criminals are prevented from abusing positions of trust⁹.
- Enshrining in law the Government’s commitment to **eradicate child poverty by 2020**;
- Defining success in eradicating child poverty based on four targets that aim to:
 - reduce the proportion of children who are poor compared to the rest of society;
 - ensure that no child experiences poverty for long periods of time. Families can often cope with a temporary period when their incomes fall, but research shows that long periods of poverty have a damaging effect on a child’s life chances;
 - measure whether the poorest families see their real incomes increase over time to ensure that no family lives in absolute poverty; and
 - improve living standards to ensure that all families are able to afford the necessities that others may take for granted, such as adequate housing or a space to play or study.
- Establishing an accountability framework to drive progress at national and local level through requiring the Government to publish a **child poverty strategy** every three years until 2020, setting out the steps it will take to end child poverty. The Bill would also ensure that the Government is held to account by Parliament and the public for progress made, through an annual report; and
- Creating a **commission of experts** in the field of child poverty to provide advice to the Government to inform the child poverty strategy.

This Bill extends to England and Wales, with some provisions also applying to Scotland and Northern Ireland.

Strengthening family and community life

Child Poverty Bill

Meeting the ambition to abolish child poverty and breaking the cycle of poverty for future generations by:

In addition to the UK-wide strategy and target, there are specific duties in the Bill on Northern Ireland and Scottish Executive Ministers to prepare their own child poverty strategies within their own sphere of responsibilities. Measures have been introduced to combat Child Poverty in Wales by the National Assembly for Wales.

Britain in a fairer and safer world

Cluster Munitions Prohibitions Bill

Put into effect in the UK the most significant new arms control agreement in recent years by:

- Banning the use, development, production, acquisition, retention, transfer and stockpiling of cluster munitions;
- Making possible the UK's ratification of the Convention on Cluster Munitions¹⁰ which the Government signed on 3 December 2008.

Draft Bills

13. In preparation for legislation, the Government is also proposing to publish the following five bills in draft over the next year for pre-legislative scrutiny:

House of Lords Reform Bill

- The Government has already made significant reforms to the House of Lords and will bring forward further reform through the **Constitutional Renewal Bill**. To complete this final phase of reform, the Government will then set out proposals and publish a draft bill for a smaller and democratically constituted second chamber.

Antarctica Bill

- Implementing a new annex to the Environmental Protocol to the Antarctic Treaty to enhance the environmental protection of Antarctica and establish a liability regime for environmental emergencies.

Immigration Simplification Bill

- Replacing the many existing Immigration Acts with a single, simplified act.

Civil Law Reform Bill

- Bringing forward a number of civil law reform measures making the law simpler and more up to date.

Animal Health Responsibility and Cost Sharing Bill

- Creating mechanisms and means of how responsibilities and costs can be shared between Government and the farming industry for animal disease control.

How you can have your say

14. The Government is already consulting on many of the specific issues raised in the Draft Legislative Programme. You can find weblinks above to these issue-specific consultations, which will feed directly into policy makers in those areas. As new consultations are launched on other proposals, these will be added to the list on the Leader of the House of Commons' website at: www.commonslider.gov.uk.

15. Ministers will be taking part in **regional events** to highlight the publication of the Draft Legislative Programme and the Government's plan for 'Building Britain's Future'. The UK Government will continue to take forward legislation on reserved matters in Scotland, Wales and Northern Ireland and is keen that people across the United Kingdom have a say in how the legislative programme is developed. Therefore the Secretaries of State for Scotland, Northern Ireland and Wales will also be inviting comments on the programme. Details of these events will be published at www.commonslider.gov.uk

16. Copies of this document are being made available to all MPs and Peers and the Government hopes that time **will also be available in each House** to debate this document. The Leader of the House of Commons has invited the House of Commons **Liaison Committee** (consisting of the Chairs of all select committees) to take evidence on the Draft Legislative Programme.

17. **Unless you indicate that you do not wish your comments to be made public,** comments made as part of this consultation may be published on the website of the Leader of the House of Commons and will be included in the summary of consultation responses that the Government will publish around the time of the Queen's Speech. This summary will also set out how the programme has changed following the consultation process.
18. All responses to this consultation must be received by **21 September 2009**. They will then be fed into ministerial considerations over the autumn to finalise the legislative programme for 2009/10, which will be set out in the Queen's Speech that will take place towards the end of this year. To structure this process we have set out the following questions we would like you to answer. Please complete the online form at www.commonslider.gov.uk or send responses to:

Freepost RSCA-KKCU-ELTJ
Legislation Committee Secretariat
70 Whitehall
London
SW1A 2AS

Major Forthcoming Policy Publications



As outlined in the main body of this document, the Government is planning to produce a number of publications over the coming months, setting out our future policy direction on a range of important issues. This annex provides a list of the major planned publications.

