Institute for Public Policy Research

IPPR

GREAT GOVERNMENT
PUBLIC SERVICE REFORM IN THE 2020s

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ABOUT IPPR

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SUMMARY

The next government will inherit one of the most challenging contexts in terms of public services of any new government since the second world war. Optimists will point to the legacy of New Labour as evidence that recovery in the coming parliament is achievable. However, in many ways the inheritance facing the next government is even more challenging than that in 1997. Our analysis suggests that even if the next government matched previous rates of improvement, it would take nearly 10 years to recover levels of access in the NHS, up to seven years to return to our previous performance on the education attainment gap and a decade to clear the courts backlog.

To fix public services we must move beyond arguments about a smaller or larger state and instead focus on creating a smarter state. There are two main stories being told about how to address the crisis facing public services. Proponents of the 'magic money tree' argue that only more funding will fix the problem. Others claim the 'reform fairy', meaning reform alone, will have to be enough because we have run out of money. In truth we will need both. The age-old debate about whether a smaller or larger state is the right end goal is a distraction. Instead, we should be aiming for a *smarter* state.

The smarter state means delivering the three p's of public service reform: prevention, personalisation and productivity. *Prevention* means intervening earlier – before people hit crisis point – and can result in better outcomes and reduced costs; *personalisation* seeks to put strong relationships between citizens and staff in public services at the heart of delivering better outcomes, and empowers citizens to take control of their own lives; and *productivity* means using the resources of the state to deliver the best outcomes possible.

Building services that deliver on these goals is far from impossible – but there is a need to spread services which deliver the three p's. There are already a host of inspirational and talented public service leaders who are demonstrating that delivering great public services is possible. As the saying goes: "the future is here – it's just not evenly distributed." As this quote implies, the challenge is how to spread innovation, so that all citizens have access to the best preventative, personalised and productive services.

The last serious attempt to achieve this – new public management (NPM) – is running out of road. NPM contended that public services failed to innovate because of the absence of market forces which led to weak or misaligned incentives. As a result, it pursued reforms that sought to correct this: importing private sector practices (such as *targets*) and the introduction of quasi-markets (for instance *choice*). However, while there is some evidence that these tools improved outcomes, they also came with negative side effects.

NPM overemphasised extrinsic motivators and undervalued the need to unlock intrinsic motivation in staff and citizens. The fundamental flaw at the heart of the NPM revolution is that it failed to understand what motivates people and drives change. NPM is based on the idea that staff and service users in public services require extrinsic motivations – reward and punishment – to drive behaviour change. However, scientists, psychologists and behavioural economists increasingly find that unlocking intrinsic motivation is a stronger driver of behaviour change in many circumstances.

We need a new public service reform model to replace our current public service reform muddle. Policymakers have started to abandon the NPM playbook but have yet to create a coherent alternative. We argue that to fix public services a future government should invest in building a new public service playbook. We argue that this will mean shifting from a low trust, low skill, low autonomy public service model to a high trust, high skill, high autonomy one. We argue that this can be delivered using five key drivers that learn from, adapt and build on NPM tools and the best new approaches at home and abroad. These drivers are set out in figure S1.
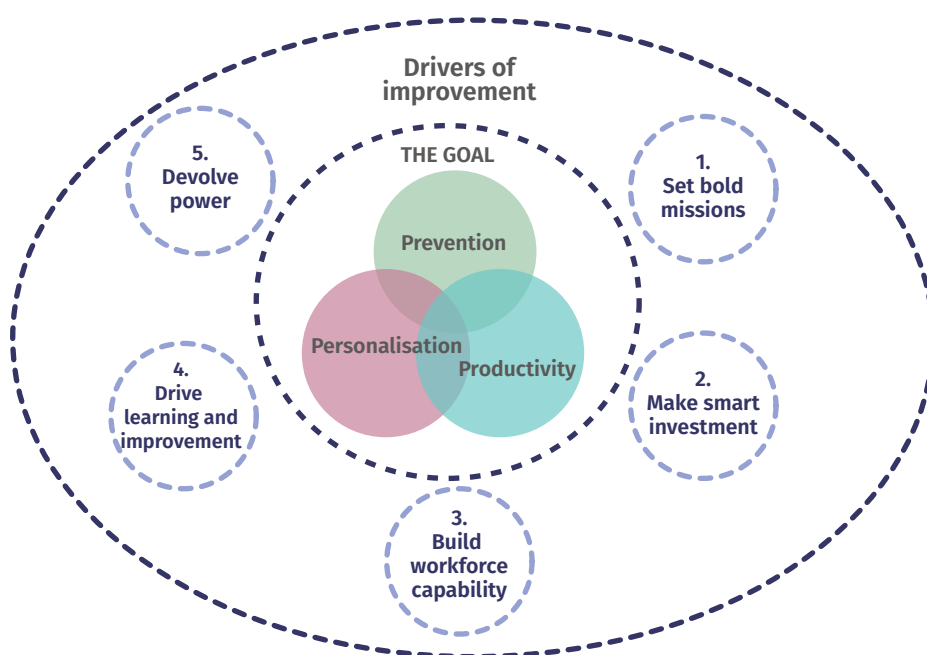
Source: Authors' analysis

STEP 1: SET BOLD MISSIONS

- Government should set a small number of public service missions developed with relevant sectors. These should be put into law to ensure that they are long-lasting, and that government is accountable to parliament for delivering on them.
- Government should create a new 'mission framework' made up of core (outcome) and comprehensive (output and input) metrics of success and embed them across government.
- The centre of government should be made stronger and redesigned around the missions with new National Security Council-style 'mission councils' set up for each mission.

STEP 2: MAKE SMART INVESTMENT

- The core 'mission metrics' should be embedded in the governance of the Treasury (HMT). All significant spending decisions should be made with modelling to show the impact of these measures on the missions.

- No 10 and HMT should create a new 'mission test' to ensure that spending follows the missions ensuring all spending is: affordable, mission critical and long term (10-year test).
- HMT should create a new category of spending – 'prevention investment expenditure' (PIE) – to ensure prevention spend is prioritised and protected.

STEP 3: BUILD WORKFORCE CAPABILITY
- Government should introduce 'New Deals' for priority sectors to embed good work, particularly in sectors with low skill, low status staff such as care, and should include pay, collective bargaining, skills and progression.
- Government should create world-leading professional development by guaranteeing staff in key sectors including health, criminal justice and education a minimum number of quality hours of training.
- Relevant departments should develop Licences to Practice for public service professionals to support the professionalisation of low-skilled sectors like early years and social care and to drive-up performance in other services including the police.
- Government should invest in 'employment friendly' technology – including infrastructure, training and data – to speed automation and free up the frontline, while introducing a 'right to retrain' for impacted staff.
- Government should create an independent, statutory workforce planning body and a strategy workforce plan for every public service tasked with projecting future workforce needs and holding the government to account for delivering against these needs.

STEP 4: DRIVE LEARNING AND IMPROVEMENT
- Government should ensure that each sector has a What Works Centre that is well funded, has a broader approach to evidence (beyond RCTs) and more focus on evidence deployment.
- Government should resource data labs for every public service making it easier for charities, funders, government bodies and others to use administrative data to measure the impact of interventions.
- Government should invest in new improvement organisations, or tool up existing organisations, to make the public sector the 'world's largest learning organisation'.
- Government should create a new 'failure regime' for public services which focusses on supporting local providers to improve, providing funding, powers and capacity where needed. The hard levers of regulation should only be used as a last resort.

STEP 5: DEVOLVE POWER
- Government should establish an independent commission on English governance with a 2030 devolution commitment across the whole of England. This should include new public service and revenue raising powers.
- Government should introduce legislation that enshrines the core powers and autonomy of local government in legislation.
- Government should introduce a mechanism for local leaders to be involved in national decision-making.
- Government should give longer-term funding settlements for local government of three to five years linked to national missions, and invite mayors and local government leaders onto national decision-making bodies including mission councils.

- Government should strip back over-specified guidance and unnecessary targets, with compliance-based requirements minimised to a core set of clear non-negotiables that are developed with the relevant sector.
- Government should introduce shared governance models in public services to give workers a voice, including provisions for workers on boards in local public service organisations.
- Improvement bodies should spread the use of improvement methods that involve frontline staff (and citizens) to improve service performance.
- Government should guarantee that people facing complex, long-term challenges have a 'good help' support package that includes a dedicated professional providing coaching and support, a co-developed tailored plan, and access to peer support and a personal budget.
- Government should ensure all key public services offer streamlined digital transactions for citizens.
- Government should establish a national citizens assembly and incorporate deliberative processes into policymaking by default.

1.
INHERITANCE:
THE STATE OF THE STATE

The next government will inherit one of the most challenging contexts for public services of any new government since the Second World War. Optimists will point to the legacy of New Labour as evidence that recovery in the coming parliament is achievable. And to be sure New Labour faced similar challenges to any incoming government now: crumbling buildings, a demoralised workforce and poor public service outcomes.

However, in many ways the inheritance facing the next government is even more challenging than that in 1997. First, in many ways the starting point in terms of public service performance will be worse than in 1997 (Appleby 2022). Second, the fiscal environment facing a new government is more challenging – making additional investment in services harder (Emmerson et al 2023). And, finally, the demographic headwinds coming down the track are even more daunting (Whittaker 2019).

TABLE 1.1: IPPR'S PUBLIC SERVICE PERFORMANCE FRAMEWORK

Definitions of access, experience and quality in public services

Performance measure	Definition	Example metrics
Access	People can access the services they need when and where they need them	Waiting times for GP or A&E Waiting times for court cases
Experience	People are respected, listened to and empowered when using services	Measures of continuity of care in NHS Trust in police Measures of self-efficacy
Quality	People get the best interventions possible and benefit from world-leading outcomes	Cancer survival rates Attainment in schools

Source: Authors' analysis

In this introductory chapter we set out three examples of challenges across the main public services in England to show the scale of the task facing the next government using IPPR's framework for public service performance (see table 1.1). This is not designed to be a comprehensive survey of public sector performance which would require a report in itself (others such as the Institute for Government have done this important work, see IfG 2023) but to give a sense of the scale and nature of the challenges the next government will need to address.

HEALTHCARE: A NATIONAL TREASURE ON ITS KNEES
The NHS has had a challenging decade. Compared to other services, NHS spending continued to grow during austerity (and has rebounded since 2017). But it has

done so at a much slower pace than historical trends and has failed to keep pace with rising demand and, more recently, rising costs (Stoye and Zaranko 2019). For instance, the 1.3 per cent average growth in healthcare funding between 2010 and 2019 is significantly below the 3.3 per cent funding growth that Health Foundation research predicted would be needed to maintain service levels, and even further below more recent IPPR estimates of healthcare funding need (Charlesworth et al; Patel et al 2023).

This funding pressure has combined with the impact of the pandemic to put the NHS in a deeply concerning position.

This is most clearly seen in the backlog in care and rising waiting times for services. As recent IPPR research has shown, citizens are now waiting longer and targets are being missed for both acute care in hospital and GP appointments (Patel et al 2023). Meanwhile, elective waiting lists in England have reached nearly 7.8 million (see figure 1.1). These backlogs were undoubtedly impacted by Covid-19 but declines in performance also pre-date this.

FIGURE 1.1: NHS ELECTIVE WAITING LISTS HAVE GROWN SHARPLY SINCE 2020, BUT WERE WORSENING BEFORE THAT

RTT elective waiting lists 2007–2023 (latest), England, total
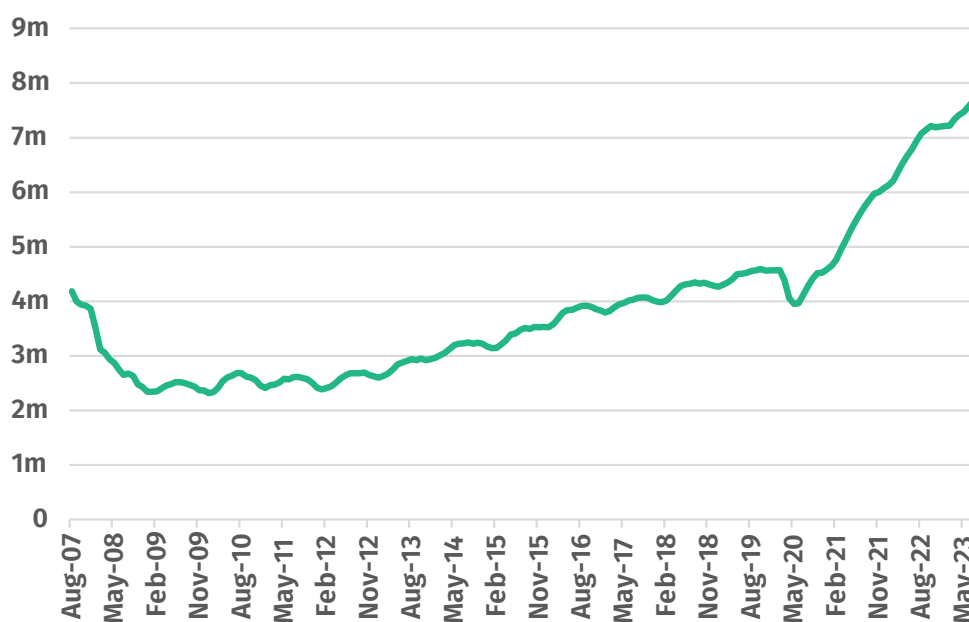
Source: NHS Digital 2023

The experience of people using the service has also got worse. Public satisfaction with the NHS has declined rapidly and is now at an all-time low (figure 1.2).

This overall reduction in satisfaction is also reflected in people's individual experiences of healthcare – including how satisfied they are with their interactions with healthcare professionals. For example, as recently as 2010, the UK was ranked above most comparable countries on the quality of clinical communication – such as doctors providing clear information, spending enough time with patients and making joint decisions with patients. But, in the last 10 years, this measure has fallen behind other countries (figure 1.3).

