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Citation:

WELLS, Peter (2018). Evidence based policy making in an age of austerity. People, place and policy online, 11 (3), 175-183. [Article]

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Evidence based policy making in an age of austerity

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Abstract

This paper reflects on the course of evidence based policy making (EBPM) in the United Kingdom over the last ten years: from the New Labour Government through the Coalition Government to the post 2015 Conservative Governments. A central focus is how the politics of austerity have shaped EBPM. Hayek's theory of spontaneous ordering is introduced to examine whether EBPM since 2010 has taken a distinct course linked to the wider statecraft of austerity politics, the reduction in the role of the state and the preferencing of market based solutions. The paper finds the state or a 'made order' of EBPM to be resilient but under threat not just from austerity but also the rise of post-truth politics.

Keywords: Evidence Based Policy Making; Evaluation; Austerity Politics; Spontaneous Order.

Introduction

This paper reflects on the course of evidence based policy making (EBPM) in the United Kingdom over the last ten years and in particular the direction it has taken since it was championed by New Labour from 1997-2010. The focus of the paper is not on the techniques and approaches of EBPM. Instead the paper builds on extensive work on the politics of EBPM to explore whether there has been a particular turn in EBPM due to austerity. This is not to simply suggest that public sector funding cuts will mean less funding for data collection and evaluation, but rather whether it has taken forms which are distinct from those under the New Labour government.

From the outset it should be stressed that EBPM encompasses many approaches, whether large set piece evaluations of major government programmes, the testing of new innovative initiatives through to the use of expert advice in policy design and implementation. It also varies considerably between policy areas, from the role of randomised control trials in medicine and public health, to the use of benchmarks and modelling in public infrastructure projects, through to more mixed method approaches in the arena of complex social interventions such as area based initiatives.

EBPM is also not immune to wider political and economic trends. As part of the *strategy of distinction* (Bale, 2008; Macmillan, 2013) of the Conservative Party, the role of evidence and expert testimony has been challenged by policy makers such as Eric Pickles – Minister for Communities and Local Government (2010-2015) – and Michael Gove, the current Minister for the Environment, previously Minister for

Education (2010-14) and for Justice (2015-16).¹ More broadly, and where social media brings new forms of public debate, there are risks of the political and news cycle moving so quickly that evidence, opinion and indeed lies can be blurred in a new rubric of post-truth politics.

The paper firstly presents a recap of EBPM under New Labour, broadly summarising the arguments presented in the first issue of PPP (Wells, 2007). Secondly it outlines some of the main developments in EBPM since 2010 in the age of austerity. Thirdly the paper develops Hayek's theories of 'made order' and 'spontaneous ordering' to explain the direction EBPM has taken since 2010. The conclusion presents an assessment of EBPM since 2010, the resilience of the 'made order' mode of EBPM but also the threat of post-truth politics.

EBPM and New Labour

*We will be a radical government. New Labour is a party of ideas and ideals but not of outdated ideology. **What counts is what works.** The objectives are radical. The means will be modern. Britain will be better with new Labour. (Tony Blair, Labour Party Manifesto for the 1997 General Election [emphasis added])*

*This Government has given a clear commitment that we will be guided not by dogma but by an open-minded approach to understanding **what works and why.** This is central to our agenda for modernising government: using information and knowledge much more effectively and creatively at the heart of policy-making and policy delivery. (David Blunkett, Speech to the ESRC (2 February 2002) [emphasis added])*

These two quotes were used in my 2007 paper on New Labour and Evidence Based Policy Making (Wells, 2007). I argued in this paper that 'what counts is what works' and 'what works and why' were important elements of New Labour's approach to government and in particular to the implementation of large social and economic development programmes. The 1997 Labour Party Manifesto and the speech by David Blunkett closely associate an agenda of evidence based policy making (EBPM), 'understanding what works and why', with a central element of New Labour's political strategy: namely the modernisation of government and the wider apparatus of the state.