We are keen to receive your views on the issues these publications will address. Information about how to submit views on each of these publications can be found at www.hmg.gov.uk/buildingbritainsfuture. Alternatively you can write to the relevant department for more information on any of these publications. Full departmental contact details are provided at the end of this annex.

Planned summer publications

Ageing Society Strategy: Setting out how we can seize the opportunities of ageing – through preparing better for later life; living well in later life; and providing the right support if required. (Department for Work and Pensions/Department of Health/Cabinet Office)

Care and support Green Paper: Setting out how we will create a new system that is sustainable which will keep people as well as possible for as long as possible, allowing everyone who needs care to access it, and providing some support for all. (Department of Health)

Consumer White Paper: Outlining new regulation to make the relationship between lenders and consumers fair and transparent. (Department for Business, Innovation and Skills)

Development White Paper: Setting out how our development priorities will respond to challenges from conflict and fragile states, climate change and the economic crisis. (Department for International Development)

Energy and Climate Change White Paper: Setting out proposals on how we might adapt the UK's energy grid to link homes and businesses to new forms of power generation as well as proposals and policies to de-carbonise electricity generation and other energy supplies. (Department for Energy and Climate Change)

The Road to 2010: Setting out our approach to the safe expansion of nuclear power in the UK and internationally, on non-proliferation and nuclear disarmament and on international institutional reform, in advance of the Review Conference for the Nuclear Non-Proliferation Conference in 2010. (Cabinet Office)

Financial Services Regulation White Paper: Outlining proposals for new regulations of financial markets. (HM Treasury)

Higher Education Framework (timing to be confirmed): Setting out a 10 to 15 year vision for Higher Education. (Department for Business, Innovation and Skills)

Life Sciences Blueprint: Setting out the action we have taken to support the UK life sciences industry since the creation of the Office for Life Sciences in January 2009. (Department for Business, Innovation and Skills)

Local Democratic Renewal Consultation:

Setting out ideas and proposals for consultation on how we might offer stronger, clearly defined powers to local government and city regions and strengthen their accountability to local people.

Low Carbon Industrial Strategy: Providing a clear and credible long-term framework to encourage investment in the sector and to ensure the UK is the best place to locate and develop a low carbon business. (Department of Business Innovation and Skills/Department for Energy and Climate Change)

Serious Organised Crime Strategy: Reviewing our response to organised crime, doing more to tackle it overseas and creating a more hostile environment for serious organised criminals within the UK. (Home Office)

Social Investment Wholesale Bank

Consultation Paper: Setting out the vision, case and consultation on the function and design of a social investment wholesale bank.

21st Century Schools White Paper: Outlining the next stage of schools reform to deliver further improvements in the quality of our education. (Department for Children, Schools and Families)

Planned autumn publications

Active Transport Strategy: Setting out how we can encourage different ways of getting around that use less carbon, reduce congestion and promote health and wellbeing. (Department of Health/Department for Transport)

Families and Relationships Green Paper:

Setting out how we are supporting all families to thrive and succeed. (Department for Children, Schools and Families)

Getting Britain Back to Work White Paper:

Outlining proposals to support the rapid return to full employment. (HM Treasury/Department for Business, Innovation and Skills/Department for Work and Pensions)

National Cycle Plan: To further promote cycling as a mainstream form of personal transport outlining the role of local authorities, public transport providers, employers and schools. (Department for Transport)

National Skills Strategy: Setting out how we plan to put in place an approach to skills policy which prepares Britain for the upturn, including how further and higher education can promote enterprise and provide clear routes into self employment. (Department for Business, Innovation and Skills)

Policing White Paper: Setting out options for further reform of the police to ensure our communities are safer and police are responding to their local communities. (Home Office)

Preventative NHS Strategy: Setting out plans to ensure investment in and focus on prevention of illness, on early intervention and on partnership with patients. (Department of Health)

Departmental Correspondence Addresses

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70 Whitehall
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Department for Business, Innovation & Skills