Responses to the question: "All in all, how satisfied or dissatisfied would you say you are with how the National Health Service is run nowadays?"
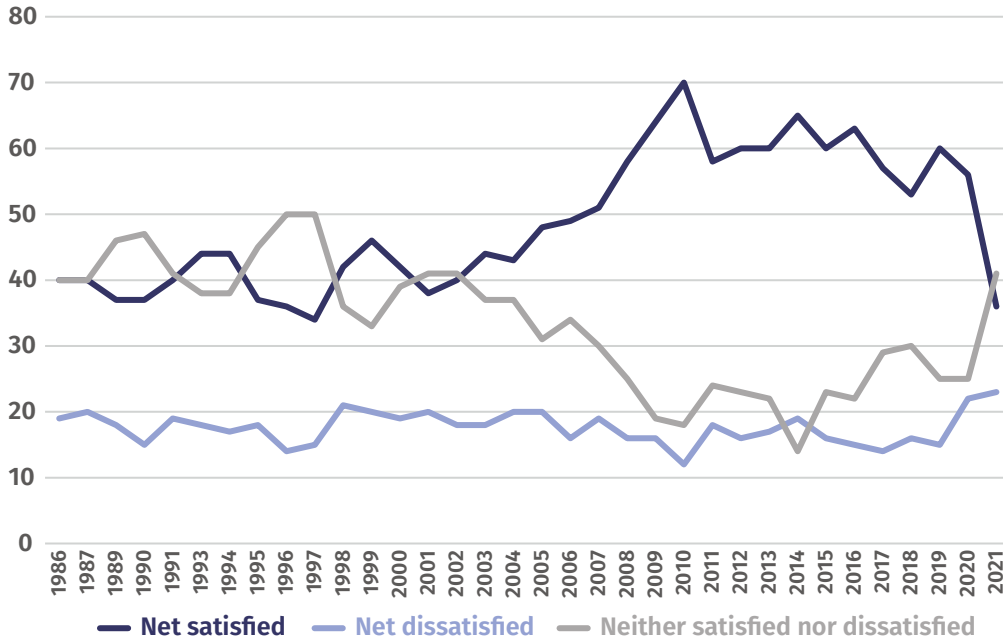
Source: Recreated from Wellings et al 2022

FIGURE 1.3: UK PATIENTS ARE LESS SATISFIED WITH CLINICAL COMMUNICATION THAN PATIENTS ELSEWHERE

Percentage responding to survey question
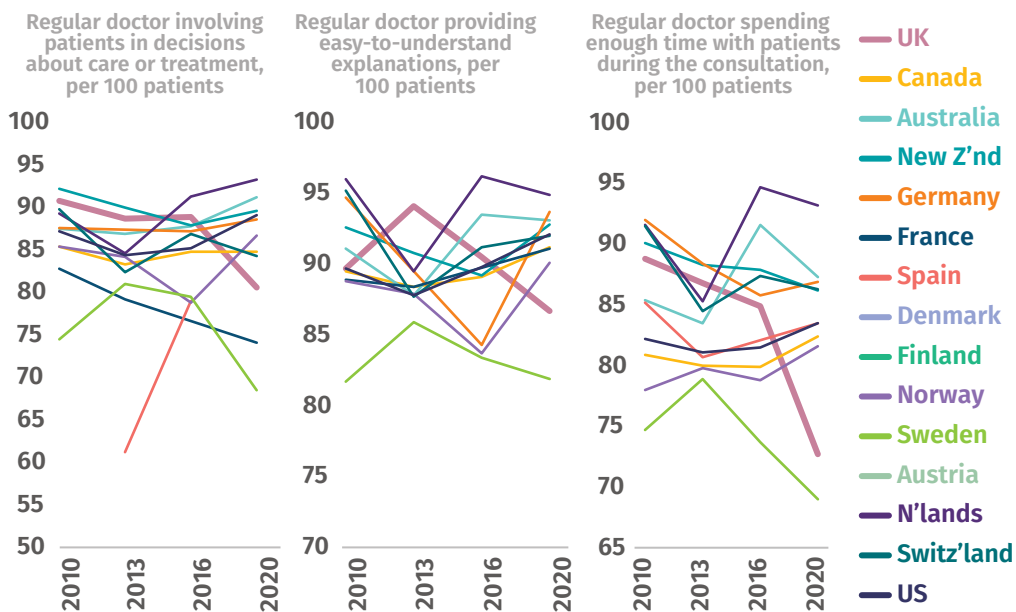
Source: Carnall Farrar analysis of OECD 2022

Meanwhile, outcomes have largely improved as we would expect with ongoing improvements in technology and treatments. But we still lag behind our neighbours

on quality outcomes such as survival rates of major conditions, including cancer, cardiovascular disease and dementia (Patel et al 2023). Indeed, had the UK matched its European peers on avoidable mortality in the decade beginning 2010, we would have expected more than 240,000 fewer deaths during the period (figure 1.4).

Avoidable mortality rate per 100,000 population, 2010–20

There would have been 240,000 fewer deaths in the UK between 2010 and 2020 if the UK matched the average avoidable mortality rate in comparable European nations

— UK — If UK matched European nations
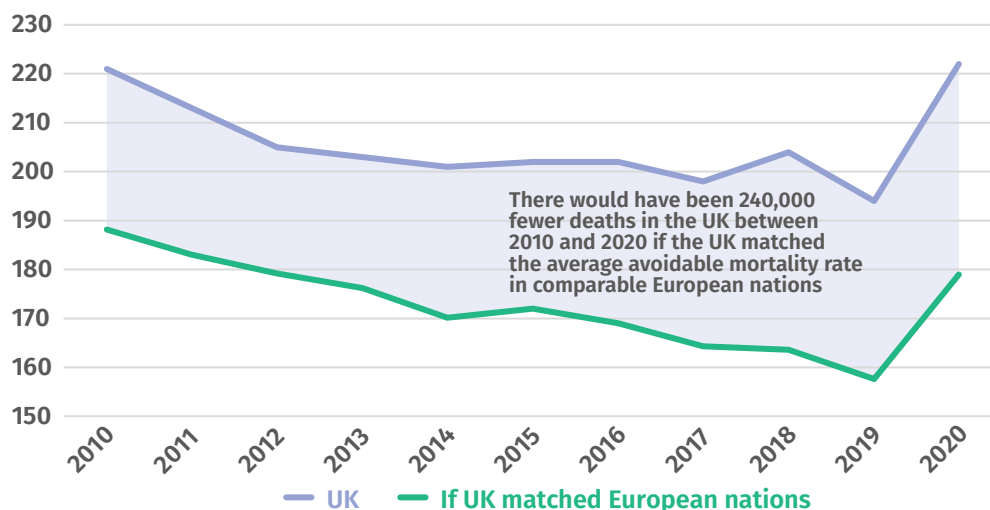
Source: Carnall Farrar analysis of OECD 2022

TABLE 1.2

Better, quicker treatment are the main reason people go private
Among those who have paid for private healthcare since 2020, responses to the question: "Which of the following best describes why you chose to use private healthcare?" (select all that apply)

Response	Percentage %
So I could get seen/tested/treated more quickly/avoid waiting lists	41
To get access to a treatment, test or procedure not available on the NHS	20
Because I believe the quality of care is better through private healthcare	19
Because it offered more flexibility in choosing healthcare providers, facilities or appointment times	17
Because my last experience with the NHS wasn't satisfactory	16
To take pressure off the NHS	11
I like the whole experience of private healthcare more than the experience of NHS	10
Because I always go private	10
None of the above	2
Don't know/can't remember	21
Prefer not to say	3

Source: IPPR/YouGov polling June 2023
Note: Total sample size was 2014 adults. Fieldwork was undertaken between 7 and 8 June 2023. The survey was carried out online. The figures have been weighted and are representative of all GB adults aged 18+.

In the face of worsening outcomes, quality and experience, a two-tier system is increasingly emerging in healthcare – where those who can afford to, increasingly opt for private healthcare. Indeed, IPPR/YouGov polling carried out in June 2023 found that, since the Covid-19 pandemic, 37 per cent of people have paid for private healthcare of some form – rising to 44 per cent of people in social grade ABC1. The reasons people gave for choosing private healthcare are given in table 1.2.

It will now take bold action to reverse the trend of decline and stagnation in the NHS. Even if we returned to the rate of improvement seen in the 2000s – which would be challenging given this was supported by record increases in investment, reform and a lower complexity of population health need – it would take nearly 10 years to return access to 2010 levels (see figure 1.5) (for a full reform plan for health and care in England see Patel et al 2023).

FIGURE 1.5: WAITING LISTS WOULD TAKE NEARLY 10 YEARS TO RETURN TO RECORD LOWS IF REPLICATING IMPROVEMENTS FROM 2007–10

Projections of elective waiting list size over next decade under two scenarios, millions waiting, England
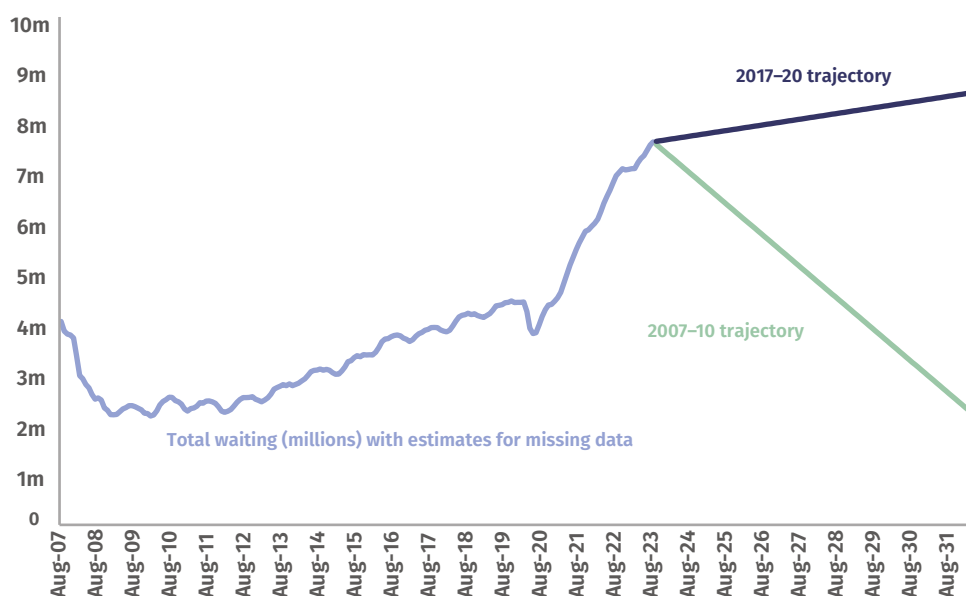
Source: Authors' analysis of NHS Digital 2023

SCHOOLS: STABLE BUT STORING UP PROBLEMS FOR THE FUTURE?

Performance in schools has been remarkably resilient in the past decade given that spending (both in schools and the wider services on which vulnerable pupils rely) has been cut for much of the period with little respite in sight. Spending per pupil is expected to remain below 2010 levels in 2023/24 after adjusting for school-specific inflation in the coming years (Sibieta 2023).

Notably, attainment across core subjects has largely held up in international comparison studies, with the UK's position improving relative to the OECD average marginally across Reading, Maths and Science (figure 1.6). Ofsted ratings have improved (though their effectiveness as a barometer of quality has been questioned) (Von Stumm et al 2020).

International test scores over time at age 15 relative to OECD average – Programme for International Student Assessment (PISA) scores
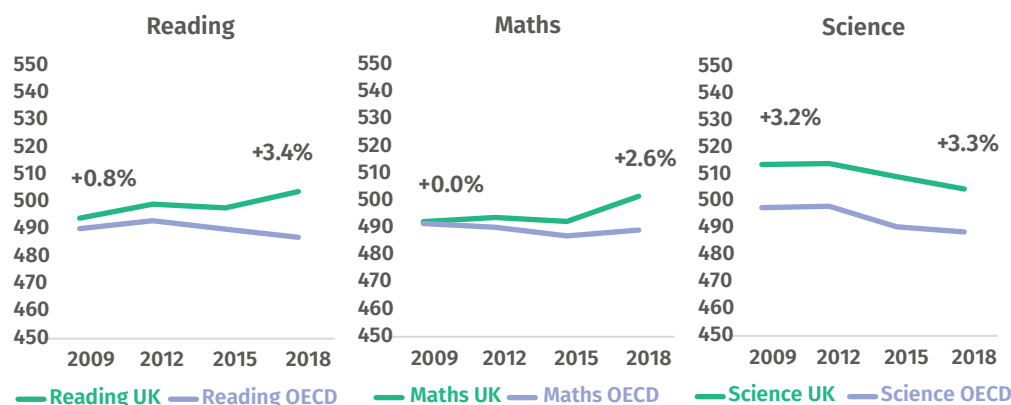
Source: IPPR analysis of OECD 2020

However, resilience in overall performance masks some troubling trends underneath. Notably, following significant progress in narrowing the attainment gap[1] between 2010 and 2017, the gap at all ages is now widening again. This was visible prior to the pandemic but has continued at a faster pace as a result of the disruption (EPI 2023).

Also of significant concern is the crisis in attendance in schools since the Covid-19 pandemic. When schools originally returned from the pandemic, persistent absence[2] stood at 13 per cent – similar to before the pandemic. However, in recent periods it has hit a new record high of 25 per cent or more of pupils (CSJ 2023). Severe absence – when pupils miss more than half of school hours – more than doubled between the autumn terms in 2018/19 and 2022/23 (IPPR analysis of DfE 2023). Predictably, young people from low-income backgrounds, those known to children's social care and those with SEND are more likely to be absent and these absence rates are undoubtedly storing up bigger problems for the future (Beynon 2023).

The story in primary and secondary education is therefore less negative than in the NHS and the legacy of recent governments is more impressive. However, attainment gaps between richer and poorer students shot up in the pandemic and will take a concerted effort to close. We estimate that even with a return to the rate of improvement seen between 2011–17, it would take until 2028 in primary schools and 2030 in secondary schools to get the attainment gap down to the previous level (see figure 1.7).[3]

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1   The attainment of pupils who receive free school meals compared to pupils who do not.
2   Children who are persistently absent miss 10 per cent or more of possible sessions in school. This is equivalent to missing one afternoon every week.
3   This modelling assumes the same rate of change between 2022 (latest data) and 2023 as observed in 2017–19 (to produce a simple 'now-cast'), and then considers how long it would take for inequalities to return to pre-pandemic lows if the same rate of improvement was as observed in the data between 2011–17.

Actual and projected attainment gaps at KS2 and KS4, with improvement scenario
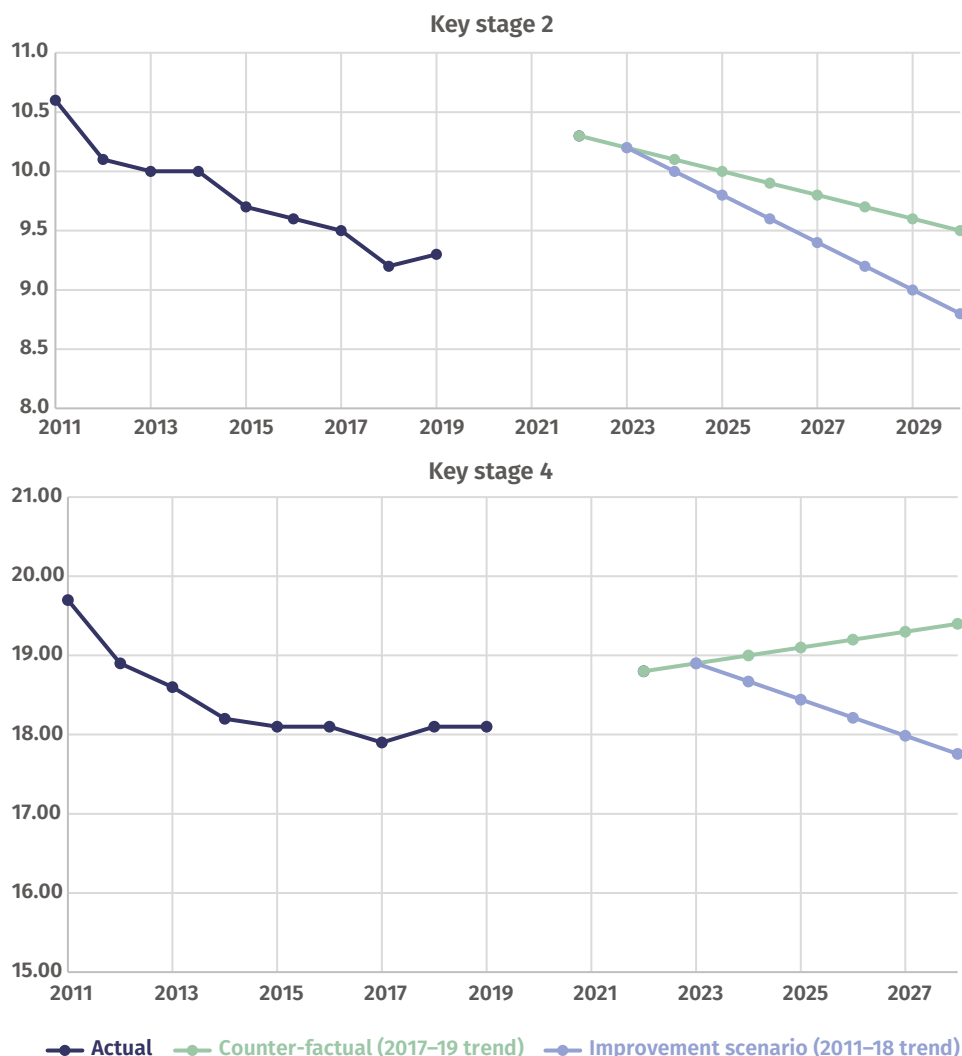
Source: IPPR analysis using EPI 2023

JUSTICE: FALLING CRIME BUT FALLING SATISFACTION

On the face of it the past decade has seen improvements in policing outcomes. Overall, the number of people experiencing crime has fallen precipitously since the mid-1990s (although when online crime is included, there is less of an overall reduction). This pattern of falling volume of crime is reflected in other developed countries (Police Foundation 2022).