EBPM of course did not start in 1997. It was part of a *strategy of distinction* intended to differentiate New Labour from preceding Conservative governments. However, the New Labour governments did enact a number of changes which at least suggested that there was at least as much change as there was continuity. The two most important parts of this were, firstly, the alignment of EBPM with the modernisation agenda and in particular the advocacy that centrally and locally evidence should be used consistently in decision making. Secondly, the New Labour government launched a series of major social policy programmes each of which included large-scale multi-annual evaluations set up to inform wider government policy. Such programmes included New Start, New Deal for Communities and the employment New Deals.

Rhetorically at least the notion that policy-making should be 'evidence-based' rather than based on unsupported opinion was difficult to refute. As I argued in 2007 this model of EBPM also posed a considerable number of normative questions, for instance, how evidence should be collected, what evidence should be used and how should that evidence be used. The modernising agenda and its model of EBPM, superficially at least, seemed to obscure a role for the traditional factors in policy-

making, namely, *power, people and politics* (Parsons, 2002). For some, this has been interpreted as a return to a technocratic style of policy-making and what Sanderson (2002) termed as an EBPM of instrumental rationality.

The tension in instrumental reality became evident in a range of policy areas throughout the 2000s but probably came into starkest relief in 2002 in an exchange between Kate Hoey (Labour MP for Vauxhall) and David Blunkett (then Home Secretary) over the politically contentious pilot to downgrade cannabis from a Category B to a Category C drug:

These were people with real knowledge of how the pilot was affecting the area but in the end Mr Blunkett refused to see them. It was obvious that Whitehall had already made up its mind. As one senior police officer admitted to me recently, the pilot was 'doomed to success' from the start (Kate Hoey cited in Foster 2002 [emphasis added])

The quote reveals the difficulties in reconciling a national policy supported by a wider evidence base including assessments of the full costs and benefits of different approaches against experiential evidence on the local consequences of implementing a programme. The 'doomed to success' quote also questions the extent to which pilot programmes were genuinely pilots or were in fact trials to iron out problems prior to wider implementation.

EBPM in an Age of Austerity

In terms of the future, our country has a hung parliament where no party has an overall majority and we have some deep and pressing problems - a huge deficit, deep social problems, a political system in need of reform.

One of the tasks that we clearly have is to rebuild trust in our political system. Yes that's about cleaning up expenses, yes that is about reforming parliament, and yes it is about making sure people are in control - and that the politicians are always their servant and never their masters.

Above all it will be a government that is built on some clear values. Values of freedom, values of fairness, and values of responsibility. (David Cameron speech 11 May 2010 announcing the formation of a Coalition Government)

The political strategy of the Conservative Party in the 2010 General Election was again based on a *strategy of distinction*, and of course this time distinction from the New Labour government. The above quotes are taken from David Cameron's speech made on forming a Coalition Government with Nick Clegg's Liberal Democratic Party. The quotes highlight the strategy in broadest terms, with links to the rebalancing of the UK economy away from a supposed *dependence* on public spending and the state, secondly a social project around the broad set of ideas of Big Society and a reduction in society's 'reliance on the state' and thirdly changes to parliamentary politics following the expenses scandals which dogged Gordon Brown's time as prime minister.

There are no references to modernisation or evidence in David Cameron's speech; this is in contrast to Tony Blair's victory speech in 1997. Indeed there is the reintroduction of populist values into political discourse. Values which Cameron wanted to make clear were those of the Conservative Party and therefore not the values of the Labour Party.

The Coalition Government from 2010-2015 and the Conservative Governments since 2015 have made few pronouncements on EBPM. Perhaps the closest articulation

of a formal position came in a presentation by Oliver Letwin (then Minister for Government Policy) to the Institute for Government in 2010 on a post-bureaucratic age of government:

Do we think it will work? Sure I think it will work. And if you ask me for evidence, my evidence is the whole history of the world. It's not a question of getting some academic in some tower to use some absurd system of statistical regression to prove some point. I know, and you know, and we all know actually if we are honest, that on the whole if you have a lot of people who are making choices for themselves and there are people who are competing to provide for them, and they are doing so in a way where they are accountable to you, they are more likely to do it better than under any other system. Not perfect – very far from that. But better. That's what we believe. I've always believed that, I will go on believing that and I think that the history of the world shows it [to be true] (cited in Rutter, 2011).