Ministerial Correspondence Unit
1 Victoria Street
London SW1H 0ET

Department for Children, Schools and Families

Sanctuary Buildings
Great Smith Street
London SW1P 3BT

Department for Communities and Local Government

Eland House
Bressenden Place
London SW1E 5DU

Department for Culture, Media and Sport

2-4 Cockspur Street
London SW1Y 5DH

Department for Energy and Climate Change

3 Whitehall Place
London SW1A 2HD

Department for Environment and Rural Affairs

Nobel House
17 Smith Square
London SW1P 3JR

Department of Health

Customer Service Centre
Richmond House
79 Whitehall
London SW1A 2NS

Department for International Development

1 Palace Street
London SW1E 5HE

Department for Transport

Great Minster House
76 Marsham Street
London SW1P 4DR

Department for Work and Pensions

Caxton House
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London SW1H 9NA

Foreign and Commonwealth Office

King Charles Street
London SW1A 2AH

Government Equalities Office

9th Floor
Eland House
Bressenden Place
London SW1E 5DU

HM Treasury

The Correspondence & Enquiry Unit
2/W1
1 Horse Guards Road
London SW1A 2HQ

Home Office

Direct Communications Unit
2 Marsham Street
London SW1P 4DF

Ministry of Justice

102 Petty France
London SW1H 9AJ

Northern Ireland Office

11 Millbank
London SW1P 4PN

Scotland Office

Dover House
Whitehall
London SW1A 2HU

The Wales Office

Gwydyr House
Whitehall
London SW1A 2NP

Key Deliverables for 2009/10

Theme	Key deliverables over the next year
Democratic Renewal	<ul style="list-style-type: none"> • Independent regulator for Parliamentary standards established • New statutory Code of Conduct for all MPs • Independent Audit of all MPs' expenses • Online publications of all future MPs' expenses • Draft House of Lords Reform Bill • Constitutional Renewal Bill, including action to remove the hereditary principle from the House of Lords • Wright Commission on modernising the House of Commons • Action on local democratic renewal • Completion of a national consultation on a Bill of Rights and Responsibilities
Real Help Now	<ul style="list-style-type: none"> • An extra 35,000 apprentices start work bringing the total to over 250,000 • Young Persons Guarantee of a job or training place introduced for all 18-24 year olds before they reach long-term unemployment • 150,000 jobs through £1 billion Future Jobs Fund • Subsidised training or employment for adults unemployed for six months • £1.2 billion support for affordable housing to buy and rent • Mortgage Rescue Scheme and Homeowners Mortgage Support to help households facing repossession • Enterprise Finance Guarantee underwrites up to £1.3 billion of lending • Up to £75 million in equity for SMEs through Capital for Enterprise Fund • VAT cut puts £20 billion back into economy • 3.9 million families £150 a year better off through raised Child Tax Credit • Car scrappage scheme stimulates up to 300,000 new car purchases • New Growth fund provides over £18 million to support an extra 45,000 affordable loans • Up to £42.5 million support for volunteers, charities and social enterprises plus additional £16.7 million hardship fund

Theme	Key deliverables over the next year
Investing for the Future	<ul style="list-style-type: none"> • Tax relief supporting £50 billion of capital investment • £150 million Innovation Fund which will over time lever in up to £1 billion of private sector funding • £750 million Strategic Investment Fund established • ‘Infrastructure UK’ launched • Guarantee of a sixth form, college or apprenticeship place to all school leavers who want one • £400 million to kickstart mothballed developments and £100 million for Local Authorities to deliver new social housing • Work underway to rebuild or refurbish secondary or primary schools in every Local Authority in England • National roll out of an integrated employment and skills system • Up to 1,000 additional wind turbines on and offshore • £1.5 billion to deliver 20,000 additional energy efficient affordable homes over the next two years • Renewable Transport Fuel Obligation ensures 5 per cent of all road fuels sold come from bio-fuels
Fair Chances for all	<ul style="list-style-type: none"> • 10 hours of one-to-one English or Maths tuition for thousands of seven to sixteen-year-olds • All secondary school pupils have a personal tutor from September 2010 • Prescription charges abolished for all cancer patients • All patients with suspected cancer will continue to be seen by a specialist within two weeks • First ever NHS Constitution enshrined in legislation • All patients will be treated within 18 weeks from GP referral, where clinically appropriate • At least 75 per cent of GP surgeries offer patients extended evening or weekend opening hours • Up to a million people aged 40-74 receive new NHS health checks • Personal Health Budgets pilots begin to give patients and carers more control over healthcare decisions • All social housing tenants have a greater say over where they live through Choice Based Lettings