However, the overall volume of crime trend hides the fact that some of the most serious crimes are increasing (figure 1.8).[4] For example, the number of reported crimes relating to "assault with injury / intent to cause serious harm" has increased by 47 per cent since 2011. Over the same period, threats to life have increased over fivefold. Similarly, detection rates have fallen[5] (ONS 2023b) and there are significantly fewer charges than 20 years ago (ibid) (figure 1.9).

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4   Based on reported crime.
5   The proportion of reported crimes which result in a charge.

FIGURE 1.8: THERE HAS BEEN AN INCREASE IN VIOLENT/SERIOUS CRIMES BEING REPORTED TO THE POLICE IN THE PAST DECAD*E*

Number of recorded incidents by financial year
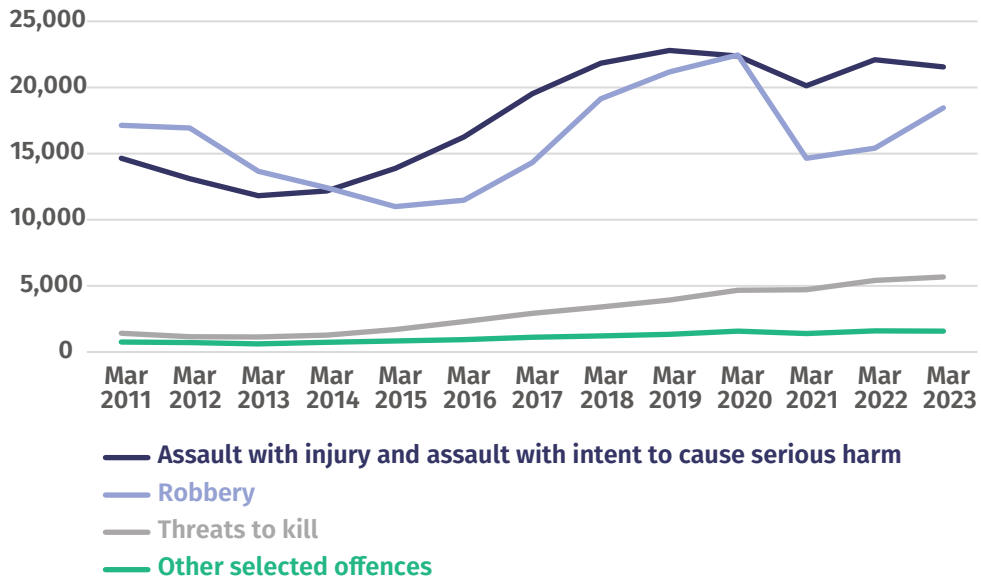
Source: ONS 2023 – Police Recorded Crime from the Home Office, collated by ONS
Note: "Other selected offences" include: rape, attempted murder, homicide and sexual assault. Figures exclude Greater Manchester Police due to previous issues with data collection.

FIGURE 1.9: THE POLICE BRING ABOUT SIGNIFICANTLY FEWER CHARGES THAN 20 YEARS AGO

Charge/summons in England and Wales 2004–23
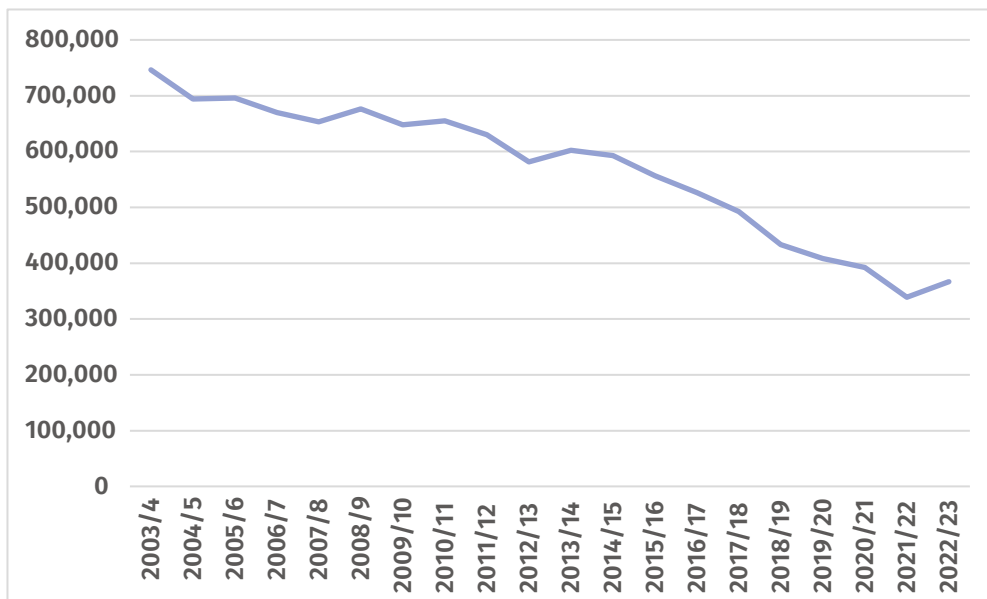
Source: ONS 2023b
Note: Figures exclude Greater Manchester and Devon & Cornwall police from 2018/19.

This – along with public scandals – is likely to be contributing to declines in the public perception of police following improvements in previous periods. The public are less likely to feel they are likely to be treated with respect by the police, that the police can be relied upon or that they deal with local concerns. Overall, just half (51 per cent) think that the police are doing a good or excellent job, from a high of 63 per cent in 2013. Similarly, victim satisfaction with the police is at its lowest level on record (ONS 2023b).

Access to justice is also a growing problem. People are waiting longer and longer for justice as court backlogs increased through the pandemic. The latest data suggest that more than one in five cases are taking more than a year to reach the Crown Court, which deals with the most serious crimes, compared to just 1 in 20 in 2014 (IPPR analysis of MoJ 2023) and that backlogs are at a record high. The Institute for Government suggests this backlog data could underestimate the problem as the data fails to factor in the complexity of the cases (IfG 2023). Our findings show that even with a reasonable rate of improvement it could be a decade before these backlogs, and therefore waiting times, could reduce back to pre-pandemic levels (figure 1.10).

FIGURE 1.10: EVEN IF WE SEE IMPROVEMENTS, COURT BACKLOGS WILL REMAIN SUBSTANTIALLY LONGER THAN PRE-PANDEMIC LEVELS FOR UP TO A DECADE

Actual and modelled Crown Court backlogs over time
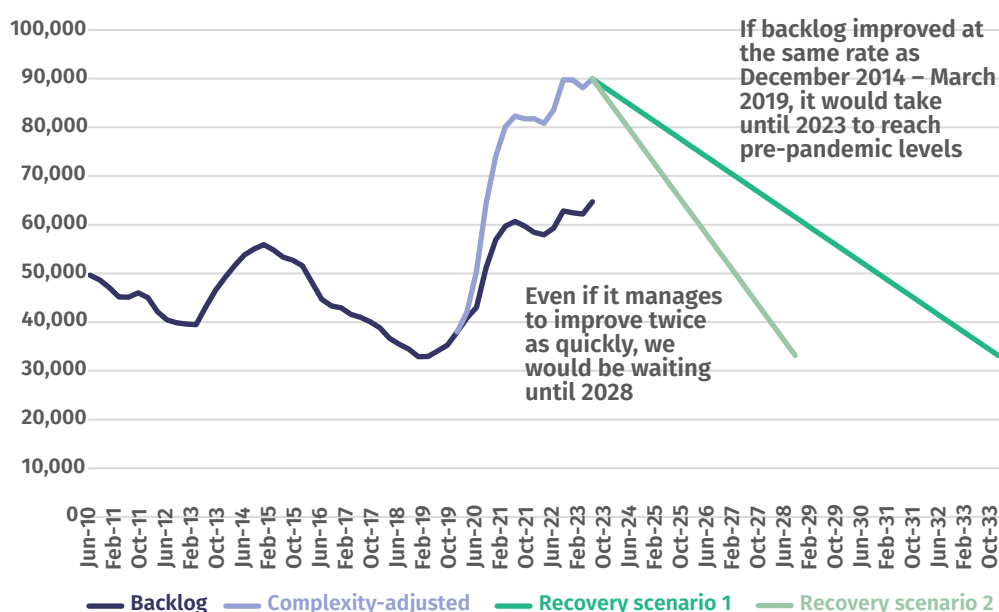
Source: IPPR analysis of IfG 2023

THE TASK AHEAD: A DECADE OF RECOVERY AND RENEWAL

This chapter has not sought to give a comprehensive assessment of the performance of public services. Instead, it has given three examples of the challenge facing a new government in the NHS, schools and policing in England. This is before government gets to wider challenges in social care, childcare, universities or further education where similar or even more difficult challenges lie.

This analysis of the inheritance paints a bleak picture. The British – or more accurately English – state is far from broken in the ways seen in too many nations

across the world. Millions of people in England still access vital support every day. But it is clear from the data that public services are under severe and increasing strain, with the past decade characterised more by stagnation and decline than by progress. This is feeding into what some are calling the 'age of insecurity' with many citizens fearful that they can no longer rely on public services when they need them most (Williams 2023).

Responses to "Do you think each of the following services are getting better, worse, or staying the same in your local area?"
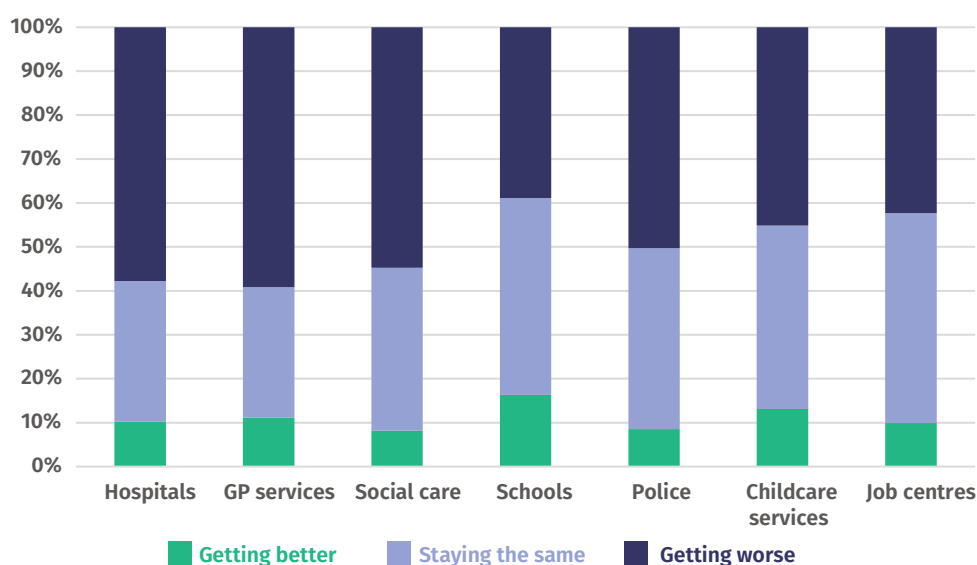
Source: Opinium polling for IPPR

Moreover, our polling for this research shows that citizens are convinced that things will continue to get worse (see figure 1.11). This highlights perhaps the most pervasive challenge facing any new government: trust in politics and government is at an all-time low (Quilter-Pinner et al 2021). People just don't think the state can fix the fundamental problems they face in their lives. This is the goal of this paper: to set out how to ensure these fears are unfounded and demonstrate how our public services can be rebuilt. This will take a Herculean effort over a decade or more – but, as we set out in what follows, it can be done.

2.
THE SMARTER STATE:
BETWEEN THE 'MAGIC MONEY TREE' AND THE 'REFORM FAIRY'

There are two main stories being told by commentators and politicians about how to address the crisis facing public services.

- *The 'magic money tree'*: the only solution to poor public services is significant increases in the funding available to them after a decade of austerity. Reform cannot fix the problem.
- *The 'reform fairy'*: at the other end there are those who argue we cannot afford to spend more on public services. The only tool we have left is reform (Economist 2023).

However, in truth neither of these arguments are credible. Just spending more money on the same model of public services will fail to deliver better outcomes. This is vividly demonstrated by a recent IPPR report on health, which shows that, absent of reform, spending on the NHS would increase rapidly from 9 per cent of GDP to 11.2 per cent of GDP without an improvement in outcomes (see figure 2.1) (Patel et al 2023). In effect, without reform, we will have to pay more for less.

FIGURE 2.1: PREVENTION AND PRODUCTIVITY REFORMS CAN LIMIT SPENDING GROWTH IN HEALTHCARE

Government healthcare spending in England as a share of GDP under three different scenarios
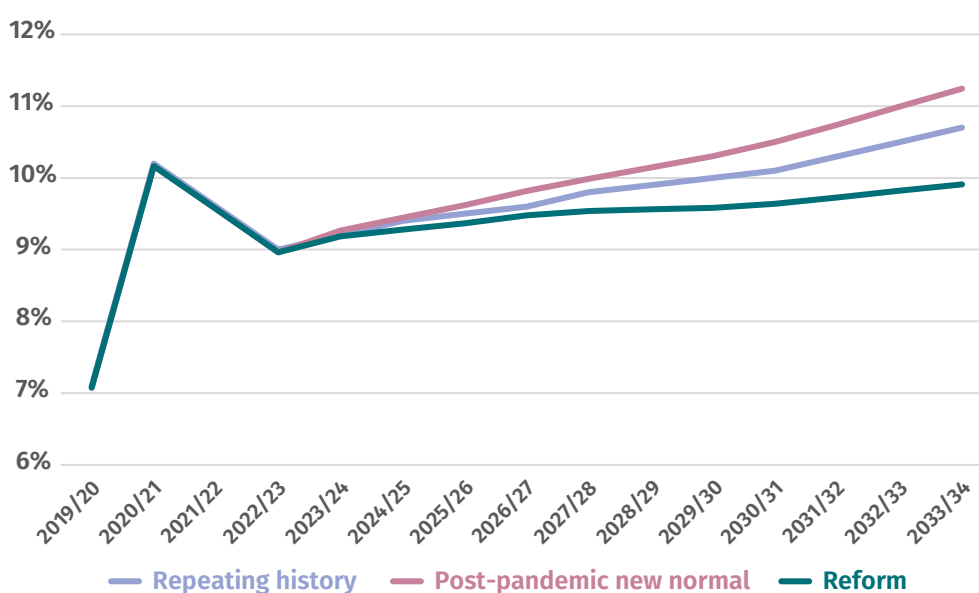
Source: Lane Clark Peacock analysis in Patel et al 2023

Similarly, the idea that reform alone can deliver better outcomes without additional resources is not credible. Taking health as an example, the pressures of a growing and ageing population with more complex needs will drive increased spending over the coming years. As recent IPPR work has shown, even if we can achieve higher NHS productivity alongside reduced demand on the NHS (through improved population health), the NHS will still need more resources (although this is still better than the 'do nothing' scenario which is even more expensive and has lower outcomes) (Patel et al 2023).