Letwin appears to be making a deliberate choice to position government planning under the Coalition as distinct from a bureaucratic and centralised approach to EBPM.

In many respects the position chimes with ideas advanced by Rob Macmillan and what he calls a 'paradigm shift' in the relationship between the state and the third sector (Macmillan, 2013: 199). Macmillan draws on Hayek's social theory of spontaneous order (Hayek, 1979) to understand the decoupling of the relationship between the state and third sector. By extension what Letwin is suggesting is a shift from the 'made order' of the state and bureaucracies to the 'spontaneous order' of markets. The next section explores whether developments in EBPM have sought to create such a 'spontaneous order'.

EBPM as Spontaneous Order

Macmillan (2013) draws on Hayek (1979) and Petsoulas' (2001) application of spontaneous ordering. In this Petsoulas (2001 2-3) describes spontaneous ordering as follows::

The most efficient use of knowledge is achieved by the mechanism of 'negative feedback' - the 'constant disappointment' of some individual plans: market participants who mistakenly direct their efforts to unproductive activities will not be rewarded; they will be forced to re-direct their more resources to more productive use.

Macmillan's application of spontaneous ordering in the third sector tests that if Hayekian social theory holds true, then firstly, it will have:

no singular purpose and no central direction, secondly it utilises [...] dispersed local knowledge in a trial-and-error experimental process of ideas, approaches, projects and organisations, and third, it works [...] through self-organising adjustments to local circumstances (Macmillan, 2013: 191).

I argue that an impetus for EMPM as a 'spontaneous order' could be austerity and in particular the wider political programmes of the Coalition and Conservative governments since 2010. Following Hayek's arguments austerity politics do not simply concern cuts to public expenditure but also the withdrawal of the state from areas of social, economic and political life. It is this statecraft (Gamble, 2015) which seeks to extend the role of markets and market principles into wider arenas. EBPM in an age of austerity I argue is not simply characterised by less EBPM but rather a different form of polity altogether.

The three components Macmillan identifies of no central direction, dispersed local knowledge, and self-organising adjustments, provide three criteria for the assessment of EBPM in this age of austerity. Unfortunately, there is insufficient space here to review all changes in EBPM since 2010 and so the focus is on key developments.

Prima facie there appear many ways in which developments since 2010 support the shift from a made to a spontaneous order. Possibly the best example of spontaneous ordering in EBPM has been the call for greater innovation and experimentation in policy design (Breckon, 2015) and more specifically the arguments developed by Nesta and its chief executive Geoff Mulgan. In a report for Nesta, Breckon correctly identifies that experiments do not take a single form but range from what he calls 'seat of the pants' experiments through to formal experimental research. In the middle of this continuum Breckon sees a field of work around experiments which may not be tested through randomised control trials but nonetheless do have an established research design and a commitment within or across organisations to learn from the experimentation.

In contrast to Hayek's spontaneous ordering in which the role of the state is minimal, much of the experimentation taken forward in this area has received state funding, such as the Cabinet Office's Social Action Fund delivered in partnership with Nesta. What Mulgan (2014) makes clear in his paper on social and public labs is that experimentation is part of a longer term process of innovation which may flow from the generation of an idea right through to the delivery of an idea on a large scale and ultimately to the change of a system. State support for experimentation may therefore be warranted to underpin a wider process of innovation where many ideas fall eventually by the wayside.

Related to this model of innovation is the use of EBPM in the field of prevention or what is sometimes termed early action (Corry, 2014). The simple principle here is that changes to a model of service delivery at an early stage reduce the need for costly action at a later stage. Examples may range from large scale system changes in education geared to improved employment outcomes, through to much smaller scale changes to foster joint working between organisations such as between police and community representatives to better prevent crime in at a neighbourhood level. Whilst the state is largely present in these arenas, it is often the local state working in partnership with other sectors (Hayek's self-organising adjustments to local circumstances). Perhaps more critically, the extent of funding cuts has meant that local organisations have needed to respond with sometimes little steer from central government. This model of more micro policy change, as with policy experiments, appears to support the spontaneous ordering thesis.