Theme	Key deliverables over the next year
Fair Rules	<ul style="list-style-type: none"> • In partnership with police forces and authorities, monthly neighbourhood beat meetings and minimum police response times embedded, including answering 999 calls within 10 seconds • Neighbourhood policing teams embedded in every neighbourhood • New sanction for all benefit fraud first offenders, creating a 'one strike' provision • Crackdown on fraud in the social housing sector • Complete the implementation of the Points Based System for immigration on entry • Over 95 per cent of passengers counted in and out of the country through electronic checks by the end of 2010
Families and Communities	<ul style="list-style-type: none"> • 3,500 Sure Start Children's Centres established – one in every community • Free entitlement to 15 hours of high-quality early education a week for every three and four year old • Expansion of free childcare to the most disadvantaged two year olds • Youth Community Service begins – so that in time all young people have the opportunity to give something back to the community • Offer of five hours PE and sport for young people • More people are saving effectively through the new Saving Gateway accounts
Britain in a fairer and safer world	<ul style="list-style-type: none"> • Ambitious global climate change agreement in Copenhagen secured • Pittsburgh Summit builds on London Summit measures to secure sustainable global economic recovery • UK report to lead global review of nuclear non-proliferation • 1,000 UK civilian experts readily available for deployment in post-conflict stabilisation around the world

Not all of these items will apply equally across all of the UK, because of the differing nature of the devolution settlements.

Key Deliverables 2011 to 2020

These dates are indicative only

Year	Deliverable
2011	<ul style="list-style-type: none"> • No child goes to a school where fewer than 30 per cent of students achieve five good GCSEs or where a rigorous plan to meet that target is not in place • All people receiving social care offered a greater say over their own care through personal budgets • Up to 300,000 children a year receiving 1-2-1 support in each of English and Maths • 15 million people with long-term health conditions offered personalised care plans • Every school offering access to a core offer of extended services 8-6pm, including a varied menu of before and after school activities, combined with childcare in primary schools • 6 million additional homes are insulated • Over 300 Academies open across the country • Family Intervention Projects will have worked with up to 20,000 at-risk families to improve outcomes for families and children • £1 billion invested by the Technology Strategy Board to support the sectors of the future • 2 million interest free loans to help vulnerable and low-income groups supported by the Social Fund • Cash back to people who produce their own electricity renewably
2012	<ul style="list-style-type: none"> • London hosts the 2012 Olympics • Universal broadband access available across the UK • Delivery of 106 new Pendolino carriages with over 7,200 additional seats on the West Coast Main Line • Digital television switchover completed
2013	<ul style="list-style-type: none"> • Leaving age for participation in education or training rises to 17 • Apprenticeships entitlement for all suitably qualified 16-18 year olds • All 14-19 year olds offered a Diploma entitlement • 0.7 per cent of Gross National Income dedicated to overseas aid
2014	<ul style="list-style-type: none"> • Budget deficit halved since 2009/10 • First of a new generation of hybrid-powered Intercity Express Trains come in to service • £16 billion of asset sales achieved • Glasgow hosts the 2014 Commonwealth Games

Year	Deliverable
2015	<ul style="list-style-type: none"> • Leaving age for participation in education or training rises to 18 • A graduate in every early years setting, with all staff qualified to level three or above • Aspiration to reduce the number of people on incapacity benefit by one million • All homes have insulated lofts and cavity walls, where practical • A whole new fleet of 1,200 carriages delivered on Thameslink • Digital Radio Upgrade takes place
2016	<ul style="list-style-type: none"> • 240,000 new homes provided each year, improving affordability, particularly for first time buyers • All new homes are zero-carbon • Aspiration for nationwide next generation broadband access
2017	<ul style="list-style-type: none"> • First Crossrail trains are expected to start running • 400,000 new green jobs
2018	<ul style="list-style-type: none"> • A new or refurbished youth centre or facility available in every constituency
2019	<ul style="list-style-type: none"> • Aspiration for all new non-domestic buildings to be zero-carbon
2020	<ul style="list-style-type: none"> • Child poverty eradicated in the UK • 90 per cent of children leave primary school having mastered the basics in English and Maths • 95 per cent of adults have functional literacy and numeracy • UK emits 34 per cent less greenhouse gases than in 1990 with 15 per cent of all our energy coming from renewable sources • Up to 10 new eco-towns developed • One in five young people engaged in an apprenticeship

Not all of these items will apply equally across all of the UK, because of the differing nature of the devolution settlements.

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China: Chinese National Bureau of Statistics
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- 10 www.clusterconvention.org



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