This evidence suggests that we must chart a course between the 'magic money tree' and the 'reform fairy'. This must recognise that we will need both funding and reform to drive better outcomes. The age-old debate about whether a smaller or larger state is the right end goal is a distraction. Instead, we should be aiming for a *smarter* state. The public agree with this. When asked most people said they thought that public services needed funding and reform (rather than just one or the other) (see figure 2.2).

FIGURE 2.2: MORE PEOPLE THINK THAT PUBLIC SERVICES NEED FUNDING AND REFORM (RATHER THAN ONE OR THE OTHER ALONE)

Responses to "Thinking about the challenges facing public services, which of the following comes closest to your view?"
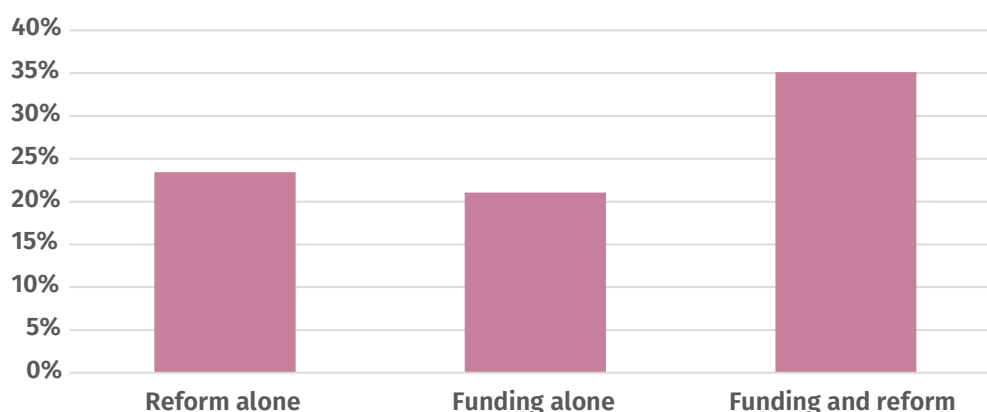
Source: Opinium polling for IPPR

THE SMARTER STATE

What is the smarter state? Based on our research we argue that under the smarter state, policymakers and public servants should focus on ensuring that all services deliver 'three p's' of public service reform (see figure 2.3) – prevention, personalisation and productivity – in order to combine better outcomes for citizens and sustainable spending growth (and therefore lower taxes or borrowing than would otherwise have been required to sustain services).

Source: Authors' analysis

BOX 2.1: THE THREE P'S OF PUBLIC SERVICE REFORM

Prevention: The case for a prevention-first approach to public services is compelling. Early intervention leads to better outcomes and can also reduce costs. However, the British state has struggled to deliver it despite successive political projects making it a priority. We still tend to wait for a need to occur – whether ill-health, criminal activity or educational failure – and then seek to respond. This is worse for citizens in terms of their lives and prospects, with wider repercussions for those around them. It is also more expensive for the state as well as demoralising for staff. But 'radical prevention' can be achieved, including through: shifting resource from acute services downstream (such as in the NHS); investing in early intervention warning systems (such as in criminal justice); and drawing on the power of families, communities and businesses to drive better outcomes before state support is needed.

Personalisation: Person-centred approaches to public services are designed from the perspective of the people they seek to support and are tailored to their lives. Many also incorporate strong relationships between citizens and staff in public services and between citizens, their families and communities. These relationships and tailored support strengthen people's capabilities, confidence and control to live fulfilling lives. Creating personalised services can drive improved service user experience and better outcomes – and overturn one-size-fits-all models which are disempowering and ineffective. Such a system shifts power and accountability to citizens, who have voice and agency to shape the support they receive, with frontline staff freed up to support and respond in ways that get to the root of the issue.

Productive: Public sector employment is around 18 per cent of total employment in the UK. This means public sector productivity is a significant contributor to total productivity in the UK. Public sector productivity increased by an average of 0.7 per cent per year from 2010 to 2019 (Van Ark 2022). This is higher than previous decades and higher than the private sector over this period. This would usually

> be considered a success. But few would argue that public services in the austerity decade were performing better and delivering more effectively for society than in the one before. This is because productivity growth in this period has largely been driven not by higher outputs (the numerator in the productivity calculation) but by constraining resources (the denominator). We argue that going forward we need to shift our approach to productivity from funding cuts to quality improvements. Indeed, we argue for our approach to go further by redefining what we mean by productivity to move beyond efficiency and focus on effectiveness (Van Ark 2022). This would mean focussing on the outcomes we really care about rather than just outputs.

Building services that deliver on these goals is far from impossible. Indeed, there are already a host of inspirational and talented public service leaders who are demonstrating that a better alternative is possible. Many are creating innovative approaches to public services through relationships, knowledge and technology (Khan 2023). Whether it is the use of AI to diagnose illness more effectively at Moorfields or the Royal Marsden, the co-design of services with citizens in Wigan or Lambeth, or taking on devolved powers and shifting to prevention in Greater Manchester or the West Midlands, these services are pointing the way to a better future.

As the saying goes: "the future is here – it's just not evenly distributed."

LESSONS FROM NEW PUBLIC MANAGEMENT (NPM)

As the above quote implies, the challenge is how to spread innovation, so that all citizens have access to the best preventative, personalised and productive services. In looking to achieve this in the coming decade we must learn the lessons of previous reform efforts. The last serious attempt was new public management (NPM) which was developed by a group of academics, think-tankers and journalists in the 1980s and '90s.

The main argument put forward under NPM was that in the absence of market forces, public services suffered from weak or misaligned incentives. As a result, NPM claimed, public servants would not drive innovation and improvement. The answer to this, NPM contended, was reform attempts to bring stronger and better incentives into the public sector. This was to be achieved through two main mechanisms:

- *importation of private sector practices* to the workings of public administration, including performance indicators (such as targets) and performance management (for example regulators and delivery units)
- *introduction of quasi-markets* such as choice for 'consumers' (where providers compete for users on quality) and competition between providers, often including private and third sector organisations.

This policy agenda influenced policy in the UK from the 1970s onwards but was most comprehensively implemented in England under New Labour between 1997 and 2010. This – combined with significant additional investment – did lead to improvements in outcomes in the 2000s. Waiting times in the NHS fell, crime reduced and attainment in schools improved. However, there is a debate about what drove these improvements and, in particular, the relative impact of increased funding and the reform agenda.

Over time, there have been growing questions about the effectiveness of NPM tools. The evidence – as set out in a literature review by Eleanor Woodhouse commissioned as part of this research – is that the impact of these reforms has

been mixed (see table 2.1). While some NPM tools have driven improvements, this has been alongside significant unintended consequences – for the workforce, wider system performance and longer-term goals. In other cases, there has been little or no positive impact.

TABLE 2.1: SUMMARY OF EVIDENCE ON NPM LEVERS

Lever	Effectiveness	Explanation
Targets	Can drive improvement in the measured metrics but often at the expense of wider outcomes. Can lead to gaming. When combined with top–down control can demotivate staff. Not conducive to complex problems which need local knowledge and flexibility.	Focussing resource and attention on specific measurables drives improvement on those measures, but at the expense of wider system performance.
Choice and competition	Limited evidence of improvement of outcomes (access, quality) but evidence of increased inequality as a result of choice, due to worse outcomes for those from lower socioeconomic backgrounds. Outsourcing can reduce costs but sometimes at the expense of quality. Evidence that ability of the state to write complete contracts and actively commission is a key determinant of success.	Limited-service user take up of choice and unwillingness of the state to allow providers to fail means incentives created by choice are weak. Providers compete by reducing their costs but cut quality-enhancing inputs (eg staff).
Regulation	Some evidence that it can drive providers from poor to good – but limited evidence it can drive excellence. When combined with top–down control can demotivate staff or drive perverse incentives.	Can help identify service failures and target accountability and support on these providers. But often reinforces top–down control and disempowers providers and staff.

Source: Quilter-Pinner and Khan 2023

To simplify greatly, this shows that:
- There is evidence that some levers, such as targets, can drive improvements, for tame rather than complex problems (for instance increasing activity in hospitals vs supporting people with chronic conditions), though they often come with undesirable side effects such as gaming or falls in performance in non-measured outcomes.
- Meanwhile, other components of the NPM agenda seem to have had more limited positive impact. For example, competition and outsourcing in public services can reduce costs, but usually to the detriment of quality and fairness (for example by a provider reducing input costs such as staffing levels or pay).

Simply doubling down on these approaches is unlikely to be sufficient and may also reinforce problems of short-termism, inequalities and workforce burn-out. The lessons of NPM must be learnt to avoid making the same mistakes again. For the next phase of public service reform we need an updated set of tools suited to the challenges of the 2020s.

WHY IS NPM NOT DRIVING BETTER OUTCOMES?
There are a range of reasons that explain NPM's shortcomings including the design of these policies and how they have been executed. However, there is a far deeper and more fundamental failing at the heart of the NPM revolution in public services: it fails to understand what motivates people and reduces change to over-simplistic mechanical steps.

Among the factors at play, NPM is limited in its effectiveness by two core assumptions on motivation and how change happens.

1. Extrinsic versus intrinsic motivation

NPM is based on the idea that people, staff and service users in public servicesrequire extrinsic motivations – reward and punishment – to drive behaviour change. However, scientists, psychologists and behavioural economists increasingly find that unlocking intrinsic motivation is a stronger driver of behaviour change in many circumstances. Moreover, they find that attempts to use extrinsic motivators in these cases can 'crowd out' intrinsic motivation leading to worse outcomes.

These insights are based on a school of thought called Self Determination Theory (SDT) pioneered by academics Edward Deci and Richard Ryan (Deci et al 1999). This theory suggests that humans rather than being simple 'economic man' are in fact what the economist Bruno Frey calls 'mature economic man'. That is, as well as having both basic biological drives and responding to incentives, people also have what is considered the 'third motivation', by which they mean intrinsic motivation.

These thinkers argue that this 'third motivation' is underpinned by three fundamental needs. These are the pursuit of: competence (mastery), autonomy (choice) and relationships (connection). The environment that people are in – including the workplace – can feed these needs, unlocking intrinsic motivation, to drive effort and performance, or can starve them and thus 'crowd it out'. Extrinsic motivators – such as 'contingent rewards' – often result in crowding out as they depend on control and therefore impinge on autonomy.

For example, Deci et al (1999) replicated 128 experiments that sought to test the impact of extrinsic motivators on intrinsic motivation and performance. Their conclusion is clear:

> *"tangible rewards tend to have a substantially negative effect on intrinsic motivation … (they) undermine people taking responsibility for motivating or regulating themselves. When institutions … focus on the short term and opt for controlling people's behaviour, they may be having a substantially negative long-term effect."*

2. Simple versus complex problems

NPM is based on a rational planner understanding of how change happens. Issues are broken down into bounded problems in which a set of predictable actions lead to predictable outcomes in ways that are measurable. The approach is reflected in NPM's use of precise targets to manage performance, and draws from science and engineering approaches to technical problems.

Applying this understanding of the world to social problems has been challenged. Since the 1970s, systems thinking has developed the idea of 'wicked problems' which are complex – for example because stakeholders disagree about the nature of the problem or how to address it.

Mel Webber and Horst Rittel, who developed the idea of 'wicked problems', argued that most public policy issues are wicked due to a combination of complexity, uncertainty and the divergence of interests, values and ideologies (Head 2022). In these circumstances, they argue the classical model of rational planning embodied in NPM is flawed and of limited use.

The implication (Head 2022) is that NPM should be retained for use on simple problems which can be:

- defined precisely and narrowly in terms of causes not just symptoms
- stable, rather than changing or evolving
- managed with a high degree of agreement, such as consensus on clear points of leverage

- based on a knowledge base that is strong, consolidated and with a high degree of consensus
- under clear responsibility and with capacity to address the problem (ideally without the need for partnership working or collaboration)
- achieved without moral judgements.

Systems thinking also argues that some policy problems may be misleadingly considered 'simple' because they are defined too narrowly – for example, focussing on a symptom rather than a set of underlying causes. This critique could be levelled at the four-hour hospital A&E waiting time target. By focussing on how long people spend once they arrive at A&E, the target deflects attention from underlying issues such as how to prevent people from needing emergency care in the first place.

This does not mean targets and incentives can never work. Where tasks are simple (for instance solvable by following reliable procedures) and routine (that is do not inspire intrinsic motivation) they can be effective. However, policymakers implementing NPM approaches have drastically overestimated the number of activities that this applies to across the public sector. Many more activities are complex, creative and relational. And, in turn, they have underestimated the long-term cost – including in crushed intrinsic motivation – of over-relying on these mechanisms.

Overall, this suggests that while there are some elements of the NPM reform agenda that can be utilised going forward, these need to be used judiciously. They should be retained for use on a small number of 'simple' social problems conducive to more transactional approaches. For the increasing number of policy issues which are complex and collaborative, and to nurture the vital intrinsic motivations of the public service workforce, we are reaching the limits of NPM to drive improvements and need a renewed approach to public service reform.

BOX 2.2: FROM A PUBLIC SERVICE REFORM MODEL TO A MUDDLE

Politicians and policymakers have, in places, started to move beyond NPM, largely because they are finding that it is no longer proving effective as a driver of better outcomes. However, these attempts to move beyond NPM have not been pursued in a coherent or thought-through way. In truth, policymaking in England now reflects more a public service reform muddle than a model.

Three examples of recent reform attempts demonstrate this muddle.

- **Choice and competition:** There have been multiple attempts to ramp up choice and competition in recent decades which, having failed, have been reversed with attempts to draw on other approaches instead. For example, the 2012 Health and Social Care Act in in the NHS which sought to extend choice and competition by allowing "any willing provider" to deliver care (Timmins 2012). Once this failed, government pursued integration – rowing back on choice and competition and effectively ending the provider–commissioner split – through integrated care systems (ICSs) (Timmins 2015). A similar but, if anything, more extreme volte-face occurred in probation services. In 2013, probation services for low- and medium-risk offenders were contracted out in England and Wales. However, 80 per cent of these services were found to be inadequate, resulting in the insourcing of these services (Sasse 2019).

Devolution: Successive governments have made devolution to regional government a priority, most recently through the Northern Powerhouse

agenda and as part of Levelling Up. These efforts have largely focussed on driving economic growth, and has also included devolution of public service powers including over employment, skills and, in the case of Manchester, health. However, at the same time, in other areas, recent governments have sought to take power away from local government, most notably on schools as a result of academisation. These reforms were described as a form of decentralisation – to schools rather than local government – but in reality, this has been centralising with schools now accountable to Whitehall (West and Wolfe 2022).

Targets: In some services government has sought to go beyond the use of targets. The most notable example of this is policing where the majority of national targets were scrapped and there was a reduction in the power of national policing bodies (and the creation of directly elected Police and Crime Commissioners). However, this was done without investing in bottom–up capacity to drive improvements. The result is a highly localised – even fragmented – police service with a weak strategic centre, little improvement capacity and insufficient drivers to improve, as reflected in the recent Casey review of the Metropolitan Police. By contrast, in other services, despite occasional rhetoric on scaling back targets, their usage has in fact been ramped up. Notably, in the NHS, even as ICSs were supposed to be devolving power, NHS England created a new oversight framework with more than 60 targets, many of which focus on detailed inputs rather than outcomes (NHSE 2022).