Driven by austerity the most common shift in EBPM has been an emphasis on measuring value for money and in particular finding 'cashable savings'. Here organisations typically seek evaluation evidence to identify areas where either services can be withdrawn with limited adverse social impact or more positively where a new model of service delivery can achieve the same or better social outcomes for a lower cost. Again it is often the local state working alongside private and third sector organisations which are seeking such savings. On a small scale such reworkings may take the form of a local authority co-locating all its frontline service teams in a one-stop-shop triage service. On a far larger scale a public body may seek to develop an evidence base to demonstrate an 'investible proposition' using instruments such as social impact bonds or the more established private finance initiative.

On their own, the search for 'cashable savings' is not the regard of spontaneous ordering; indeed it could be argued that a national government should seek the same in a 'made order' mode. However, austerity politics appear to have brought changes in different ways. Firstly, the increased pressure to find public expenditure savings forces

the local state to seek market based solutions. These may take the form of a social impact bond or using a private finance initiative as noted above. Secondly, and perhaps more of a simple example, evidence may be used to support the withdrawal of funding in one area and increase in funding in another. Here the evidence base may be derived from pilot data, prior evidence or even the anticipated behaviours of the public following such a change. The key point is that the approach developed in one area may vary considerably to another, despite what outwardly appear like very similar contextual and institutional conditions.

The final development in EBPM since 2010 has been the creation of What Works Centres. Originally developed in the United States these are intended as arbiters of high quality evidence within particular fields. In the UK there are seven What Works Centres with two affiliate centres (for Wales and Scotland). The UK's first What Works Centre is the National Institute for Clinical Excellence (NICE). It predates the Coalition Government having been launched in 1999. It became the National Institute for Health and Care Excellence following the merger with the Health Development Agency in 2005. Other What Works are in the areas of local economic growth, education, crime, early intervention, improved quality of life in older life, and wellbeing.

At first glance the What Works Centres would appear to represent the 'made order'. They are largely state-led or at least sponsored by a non-departmental public body (NDPM) of government. Their primary focus has been to evaluate the financial and social efficacy of different interventions, providing guidance to stakeholders as to which interventions to select. In the case of NICE this has a far more formal role in the licensing of new drug treatments. In other areas they provide more of a guidance-giving role.

As such, they may have 'market making roles' in providing the parameters (costs) for interventions with their expected outcomes. They contribute to a decentring of decision making as they make evidence (in the form of costs and efficacy judgements) far more accessible and therefore usable by market agents. The What Works Centres have also championed the use of 'standards of evidence' placing greatest value on evaluation evidence gathered using the 'gold standard' of randomized control trials (RCTs). This privileging of RCTs may squeeze out other forms of social science evidence including qualitative data and mixed method approaches which are often better placed to illuminate the significance of context or how best to implement a policy.

Experimentation, the need to generate 'cashable savings' and the launch of the What Works Centres have garnered considerable attention since 2010 and are indicators of the forms EBPM in an age of austerity. They also show how Hayekian understandings of 'spontaneous order' as a wider leitmotif of the Coalition Government have percolated into the field of EBPM. However, to suggest that these activities are the sum total of EBPM in the age of austerity would be wrong.

Although the Coalition and Conservative Governments have launched far fewer national economic and social programmes than their New Labour predecessors, for those which they have launched they have typically commissioned some form of evaluation. Examples include the evaluations of headline programmes such as the National Citizen Service (NCS) (see for example Cameron et al., 2017) or the evaluation of the Troubled Families Programme (see Day et al., 2016 for the evaluation of the programme between 2012-15). The latter evaluation received considerable attention not least because it contradicted Government statements that the programme had 'turned around the lives' of nearly 17,000 families. Instead the evaluation found:

The key finding from the impact evaluation using administrative data was that across a wide range of outcomes, covering the key objectives of the programme - employment, benefit receipt, school attendance, safeguarding and child welfare -

we were unable to find consistent evidence that the Troubled Families programme had any significant or systematic impact. (Day et al., 2016: 69 [emphasis added])

Programmes fail under all governments and evaluation evidence plays a role in challenging the assumptions of policy makers, as the Troubled Families programme evaluation does. The evidence from the evaluation was used by the House of Commons Public Accounts Committee to challenge both the government's initial claims for the programme but also its original programme design (House of Commons 2016).