A generous reading of these reform efforts would attribute the lack of a coherent approach down to pragmatism: policymakers have been drawing on the best tool available in any specific situation. However, given that in so many of these examples the reforms have failed to deliver better outcomes, it seems more likely that this is the result of a lack of a coherent reform agenda. This is testament to the failure of NPM and the absence of an alternative. The result is a reform muddle not a model.

A NEW PUBLIC SERVICE REFORM MODEL

The big task for policymakers in the coming decade in seeking to deliver a smarter state is therefore to build a new public service reform model. We have sought to bring this together drawing inspiration from the innovative public services which are already delivering the three p's and the best evidence available to create a new public service reform playbook. This draws on a new set of tools that build on, learn from and move beyond the NPM agenda (see figure 2.4).

This new playbook uses five drivers to deliver the smarter state.
1. **Set bold missions:** set long-term and ambitious national goals
2. **Make smart investment:** deploy financial resources to pivot to prevention
3. **Build workforce capability:** invest in a higher skilled, empowered and motivated workforce
4. **Drive learning and improvement:** use evidence, feedback loops and innovation to drive up performance
5. **Devolve power:** to places, professionals and people and communities
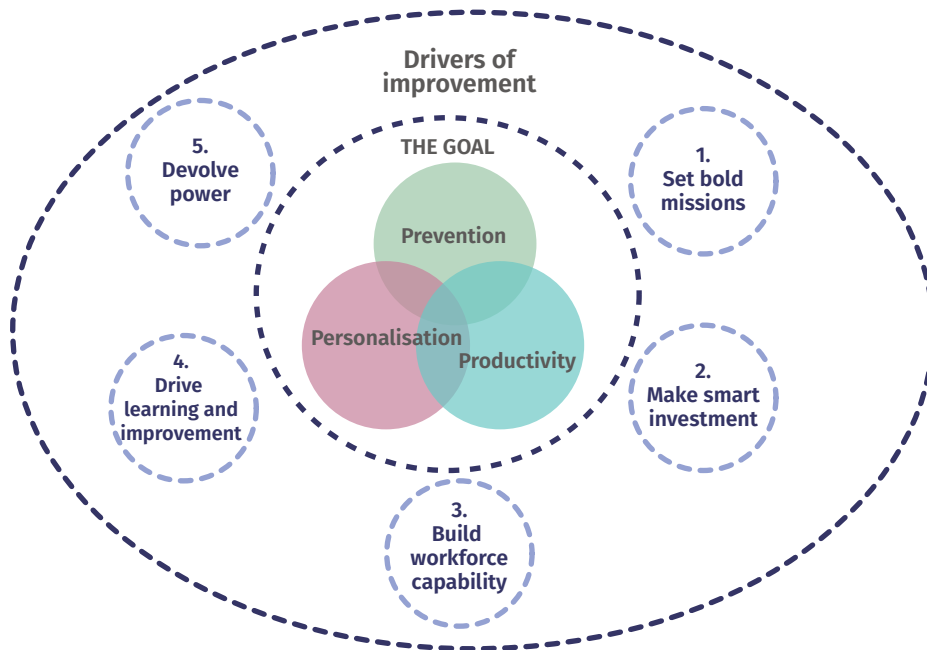
Source: Authors' analysis

These five elements represent a long-term shift in how public services are designed and delivered. Each of these elements are set out in chapter 3 along with a set of initial policies that would kick-start the shift to a new public service system.

3.
A NEW PUBLIC SERVICE REFORM PLAYBOOK FOR THE 2020S

STEP 1: SET BOLD MISSIONS

The evidence is increasingly clear that we need to rethink the use of targets across government. While targets can drive narrow improvements, by focussing activity and energy within the system, they come with significant risks of undesirable side effects, especially when they are focussed on inputs or outputs rather than outcomes. These include gaming, reductions in intrinsic motivation among staff and falls in performance in non-measured outcomes.

However, there is still a need for 'guiding stars' across the state to ensure services are focussing on what matters to citizens. The solution is to shift to 'mission-led government'. Missions are long-term, cross-cutting and ambitious goals which act as a stimuli for driving coordinated action by the state (as well as non-state) (Mazzucato and Dibb 2019). Missions are an increasingly popular approach to delivering social change with the Labour leader Sir Keir Starmer recently setting five missions to guide Labour party policy.

Missions work by setting a shared direction from the centre (usually the state) but then leaving key actors space to develop their own solutions. They are fundamentally different to targets which by their nature are shorter term, input or output focussed, and usually combined with a 'control architecture' to the people and organisations subject to them. We suggest four possible high-level missions for public services, each with a core measurement metric (table 3.1).

TABLE 3.1: FOUR MISSIONS TO DRIVE BETTER PUBLIC SERVICES AND SOCIAL OUTCOMES

Health	Safety	Opportunity	Security
Make the UK the healthiest country in the world	Make the UK the safest country in the OECD	Every young person learns the basics and is in employment	End child poverty in the UK
Life expectancy and healthy life expectancy	Rates of crime	Ability to write, read and do mathematics Levels of NEET	Rates of absolute and relative poverty

Source: Authors' analysis

The introduction of mission-led government should be combined with a reworking of the way central government functions to enable them to be achieved.

Government should set a small number of public service missions developed with relevant sectors. Missions should be put into law to ensure that they are long-lasting and that government is accountable to parliament for delivering on them.

Government should also establish independent bodies – modelled on organisations like the Office for Budget Responsibility or Climate Change Committee – to hold them to account (see box 3.1) This will help create a counterbalance to short-term incentives of the political and media cycles.

BOX 3.1: LEARNING FROM PROGRESS ON CLIMATE CHANGE

Climate change offers an interesting model that could be replicated for each of the missions set by government (Averchenkova et al 2018). This has included the following.

- The UK set a big mission in legislation, originally as part of the Climate Change Act 2008 and more recently in the form of net-zero by 2050.
- Progress against this is broken down into shorter-term and sector-based plans (so-called Carbon Budgets).
- The creation of an independent Climate Change Committee (CCC) to hold politicians to account against this. Evaluation of these mechanisms have shown that they have had strong influence on UK climate policy since its inception.

This approach is in contrast to the following.

- Child Poverty Act: A 1999 commitment to halve child poverty by 2010 and eradicate it by 2020.
- English Health Inequalities strategy: A target to make progress on health inequalities, through cross-government efforts, reformed NHS funding flows and action on the social determinants of health.
- Healthy Ageing Grand Challenge: A 2018 target to ensure people can "enjoy at least five extra healthy, independent years of life by 2035".

As we have noted previously, these missions were not embedded in law – at least, not to the same extent and with the same clarity as net zero. Few were combined with a bespoke institutional infrastructure – with legislative function and clear independence – as per the CCC. Few were institutionalised as 'common sense' within the Treasury, in the way enabled by the Stern review preceding the 2008 Act. And none had as clear a process for delivery (and maintaining progress on delivery) as enabled by carbon budgets.

Government should create a new 'mission framework' made up of core (outcome) and comprehensive (output and input) metrics of success and embed them across government.

The relevant missions and metrics should be developed with relevant sectors (including local and regional government) and embedded in the accountability mechanisms for all departments. All secretaries of state and ministers of state should be given a clear 'Mandate Letter' with these missions included. These missions should also be passed down to all delivery partners and arm's length bodies within public service silos.

The centre of government should be made stronger and redesigned around the missions with new National Security Council-style 'mission councils' set up for each mission.

Most existing Cabinet Committee structures should be scrapped, with a new Mission Council established in the Cabinet Office for each mission, chaired by the

PM and bringing together the relevant departments. These new councils should be decision-making bodies that lead on strategy and delivery, building on what has worked before (see box 3.2).

BOX 3.2: LEARNING FROM THE NATIONAL SECURITY COUNCIL (NSC) AND BREXIT COMMITTEES

While many of the existing cabinet sub-committees are not particularly effective in delivering change through Whitehall, there are models in government that we can learn from or replicate in establishing Mission Councils. These include:

- The NSC, which was introduced in 2010 by David Cameron, and briefly disbanded by Liz Truss. Led by the National Security Advisor, it provides foreign policy and security advice to the PM, bringing together the various relevant departments and agencies.

- In the Brexit era, a dual committee model was introduced with EU Exit 'Strategy' (XS) and EU Exit 'Operations' (XO) committees. These committees included senior ministers and civil servants from relevant departments with the former focussing on strategic policy decisions and the latter on implementation.

Those who have been involved in these bodies highlighted a number of lessons on what makes them effective in driving change through Whitehall.

- **Prime ministerial commitment:** These cabinet committees tend only to be successful if there is sufficient PM attention and political capital invested. If attendees know that they need to show up prepared and with results, they can be effective.

- **High-level senior attendance:** Committees should bring together all of the relevant departments represented at secretary of state level, including HMT. This is largely a product of PM involvement. Without this they stop being meaningful decision-making bodies.

- **Participation of officials in discussions:** Some previous decision-making 'bodies' have failed to include officials (such as 'the Quad' under Cameron or 'sofa government' under Blair). This may drive political consensus, but senior civil servants are needed to drive delivery and sense check decisions.

- **Shared ownership of policy issues:** These committees work best where there is genuine shared sovereignty over the policy issues between the centre and key Whitehall departments – where they have a shared problem definition and a 'team mentality' to solving them.

- **High-powered, activist and well-resourced secretariats:** These committees work best when extensive work is undertaken around them to ensure they have clear agendas, high-quality decision-making material and teams to take on actions that result from them.

STEP 2: MAKE SMART INVESTMENT

If government is to deliver on the missions set out in the previous section it will need to ensure that financial resources, both new and existing, are deployed to effectively drive reform rather than the maintenance of existing ways of doing things. Delivering a 'pivot to prevention' will be particularly challenging. Table 3.2 sets out what the 'pivot to prevention' might mean across our proposed missions. Preventative spend could be increased faster

than other spend (though the Opportunity shift should be prioritised for growing the overall spend envelope).

Mission	Shift in spending
Health	Shift the balance of spending from hospitals to primary, community and social care, as well as public health.
Safety	Shift the balance of spending from prisons to community policing, rehabilitation and youth services.
Opportunity	Shift the balance of spending from schools, further education and universities to childcare, wraparound support and extended school provision.
Security	Shift the balance of spending from benefits (eg unemployment, housing benefit) to active labour market policies, social housing and skills.

Source: Authors' analysis

There is some evidence from our polling that the public are supportive of these shifts. For example, on health, we find that when given the arguments for increasing the share of funding to go to hospitals ("these are the places which look after people who are the most in danger and in need of urgent help and it will lower wait times in Accident and Emergency") and for increasing the share going to primary and community care ("this means that things can be found earlier, which brings down costs in the long term, and increases the chances that people will survive from diseases such as cancer"), more voters support the latter than the former (see figure 3.1). However, it is likely that others would prove less popular (for instance safety shift).

FIGURE 3.1: THERE IS TENTATIVE SUPPORT FOR SHIFTING THE BALANCE OF RESOURCES IN HEALTH TOWARDS PRIMARY AND COMMUNITY HEALTHCARE

Responses to "Do you think a higher share should be spent on hospitals, or a higher share should be spent on GPs and care in the community, or is the current balance about right?"
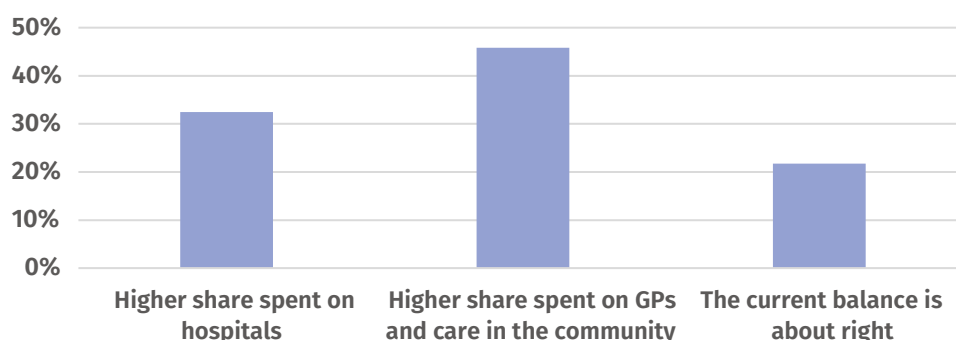
Source: Opinium polling for IPPR

Policymakers have talked about these shifts for decades but largely failed to achieve them. For example, successive government strategies over the past two decades have stated an aim to shift NHS care into the community and focus on prevention over treatment. However, there has been virtually no growth in primary

or community healthcare spending per person in the first two decades of this century (Tallack et al 2020), but considerable growth in hospital activity.

Based on our research we identify two core biases that stand in the way of the government making more and better investments to drive better public services.

- **Bias 1: Short-termism.** We are failing to price in the long-term benefits of investment. HMT, and government as a whole, is too short-termist and risk averse in considering the long-term benefits of investment today. This is most clearly seen in the reluctance to 'invest to save' in prevention in health, care or crime.

- **Bias 2: Narrow focus.** We are failing to price in the wider benefits of investment. HMT, and government as a whole, make investment decisions on the basis of a narrow set of outcomes (such as affordability and cost–benefit as measured by economic growth) which don't take in the wider benefits of investment (such as impact on regional inequality, health and wellbeing).

These failings are the result of a number of factors that span the system including political incentives, processes within government, the ideas that shape decision-making and the capabilities of staff across government (national and local). A full reform agenda to address these challenges is beyond the scope of this report. However, below we set out some initial reform priorities that we believe will help drive smarter spending to unlock better public services.

The core 'mission metrics' should be embedded in the governance of the Treasury (HMT).

HMT should make the key missions a core part of its aims and decision-making process. The chancellor must be clear that these public service reform missions are a priority, alongside wider objectives such as shared economic growth and a reduction in carbon emissions. All significant spending decisions should be made with modelling to show the impact of these measures on the missions.

No 10 and HMT should create a new 'mission test' to ensure that spending follows the missions (equivalent to Gordon Brown's golden rule but for spending).

This should include three criteria:

- **Affordability:** Does this spending ensure the government can meet its fiscal rule and departmental spending limits?
- **Mission critical:** Does this spending help deliver the government's missions (such as impact on core mission metrics)
- **'10-year test':** What is the impact of this policy over the longer term?

HMT should create a new category of spending – prevention investment expenditure (PIE) – to ensure prevention spend is prioritised and protected (Curtis 2023).

The government should commission experts to conduct a review to define and categorise prevention spending across government. Each department should get a prevention spending allocation. The government should aim to increase the share of spending going to prevention over time (within the definition set out by the review referenced above).

STEP 3: BUILD WORKFORCE CAPABILITY

The next phase of public service reform must put workforce front and centre. In the past, workforce development has been an afterthought of reform – something to minimise, postpone or avoid. This needs to change. Government should recognise workforce as a powerful and effective tool for better public services. Indeed, a shift to better services will be impossible without it.

Government should prioritise workforce to stabilise current crises of recruitment and retention and to create a longer-term shift – away from failed cycles of low investment, poor performance, micromanagement and low morale that characterise the current approach. The public services workforce needs the right skills, support and capacity to move to a future where a high-trust, high-skill, high-autonomy workforce drives performance in public services.

Achieving this will require building up the skills level in public services – in some cases from a very low base. In early years, only a minority of staff have a level 3 qualification, especially in private nurseries, and only 17 per cent report receiving job-related training (Statham et al 2022). In social care, care workers have no professional regulation and no mandatory training (Dromey and Hochlaf 2018). And in schools, as stated above, leaders are reluctantly hiring candidates who do not have adequate qualifications (Whittaker 2023).