The continued use of national evaluations challenges the extent to which a spontaneous order has displaced the made order. There appears an uneasy co-existence within the statecraft and political strategy of governments since 2010 - on the one hand a narrative which seeks to redraw the boundary's of the state; but on the other a need to retain control by the nation-state. This resembles in some respects the paradox of Thatcherism identified by Gamble (1988). The findings also reveal the shortcomings of Letwin's peculiar vision of evidence in which evaluation and high quality data gathering is belittled whilst unrepresentative views are given are given prominence.

Conclusion

This paper has found that EBPM has taken a series of new turns since 2010. These include phenomena such as local experimentation, attention given to early intervention and prevention, the search for 'cashable savings' and the rollout of What Works Centres in seven policy areas. Each of these may have happened to some extent regardless of the outcome of the 2010 General Election. The public expenditure plans set out by Alistair Darling following the financial crisis and great recession would logically have led public sector bodies and organisations from private and third sectors delivering public services to seek evidence to justify expenditure cuts.

However, it has also been argued that austerity needs to be understood as an act of political statecraft (Gamble, 2015). It is about a fundamental reworking of state-society relationships and giving a greater role to markets in everyday life. EBPM has not been immune to these changes. Rather, the paper argues that Hayek's theory of 'spontaneous order' (Hayek, 1979) and his contrast with a 'made order' is helpful in understanding how new form of EBPM are developing. Like all such theories, reality is likely to lie somewhere between two such opposing poles. But what they do help illuminate are trends and trajectories. New forms of decentred, local and self-organising practices of EBPM suggest the creation of conditions for spontaneous ordering.

A limitation of this paper is that it has mainly focused on the Coalition Government period from 2010-15 and the austerity budgets of Chancellor George Osborne. It has not considered changes since 2015 and in particular the implications of the UK's referendum on EU membership and the direction of the governments led by Prime Minister Theresa May. EBPM agendas do not appear to have returned to centre stage although May has argued a case for a 'stronger' or 'convening' role of government which in itself is in distinction to the more laissez-faire politics of the Cameron-Osborne governments.

The paper has also not considered a perhaps more fundamental challenge to EBPM in form of post-truth politics. At one level post-truth politics is reflected in the attacks on established norms of EBPM and in particular the role of 'experts' and academic research by Conservative politicians such as Oliver Letwin, Michael Gove and Eric

Pickles. Their interventions during the Coalition perhaps give credence to a statecraft intended to move the UK polity towards 'spontaneous ordering' and one more receptive to post-truth politics. Such interventions are therefore not neutral and serve to undermine the possibilities of progressive politics. Gaining attention for ideas, regardless of whether they are based on evidence, appears more straightforward in a spontaneous order where there is competition for attention, than in a more deliberative and democratic 'made order' of scrutiny and political accountability.

The example of the Troubled Families Programme, its evaluation, and the role of the Public Accounts Committee in scrutinising the programme give support to the latter and to the resilience of parliamentary scrutiny. However, and conversely, that such a programme could have been conceived and launched in the first place shows how EBPM is under threat, and needs to continually understood within a wider understanding of policy making and the interplay between people, power and politics.

Notes

¹ Eric Pickles in 2011 is reported as saying that 'as far as evaluation studies are concerned in my experience you can probably get an academic to do anything you want'. Michael Gove during the UK EU membership referendum declared that 'people in this country have had enough of experts'. This was in response to criticism over the Leave Campaign's claim that membership of the EU represented a cost to the UK taxpayer of £350 million per week. The evidence was that this figure did not include the substantial returns to the UK Treasury from the EU through participation in a range of EU programmes.

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