This is also a vital step in being able to free up the frontline to drive up standards. As we have set out above, the top–down NPM model which disempowers staff has significant weaknesses. Giving staff greater autonomy to deliver relational services and solve complex problems is highly desirable. But this can only be achieved if the workforce is skilled up to achieve it, and accountability is maintained. The highest standards should be expected of them – investing in them, valuing them, freeing them up, but also achieving professional standards and effectively managing performance.

The prize for this investment is significant. A higher-skilled and motivated workforce is a driver of productivity. Not in the narrow sense of efficiency such as seeing more clients a day – which can lead to lower-quality work, lower staff motivation and lower retention. But productivity that does 'the right thing well' with a workforce that feels valued, supported and empowered. This link should not be controversial. In business it is common sense, with higher-skilled workers accounting for one-third of the productivity gap between average and high-performing firms (Criscuolo et al 2021).

This not only means investing in skills and professional development, as we set out below, but also ensuring the public sector jobs are 'good' jobs. The Chartered Institute of Personnel and Development has a definition of 'good work' (see table 3.3). A recent study has used this 'good work' framework to establish that workers who are satisfied with their pay, job design and social support had 8 per cent higher productivity. While workers with the highest voice and representation had 14 per cent higher productivity. This demonstrates a positive correlation between good work and productivity (Bosworth and Warhurst 2021).

TABLE 3.3: 'GOOD WORK' DEFINITION

	Dimension	Areas included
1	Pay and benefits	How people feel about pay, pension and other benefits
2	Contracts	Type of contract, underemployment, job security
3	Work–life balance	Overwork, commute time, work encroaching on personal life, flexible working
4	Job design and the nature of work	Workload, autonomy, resourcing to do job, whether skills match job complexity, meaningfulness of job, development opportunities
5	Relationships at work	Social support and cohesion, quality of relationships, psychological safety, quality of management
6	Employee voice	Channels and opportunities to feed views to employer, manager openness to employee views
7	Health and wellbeing	Positive and negative impacts of work on physical and mental health

Source: Chartered Institute of Personnel and Development (Young 2023)

Building skills and talent

Building talent will require sustained focus and investment. As we have set out in the previous section, in England we too often rely on staff who have not been given the right training and support. This is both unfair on staff and also on citizens. It is contributing – and also exacerbated by – high staff burnout and turnover (with more experienced staff often leaving to be replaced by more junior staff). This challenge is most obvious in undervalued and under-resourced sectors such as social care and childcare but can also be seen in schools and the NHS.

Other countries show that a different path is possible. Sweden took steps to avoid a low-skilled, low-paid market for care workers by improving employment and working conditions to create a stable long-term care workforce (Marino and Keizer 2022). Governments in Canada, Finland and Singapore offer teachers a profession with status and relatively attractive salaries, working conditions and career prospects which ensures strong demand for teacher education from high school graduates (Ingvarson and Rowley 2017).

There is evidence that higher-skilled staff can also save money. Advanced nurse practitioners are more cost-effective than either doctors or less-qualified nurses (Htay and Whitehead 2021). Teacher professional development can improve pupil attainment to similar levels as large structural reforms and at lower cost (Collin and Smith 2021). In social care, too, higher-trained staff can reduce costs. In the Netherlands, the Buurtzorg model of social care employs highly trained staff who are costlier per hour but more productive. The result is a model that is 30–40 per cent cheaper with higher client satisfaction and staff retention (Prabhu 2021).

BOX 3.3: THE IMPACT OF TEACHER PROFESSIONAL DEVELOPMENT

The Education Endowment Fund considers effective professional development to be the most feasible and cost-effective mechanism for improving pupil outcomes and closing the education gap (EEF 2023). High-quality Continuing Professional Development (CPD) for teachers has a significant positive effect on pupils' learning outcomes and teacher retention.

- **Learning outcomes:** high-quality CPD for teachers has the potential to close the gap between beginner and more experienced teachers. It is a comparable impact to having a teacher with 10 years' experience rather than a new graduate.
- **Teacher retention:** high-quality CPD has been shown to improve teacher retention, particularly for early-career teachers.

There is greater improvement from CPD than from other school-based interventions including performance-related pay and lengthening the school day. It is also cost-effective compared with other interventions such as one-to-one tutoring and large structural reform such as whole school reform.

Source: Fletcher-Wood and Zucollo 2020

The importance of leadership

An effective workforce needs effective leadership. Leaders and managers create a shared purpose and identity, recruit and nurture talent, encourage trust and cooperation, and enable collective learning (Criscuolo et al 2021). This is not just about effective organisations – good management also drives productivity. Robust large-scale data from the World Management Survey has established

that management practice is strongly associated with a firm's productivity (Van Reenen et al 2021). Indeed, around half of the faster productivity growth between the US and Europe from the mid-1990s to the mid-2000s can be accounted for by managerial differences (ibid).

The strong link between management and performance also exists in the public sector. Evidence shows that high-quality management feeds through to improved staff satisfaction and retention as well as citizen outcomes like quality and experience (box 3.4).

BOX 3.4: MANAGEMENT AND PRODUCTIVITY IN THE PUBLIC SECTOR

Across different settings, higher management scores have consistently been found to be positively and strongly associated with organisational performance, and a number of studies provide causal evidence.

- **Education:** better management practices are associated with better educational outcomes for students in schools, better teaching and research assessments in universities, and higher Ofsted scores in further education colleges. A randomised control trial in schools has shown that offering management training to principals raises student achievement.
- **Health:** better-managed hospitals have higher levels of clinical performance (proxied by outcomes such as survival rates from emergency heart attacks). In the NHS, management practices are associated with lower mortality rates, infection rates, waiting lists and higher hospital ratings.

Source: Valero 2020

However, leadership and management in our public services is undernourished.

First, our culture and media discourse often denigrate leadership and management as unnecessary bureaucracy. In fact, our public services are under-managed not over-managed. The NHS is "catastrophically undermanaged" – from management cuts in the 2010s which mean the proportion of managers has fallen, to 1.9 per cent of all staff compared with 11 per cent in the overall economy (Freedman and Wolf 2023).

Second, we treat the leaders we have poorly. The existing architecture of control can revert to the centre presiding over a 'fire and hire' culture. To lead effectively, leaders need clarity over direction and support and positive consequences for delivering changes – but instead leaders face confusion, cuts and negative consequences (Solace 2017). In health for example, 8 per cent of executive director posts are vacant and the median tenure of an NHS chief executive is just three years (Anandaciva et al 2018). Moreover, there is evidence of what has been called the 'inverse leadership law': the *Health Service Journal* has found that the median tenure of a chief executive of an 'outstanding' trust is more than seven years, compared with just 11 months for a chief executive of a trust in special measures (ibid).

BOX 3.5: FREEING UP THE FRONTLINE THROUGH AUTOMATION

Automation will change the profile and nature of work in public services. In many cases, the nature of jobs will change rather than disappear. Indeed, there is potential for routine administrative tasks to be supported by technology in ways that free up staff for more relational work. Government should actively invest in 'employment-friendly' technology which complements labour rather than replaces it (Doshi et al 2023).

Jobs in the public sector can be understood in three broad categories (Deloitte 2017), each with a different relationship to automation.

1. **Administrative or operative roles:** activities are mostly repetitive and predictable. Jobs can be desk-based such as administrative roles or more physical, such as hospital porters. In finance, HR and procurement some 60 to 80 per cent of tasks are considered automatable with net long-term savings (after implementation and ongoing costs) estimated at more than 30 per cent (Riis Andersen et al 2019).

2. **Interactive or frontline roles:** which mostly require a high degree of personal interaction, such as teachers, social workers and police officers, with case management layers that could be supported by technology. The operational running costs of public-facing services could be cut by up one-third by automation while also achieving better service delivery, counter-fraud and increased efficiency (Crown Commercial Service 2021).

3. **Cognitive roles:** that mostly require strategic thinking and complex reasoning, such as finance directors and chief executives. These could be supported by technology such as decision augmentation, which can generate recommendations for humans to review and validate.

New technologies, including artificial intelligence, need to be designed and implemented with care and the involvement of the staff and citizens to address questions of accountability and to avoid increasing inequalities. Achieving the gains will also require significant investment in technological infrastructure, digital and data skills, and clear and consistent leadership on digital and data from Government to address issues like data-sharing. Doing this well has the potential to free up frontline staff from routine administrative tasks and be supported to take on other, more value-adding, roles such as high-quality management and relational work directly with citizens.

To illustrate this, we analyse the impact of the most advanced publicly available version of ChatGPT (that is GPT4) and similar technologies on the public sector.[6] From this analysis, figure 3.2 shows the degree of automatability for all occupations likely to be in the public sector.[7] We find that secretarial and related occupations (including personal assistants) are most exposed to automation. Administrative occupations (which include 'national government administrative occupations') are slightly less exposed but have more people working in them – about 850,000.

Figure 3.3 shows the potential productivity gains from using GPT4-type artificial intelligence in these public sector jobs, by occupational group. It shows that caring and personal service occupations stand to gain the most, with a wage gain of about a third, followed by science occupations. Note that this 'wage gain' might not fully go the employees, as some of the gain might be captured by the employer.

The aggregate benefit of these productivity gains in public sector jobs could yield a £24 billion productivity gain per year.

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6 This scenario builds on a forthcoming IPPR report (Srinivasa Desikan and Jung, forthcoming) which analyses the impact of already-existing artificial intelligence technologies on jobs in the UK and the policy implications.

7 This is calculated based on an analysis of 22,000 tasks' automatability, combining US ONET data with the UK Labour Force Survey (LFS). Exposure to automation is defined, on a task level, as whether a task is able to be performed at least 50 per cent faster, using GPT4 or related technologies.

FIGURE 3.2: SECRETARIAL AND RELATED OCCUPATIONS ARE MOST EXPOSED TO GPT4-TYPE TECHNOLOGIES
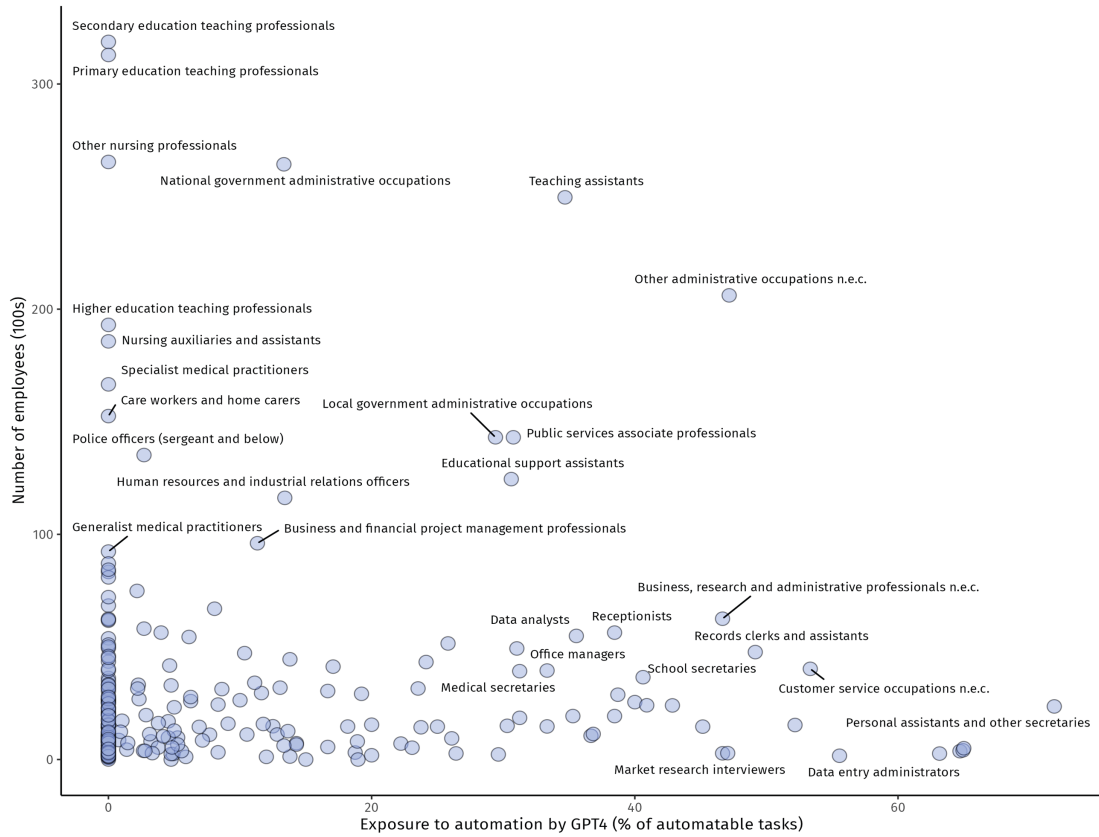
Source: IPPR analysis based on Srinivasa Desikan and Jung (forthcoming)

FIGURE 3.3: CUSTOMER SERVICE OCCUPATIONS COULD SEE PRODUCTIVITY INCREASES OF ALMOST 40 PER CENT IF AI WAS USED TO AUGMENT WORKERS

Per cent hourly wage increase due to augmentation

Source: IPPR analysis based on Srinivasa Desikan and Jung (forthcoming)

Good work and good management

The evidence shows that good work and good management can drive increased productivity in public services. Achieving these priorities will take time and investment, particularly in left-behind sectors such as early years and social care. To move in that direction, the following outline five initial reform priorities for workforce.

Government should introduce 'New Deals' for priority sectors to embed good work.

The workforce in early years and social care have been long under-valued despite creating economic and social value. New Deals for these and similar sectors should include the minimum of the real living wage and a legally binding sectoral agreement on employment standards such as terms and conditions, required qualifications and national pay scales, developed through collective bargaining. The Deals should be designed to ensure providers are of good quality and financially transparent while minimising profit extraction, including through the support of not-for-profit providers (Statham et al 2022). The Deals should also introduce or strengthen existing recruitment schemes modelled on Frontline in children's social care and ThinkAhead in mental health.

Government should create world-leading professional development and management training across public services.

Government should ensure all workers in public services, including health, criminal justice and education, have an excellent professional learning and development offer as well as high-quality management training that involves peer support and coaching. Education is a helpful model to learn from, where there has been recent progress on professional development, but levels are still below international benchmarks and need further improvement. In the first instance, teachers should have access to 105 hours of evidence-based quality training every three years to support pastoral, pedagogical or leadership-focussed career pathways (Quilter-Pinner et al 2023).

Relevant departments should develop Licences to Practice for public service professionals.

Building on the model in medical careers, Licences to Practice should be introduced to support the professionalisation of low-skilled sectors like early years and social care and to drive-up performance in other services including the police. These would require professionals to re-license every five years by performing their role effectively and keeping up to date with learning and development. The licences should enable managers to exit poor performers more effectively.

Government should invest in 'employment-friendly' technology to speed automation and free up the frontline, while introducing a 'right to retrain' for impacted staff.

Government should accelerate the introduction of technologies such as artificial intelligence to improve effectiveness and free-up frontline staff to do more value-adding tasks (such as caring and other relational work). This will require investment in capital infrastructure, staff training to use technology and data join-up to ensure AI is using the best data. At the same time, the government should provide a 'right to retrain' for those staff impacted by automation. Technologies should be introduced carefully with both citizen and staff input and in ways that protect accountability and address inequalities.

Government should create an independent, statutory workforce planning body and a strategy workforce plan for every public service (Patel et al 2023).

The body should be tasked with projecting future workforce needs and holding the government to account for delivering these needs. Government should develop

a strategic workforce plan for every public service, co-developed with the sector and service users and resourced to address short-term and long-term workforce needs. Each should set out the steps towards a higher status, higher skilled, higher productivity workforce.

STEP 4: DRIVE LEARNING AND IMPROVEMENT

The UK is one of the most centralised countries in the advanced world. This has reinforced a reluctance to let go of control and a desire to 'force' improvements in performance from the centre. The tendency of national government – particularly at the England and UK level – is to seek to control local services and providers, particularly when they are performing poorly.

This 'control architecture' is channelled through three main mechanisms.

- **Targets:** Targets have been used for decades in public services in England, particularly since 1997. The use of targets has been combined with top–down performance management including through delivery units and the hierarchy of public services (such as ministers or senior civil servants). This has led some to call it a 'targets-and-terror' regime. While some targets have been removed since 2010, many still remain. For example, the recent Hewitt Review of integrated care systems calls for a significant reduction in the number of targets so that health services have "time and space to lead".

- **Guidance and planning:** Alongside national targets, governments have often sought to drive performance through top–down guidance and planning requests. This often undermines the conditions for improvement by overspecifying, micromanaging and swamping local public services with excess requirements. They also result in significant local resource dedicated, not to driving transformation locally, but providing information to the centre.

- **Regulation:** National governments have introduced central regulators and inspectors for key public services. This includes the Care Quality Commission (CQC) in the NHS and social care system and Ofsted in the education system. These bodies use data collections and inspection to provide ratings of performance and reports which are available publicly. These ratings are often used as the basis of regulatory actions – such as enforced change of leadership, fines or legal action – which have been criticised for a 'blame' culture.

However, as we have set out in this paper, this has not proven an effective way of achieving the desired aims of policy.

We argue that instead we should be seeking to create an 'enabling centre'. This does not mean being weak on standards, letting go or simply hoping for the best. Instead, it means rebalancing the levers used to drive improvement. The centre takes on an enabling role that equips local providers, leaders and staff with the skills and capabilities to drive forward improvements in local services. A new failure regime is needed – based on support and capacity-building, not blame and shame.

As set out already, the centre should shift away from setting targets and instead set out a small number of cross-cutting missions. It should then let local partners focus on delivery, with much reduced central planning or compliance. This could lead to a reduction in staff in the centre, alongside a growth (and a freeing up) of staff in local government and on the frontline (the opposite of what we have seen in recent years, as demonstrated in figure 3.4).

FIGURE 3.4: THE PUBLIC SECTOR WORKFORCE HAS BEEN CENTRALISED IN THE PAST DECADE

Local (green) and national (purple) public sector employment in millions, 1999–2020
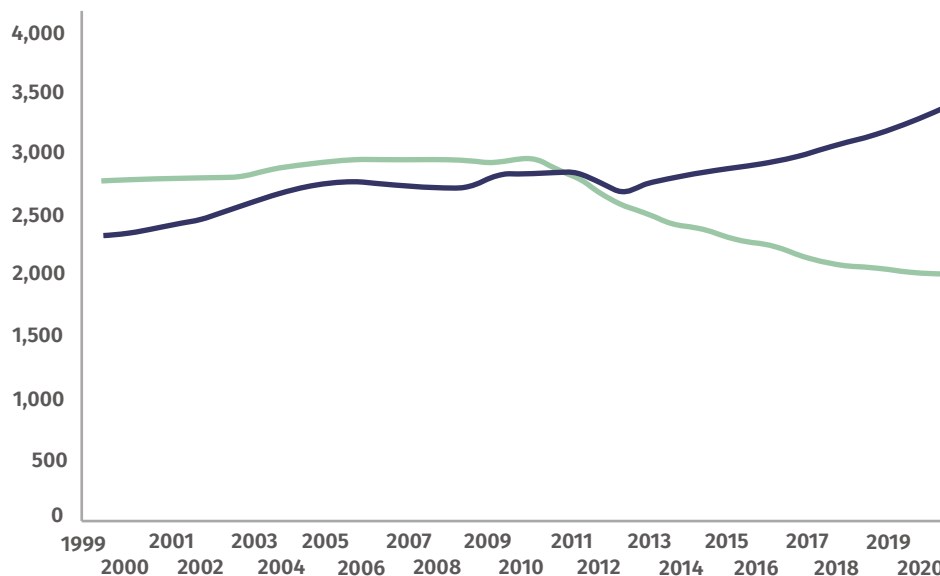
Source: Thomas 2021

These shifts should be combined with reform to regulation. Regulators and inspectorates should increasingly be improvement-focussed and smart, meaning data-led, with inspections used to gather more nuanced qualitative information where needed. Regulators should use a balanced scorecard approach that takes into account the metrics set out in the mission dashboard and avoids giving single ratings or scores. Their focus should be on providing detailed understanding of performance across the country.

This paring back of top–down controls should follow building up the capacity of public services to improve their performance. The highest-performing public services – and the best companies in the private sector – create a culture of learning, improvement and innovation. As we have set out in earlier sections, this cannot be mandated from the centre but needs instead to be built within services.

Based on our interviews and the extensive literature on organisational transformation we argue that policymakers should focus on two key levers to achieve this:
1. better use of evidence
2. learning systems to improve and innovate.

Unleashing an 'evidence revolution' across government

At the heart of a learning system is a commitment to understanding what is and isn't working in order to spread the former and push out the latter. For this to happen, learning systems need to bring together actionable evidence and take it to practitioners in ways they can use in day-to-day decision-making. The emphasis should be on what is known, to what degree of certainty, and what this means for implementation. In other words, evidence to inform action.

We are part-way through a shift to using more evidence in public services. But our system still suffers from "evidence neglect" which is hampering the

effectiveness of government (Marteau 2022). Only 8 per cent of government spend on major projects have robust evaluation plans in place (NAO 2021a). Government rarely commissions evaluations of previous government strategies or learns from policy failures, as seen in obesity policy (Theis and White 2021). Much evidence that does exist remains inaccessible to policymakers in academic journals (Wilson and Kislov 2022).

There have been some recent efforts to correct this, including the What Works network (see table 3.4). These evidence bodies have made a positive contribution through synthesising and sharing evidence. But this capacity needs to be developed further to fill gaps and meet the scale of demand (see information box).

TABLE 3.4: OVERVIEW OF NINE CORE MEMBERS OF THE WHAT WORKS NETWORK[8]

Organisation	Estd	Annual budget	Overview
National Institute for Health and Care Excellence (NICE)	1999	£55m	Added public health in 2006 and social care in 2014 Revenue budget from DHSC Focus: improve health and wellbeing by putting science and evidence at the heart of health and care decision-making
What Works Centre for Wellbeing	2014	£900k	Founding £3.5m over 3 years from range of funders (eg BT) Mixed funding model (eg DCMS, foundations, consultancy) Focus: develop and share robust and accessible wellbeing evidence to support decision-making
Education Endowment Foundation (EEF)	2011	£52m	Founded by the Sutton Trust + Impetus Founding grant £125m (to be spent 2011–16) has generated £250m in leverage Re-endowment £100m in 2022 from DfE Focus: tackle education attainment gaps through supporting schools, nurseries and colleges to improve teaching and learning for 2–19-year-olds
Foundations	2022	£18m (WWCSC) £2.7m (EIF)	Created from 2022 merger of What Works for Children's Social Care and the Early Intervention Foundation Focus: vulnerable children through generating and championing actionable evidence that improves services to support family relationships
Youth Futures Foundation (YFF)	2019	£11m	Established in 2019 Budget: £90m endowment from the Reclaim Fund (dormant assets) plus another £20m in 2022 Focus: improve employment outcomes for young people from marginalised backgrounds
What Works Centre for Crime Reduction	2013	n/a	Hosted by the College of Policing (arm's length professional body of policing) Focus: collect and share research evidence on crime reduction and support its use in practice

8   There are also three affiliate organisations (Youth Endowment Fund, the Money and Pensions Service and the Centre for Transforming Access and Student Outcomes in Higher Education (TASO)) and one associate organisation (Wales Centre for Public Policy).

Centre for Homelessness Impact	2018	£1.5m	Established by Crisis and Homelessness Network Scotland Focus: evidence-led change to enable those working in and around homelessness to achieve breakthrough results
What Works Centre for Local Economic Growth	2013	n/a	Hosted by LSE with Arup and Centre for Cities Funded by ESRC, DBT, DLUHC, DfT Focus: to make local growth policy more cost-effective, through better use of evidence and evaluation
Centre for Ageing Better	2016	£6m	Funded by National Lottery Community Fund £50m endowment over 10 years Focus: tackle ageism and take action to reduce the inequalities people experience as they grow older

BOX 3.6: WHAT'S WORKED?

The What Works Network launched in 2013 to enable spending and practice in public services to be informed by the best available evidence. There are 13 members of the network which collate and synthesise evidence, assess its effectiveness, commission new evaluations, share findings and support their use in decision-making.

The What Works Centres (WWCs) vary in scale and capacity with four key outstanding issues.

- **There are gaps in the coverage of WWCs:** WWCs cover some of the major areas of public services (eg health, education, crime) and some of the key cohorts (eg children and families, older people). But some issues do not have a WWC (eg adult employment and skills) and other issues lie outside existing remits – for example, the newly merged WWC on children and families focusses (only) on interventions that support family relationships.
- **Where WWCs exist, demand for evidence outstrips supply:** the smallest WWCs (eg wellbeing, local economic growth) and medium-sized WWCs (eg ageing, youth employment) are unlikely to be meeting the evidence needs of their sectors. Large WWCs also have less well-developed parts of their remit (eg social care in NICE).
- **The focus on rigour can be a barrier:** the quality bar for evidence used by WWCs has been so high it can fail to equip decision-makers with the best available evidence (Frontier Economics 2022). Randomised control trials are neither possible nor proportionate in all cases (Corry 2022). WWCs also need to respond to calls for equitable evaluation that involves a greater diversity of voices, especially minoritised voices.
- **WWCs need greater focus and capacity on evidence deployment:** the skills and priorities of WWCs have tended towards generating and synthesising evidence, more than uptake and use (Gough et al 2018). This is an issue of capacity and capability. WWCs should be more demand-driven – working with policymakers and practitioners to understand what evidence is needed and what support they need to use it (Abdo et al 2021).

As well as bringing together evidence to inform action, public services need to be able to generate data of effectiveness more easily. Data labs open up administrative data so that charities, funders, government bodies and others

can better understand the impact of their work. They do this by enabling the impact of an intervention to be compared with a matched control group without the need for a full randomised control trial (see case study).

CASE STUDY 1: JUSTICE DATA LAB

The Justice Data Lab was set up in 2013 by the Ministry of Justice (MoJ) with support from New Philanthropy Capital. It is a free service to help organisations that work to reduce reoffending to access government data so they can better understand the impact of what they do. It is intended for voluntary, community and social enterprise organisations but is also available to the public and private sectors.

Organisations can provide details of offenders they have worked with to the MoJ and receive a report on the reoffending rate, frequency of offending and time to reoffending for their group compared to a matched control group of offenders with similar characteristics. The difference in outcomes between the two groups is a measure of the impact of the programme. The service makes it possible to establish how effective a reoffending programme is, without the cost, time and other challenges of undertaking a full randomised control trial.

Sources: Piazza et al 2019, Clinks 2014

Strengthening the evidence infrastructure for public services will take greater coordination and investment combined with clear demand from decision-makers in government. The recent HMT Evaluation Taskforce is a positive step forward and should be built on. The following three reform priorities are recommended as part of this agenda.

Government should strengthen What Works Centres to meet evidence demand from public services.

Each sector should have a What Works Centre that is well funded, has a broader approach to evidence (beyond RCTs) and more focus on evidence deployment. The aim should be to enable the best available evidence to inform action, working closely with improvement bodies to ensure evidenced interventions are implemented at scale. Government should review the coverage and capacity of WWCs against public services and government priorities to address gaps. This could be done through an independent review followed by targeted investment alongside other funders. In addition, government should resource data labs for every public service making it easier for charities, funders, government bodies and others to use administrative data to measure the impact of interventions.

Learning, innovation and improvement

Evidence is important but cannot drive performance alone. This also requires us to invest in and build the capacity and capabilities for learning, innovation and improvement. These practical, on-the-ground skills enable public services to put evidence into practice and improve how they work to create better outcomes. Improvement often involves teams identifying challenges within their services and working together, with citizens and external partners, to design, test and refine solutions. These processes usually follow a well-established cycle (see figure 3.5).
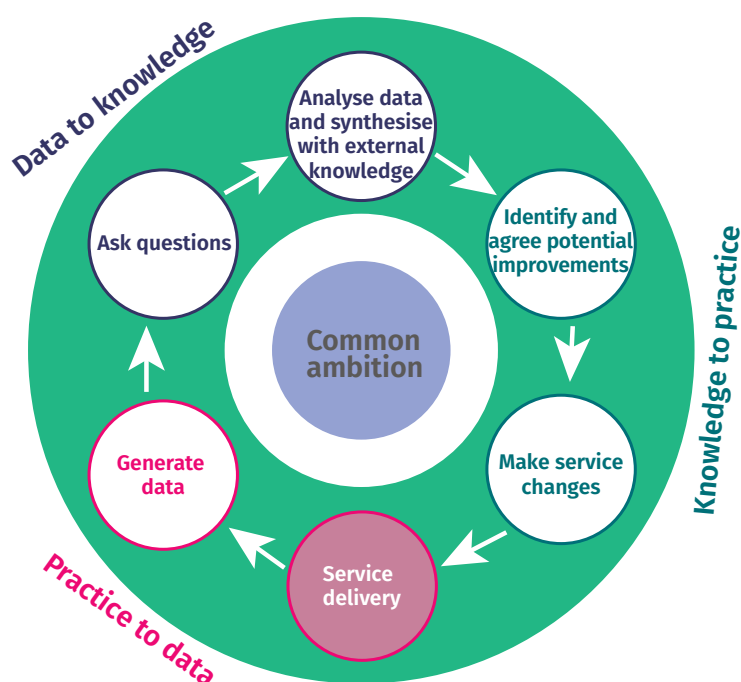
Source: Hardie et al 2022

Some of the best providers across the public sector – in this country and globally – have used learning, innovation and improvement to drive higher performance. There are also improvement organisations in this country and worldwide with the remit to improve the performance of public services (see case study 2).

CASE STUDY 2: INSTITUTE FOR HEALTHCARE IMPROVEMENT (IHI)

The Institute for Healthcare Improvement is a US-based improvement organisation that works globally to improve health and healthcare. It is an independent not-for-profit which was founded on work led by Donald Berwick and others in the 1980s to redesign healthcare into a system without errors, waste, delays and unsustainable costs. IHI uses improvement science which is multidisciplinary drawing on clinical science, systems theory, psychology, statistics and other fields.

IHI runs collaboratives which are intensive frontline networks of learning to achieve improvements on specific topics, such as patients with complex needs or primary care teams. Collaboratives involve teams from a variety of organisations working with each other and IHI faculty to rapidly test and implement changes that lead to improvements. The Institute also runs training, professional development, develops resources and tools, and builds networks and partnerships.

IHI is also well known for its thought leadership, including the Triple Aim of simultaneously improving the health of the organisation, enhancing the experience and outcomes of the patient, and reducing per capita cost of care. It has influenced the set up and development of Healthcare Improvement Scotland.

Source: www.ihi.org

But overall, the capacity of the system in England to undertake improvement at scale is limited. We must invest in this, including:

- **Data and analytics:** Data and analytical tools help organisations and systems identify problems, test solutions, understand what works and intervene earlier. This requires an investment in data analytics capability. Previous reviews of the public sector have found that data, tech and analytical capacity is patchy and underdeveloped and is a barrier to creating learning systems.

- **Design and deliberation:** The best services are built on the insights of people using them and delivering them. Design methods, such as service design, create joined-up, user-centred services with smooth end-to-end journeys. Services which are co-designed with citizens and frontline staff can better meet operational needs and increase citizen satisfaction.

- **Learning and change management:** Learning and improvement needs senior commitment to create the conditions, unblock barriers and champion results. The most innovative organisations and systems have empowering leadership, use change management techniques, have an improvement mindset, strong social connections within and between teams – that encourage collaboration and allow learning to be shared – and staff training, support and permission to suggest new ideas and solve issues.

It is challenging to create time and resources for these approaches, particularly when services are under-resourced and facing significant demand pressures. However, some public services are building improvement capacity so that they can tackle these challenges. For example, using data and design to create proactive services that reduce unnecessary demand by preventing crises (see case study 3).

CASE STUDY 3: HERE TO HELP AND LOTI

Hackney Council combined data analytics, digital tools and design work to create a link worker model called Here to Help. The preventative service has supported residents with multiple disadvantage by reaching out earlier (before a crisis) and making it easier for them to get support (rather than multiple referrals).

Some of the key elements have been as follows.

- **Design with citizens and frontline staff:** to understand what would work for both residents and staff and incorporating these insights into the model.
- **Workforce development:** staff are supported to build skills in high-trust relationships and being trauma-aware and culturally sensitive. They have on-going development including peer support.
- **Data analysis:** the council analysed across several datasets to identify 700 council tenants, over the age of 70, living alone, who had not booked a repair for more than two years.
- **Relational outreach:** link workers made contact with this group – using a question about repairs as an opening to a wider conversation about health and wellbeing.

As a result, Link Workers have been able to support tenants with issues like benefit claims, rent arrears and isolation. These conversations have helped prevent issues deteriorating, and have connected residents to support from the council and wider community.

The project was supported by the London Office of Technology and Innovation (LOTI) which is a regional improvement organisation funded by local and regional government in London. LOTI helps London borough

councils and the Greater London Authority to use innovation, data and technology to improve. It builds capacity, shares knowledge, encourages collaboration and supports boroughs through specific projects.

Source: LOTI 2021 and www.loti.london

To improve the performance of public services, government should invest in building the learning, innovation and improvement capacity across the system. Each public service system has a different starting point and set of needs (see box 3.7). However, three elements can be adapted to suit different public services.

- **National improvement capacity:** a national improvement body or team that provides overall strategic direction, coordinates across the system, shares learning, identifies gaps and supports the development and deployment of local improvement capacity. This capacity should be developed in partnership with the relevant sector and be sufficiently resourced to match its remit.

- **Sector improvement capacity:** public services should be supported to develop their own improvement capacity for in-house support and to support the improvement of their peers, including those with performance challenges. This should build on existing sector capacity, such as peer-based improvement in local government, and can include a range of organisational models, for example not-for-profit trading services in local councils.

- **Independent improvement capacity:** there is a valuable role for independent providers to provide external support and staff capacity-building. The market should be managed to avoid profit-extraction and enable a diverse set of providers including foundations, not-for-profits and social enterprises.

BOX 3.7: IMPROVEMENT SYSTEMS ACROSS PUBLIC SERVICES

The improvement system for each public service should be designed with sector and citizen input and build on the strengths of what is already there. Each public service has a different starting point, culture and set of needs, for example:

- **NHS:** has a relatively well-developed improvement system compared to other public services. NHS England has recently launched NHS IMPACT as a single, shared NHS improvement approach. Integrated Care Systems (ICSs) could play a valuable role in providing improvement support at the local system level.

- **Social care:** is part of local government's sector-led approach including peer reviews (which are valued as being less 'damaging' than formal regulatory visits). But the system has been found to be under-resourced and have low visibility and coherence (Cream et al 2022).

- **Policing:** is in need of further improvement capacity and new models of improvement. The Casey Review of the Metropolitan Police found a lack of improvement strategy, plans or culture.

- **Education:** Multi-Academy Trusts have in-house improvement capacity. But the coverage and quality of this varies. Smaller trusts and maintained schools may not be getting enough improvement support.

- **Early years:** includes local authority early years improvement teams, but there are challenges of remit and resourcing in a highly fragmented market.

Each improvement system should – through a mixture of national, regional, local and independent capacity – be able to provide.

- **Proactive support:** to services on an ongoing basis, including regular check-ins, improvement strategies, capacity-building (such as leadership development), learning networks (to build capacity and spread good practice) and tools (for instance checklists of evidence-based improvements) – see case study 4.
- **Responsive support:** to respond to signs of deteriorating performance in individual services, including those raised by the relevant regulator or inspectorate. This should provide wraparound, hands-on support to plan and implement improvements. Improvement support should be tried before resorting to a regulatory-led 'failure regime' – see figure 3.6 below.

CASE STUDY 4: LEARNING FROM THE LONDON CHALLENGE

The London Challenge was a successful secondary school improvement programme between 2003–11 which aimed to raise standards in the poorest-performing schools, narrow the attainment gap between pupils, and create more good and outstanding schools. The total cost was £80 million over eight years.

The performance of London schools over the decade increased dramatically. By 2010 Ofsted rated 30 per cent of London schools as outstanding compared with 17.5 per cent nationally and very few schools fell into the bottom categories. The improvement included the poorest pupils and narrowed the attainment gap.

Wider changes were happening in London at the same time, including economic growth at a higher rate than the rest of the UK, but several evaluations support the conclusion that the programme was a significant driver. The main elements that made the London Challenge effective were as follows.

- **Evidence base:** the programme built on a substantial research base on school improvement which included effective leadership, networking and collaboration.
- **Trust not blame:** the most effective aspect of the programme seemed to be that schools felt trusted, supported and encouraged, rather than blamed for failing. Head teachers and teachers felt more valued, more confident and more effective. They were also involved in the programme design.
- **Tailored support:** support was individualised in the most disadvantaged schools.
- **Data and learning:** ongoing innovation and learning was enabled through the systematic use of data. Schools were supported to develop data skills.
- **Sufficient time and funding:** follow-on programmes in Greater Manchester and the Black Country had more mixed results which has been attributed to these programmes having less funding and only running for three years. As a result, the follow-on programmes did not include all the design features of the original programme.

Drawing on insights gained from the London Challenge, the North of Tyne Combined Authority has co-designed an Education Improvement Programme with education leads in each of its constituent authorities. The programme has been shaped by inputs from the local research school, teaching school hub, universities, other key stakeholders within the sector, and, significantly, local schools.

Sources: Kidson and Norris 2014, King's Fund 2015, Hutchings et al 2012

Instead of relying on top–down control we make the following recommendations.

Government should invest heavily in the capacity of the public sector in order to becoming the 'world's largest learning organisation'.

Government should invest in new improvement organisations, or tool up existing organisations where they are already in place. The balance between national, sector-based and independent provision will vary between public services. The overall 'learning system' for each public service should equip public services with the leadership, skills, networks and data they need to be high performing. The learning system should include innovation capacity to test, spread and evidence new approaches to improvement and innovation – that look at both 'what works' and invest in finding out 'what could work' (Quilter-Pinner et al 2023).

Government should create a new 'failure regime' for public services. When regulators identify the need for improvement in local places/providers, these improvement organisations should work with local leaders and offer support.

This support should respond to local need, be collaborative and build local capacity. Support should include:

- **Data and analytics capacity** to understand what is driving performance problems.
- **Change management capacity** to support local areas to make changes to turn performance around.
- **Support for leaders** including professional coaching and peer support from areas that have gone through similar change.

The centre should take a 'whatever it takes' approach to supporting local areas that are struggling, offering an open conversation about:

- **Additional resources:** Access to additional funding where they can demonstrate that this will unlock improvements in performance.
- **Additional powers:** Ability for local areas to use powers to drive change in places (for example on targets, local pay allowances, and so on).

Only when this improvement approach is deemed to have failed should improvement organisations pass back to regulators to consider the harder levers of regulation. This process – of supporting areas struggling with performance – is set out in more detail in figure 3.6 below.

Step 1: Early warning

Regulator or inspectorate monitors data and identifies early signs of deteriorating performance.

Step 2: Improvement team

Regulator or inspectorate passes over to the improvement team who work with local areas to make a recovery plan.

Step 3: Build capacity

Improvement team works with local organisations to build local capacity and brokers extra funding, or powers needed to unlock improvement.

Step 5: Exit improvement

If performance is improving, improvement support can be reduced. Only if still failing would it be handed back to the regulator.

Step 4: Monitor progress

Local teams and improvement teams monitor progress and make decisions at 6-month and 1-year milestones.

Source: Authors' analysis

STEP 5: DEVOLVE POWER

The UK is one of the most centrally governed of any liberal democratic state. A system often described as Westminster power-hoarding (Richards et al 2019). This is particularly the case in England where, compared with other countries in Europe and the OECD, the UK government plays an 'abnormally expansive and determining role' while subnational institutions have limited scope and are comparatively weak (Newman and Kenny 2023).

FIGURE 3.7: TRIPLE DEVOLUTION OF POWER

Places

Professionals

People and communities

Source: Authors' analysis

This has been long recognised, and while devolution has been pursued over the past 15 years, England remains centralised with many areas not benefiting from recent devolution agendas. The next phase of public service reform should devolve power more systematically, so that decisions are taken as close as possible to the people affected by them – particularly for issues that are complex and require human relationships, such as child development or social isolation (Comer-Schwartz et al 2023).

There should be a triple devolution of power – to places, to professionals working in services, and to people and communities.

1. Devolve power to places

Successive governments over past decades have reformed and re-reformed local and regional governance. The last Labour government created the Devolved Administrations, the Greater London Authority and legislation which allowed combined authorities in England. Since 2010 the focus has been on tranches of city deals followed by combined authorities, mostly headed by a directly elected mayor. A majority of the English population are now covered by some form of devolution deal, which vary significantly in scale of ambition.

However, UK government reform of English governance over recent decades has been disjointed and unstrategic (Kenny 2019). There have been a stream of new bodies and initiatives, many of which have been undone or altered by successive governments on a tug-of-war basis (Newman and Kenny 2023).

The result is a complex mix of local governance bodies with different boundaries, powers and confusing lines of responsibility and accountability (Richards et al 2022). Some have a clear economic geography, while others do not. Some feel like abstract administrative boundaries rather than areas with a shared identity. There are places – particularly rural and coastal – which fall outside of devolution deals.

Additionally, since 2010, the push for greater devolution has been happening at the same time as a hollowing out of local government. The budget for local government has been reduced by nearly 60 per cent since 2010 (Newman and Kenny 2023). The recent spike in Section 114 notices in local government – used to declare effective bankruptcy – indicates the level of financial distress.

So, while there is significant momentum across political parties towards devolution in England, the current state of play is uncoordinated and contradictory.

One of the major arguments for increased devolution is to address regional imbalances in economic growth. The UK is the most regionally unbalanced large, advanced economy (Johns and Hutt 2023). Regional divides in productivity, incomes, job creation, unemployment and educational outcomes continue to grow (Johns and Hutt 2023) and there is some evidence that devolution can help address this (Stansbury et al 2023).

Beyond economic growth, devolution operates at a scale at which preventative, personalised and productive public services are more possible (see case study 5). A study of Greater Manchester found the region had better life expectancy than expected after devolution – with a likely explanation that devolution enabled coordination across sectors which positively affected the wider determinants of health (Britteon et al 2022).

CASE STUDY 5: UNIFIED PUBLIC SERVICES IN GREATER MANCHESTER

Greater Manchester Combined Authority (GMCA) has developed a regional approach to public service reform called the 'GM Model' which seeks to break down silos between services to create preventative, place-based and person-centred support.

Devolution has enabled greater integration across public services including health, social care, early years, education, police and community safety, housing and employment. For example, by removing some barriers to integrated commissioning and enabling pooled budgets. Integration has happened at the neighbourhood level (of 30–50,000 population) where frontline staff work together to meet people's existing needs and prevent future needs – by working with those at risk or approaching crisis, including people who do not meet the threshold for specialist services. The GM model has been built with citizens and staff input and focusses on 'trusted relationships' within and across both groups.

Within Greater Manchester, Manchester City Council has introduced Early Help hubs to provide proactive, strength-based early help, including intensive key worker support for those who need it. An evaluation of the approach since 2014/15 has found progress across 22 metrics and a cost–benefit ratio of £1.90 for every £1 invested. For example, 96 per cent of families who received an offer of early help had no further interaction with social work teams for 12 months and rates of persistent pupil absence from school reduced from 30 per cent before the family received support to 12 per cent afterwards.

Sources: Greater Manchester Combined Authority 2019; Comer-Schwartz et al 2023

This is consistent with the wider evidence base that indicates devolved policymaking can better address local problems because it can coordinate policies more easily, make better use of local knowledge and assets, and have stronger dialogue with stakeholders (including business and civil society) (De Vries 2000; OECD 2019a). The result can be effective place-based policies, higher-quality public services, better allocative efficiency and innovation (OECD 2019b). Indeed, some public services may be ungovernable – in a person-centred way – at the scale of England.

In this context, the recent Trailblazer deals in Greater Manchester and the West Midlands are significant and welcome. They give greater funding certainty and flexibility through a single funding pot over a whole spending review period. The deals expand local responsibilities in transport, skills, housing and retrofitting. There are no additional revenue-raising powers, but the authorities can retain business rates for another 10 years. These deals should be built on and expanded further.

Integration is much more manageable at the devolved level and can join up public services which are siloed at the national level. Several areas of policy are promising to devolve further out of Whitehall including criminal justice and skills.

- **Criminal justice:** an integrated offender management system at the mayoral level could include devolved probation services and custody budgets to focus on effective rehabilitation (Morris 2016). This could include mayors taking on responsibility for short-sentence, young and women offenders. Local justice and rehabilitation boards could jointly commission services.

- **Skills:** there is evidence that skills policy is best delivered locally in coordination with other interventions (Bernhardt & Kaufmann-Kuchta 2022; Dromey & McNeill 2017). Trailblazer powers should be extended to all mayoral combined authorities and, beyond this, further integration should be enabled between skills, training and employment – for example, careers advice and business support. Mayors should have further powers to mandate and compensate employers to release workers for retraining (Round 2018).

But, as we know, devolution is more than a matter of organisational structures. It is also about power and politics. Local areas need to be responsible for policy failure or success and, critically, have the resources they need to do this (Rodriguez-Pose and Vidal-Bover 2022). This requires a shift in national role for ministers and government departments – from controller to enabler – supported by effective scrutiny and assurance. In turn, sub-national leaders should have opportunities to influence national decision-making.

The Commission on the UK's Future, led by Gordon Brown, has set out recommendations to shift power from Whitehall and Westminster, including requirements for decisions to be taken as locally as possible, for central government to respect the autonomy of local government and for local government to have new fiscal powers and the power to initiate local legislation (Labour Party 2022).

Local and regional leaders should have greater representation in shared decision-making at the national level. This could be through bringing together elected mayors, for example in an English Devolution Council or National Mayors Association (Kenny and Newman 2023; Hawksbee 2022) or convening a wider group of local government, metro mayors and central government in a Council of England (Labour Party 2022). Regional and local government input will also be important for national missions which will rely on local and regional activities to succeed.

We recommend the following actions to enable government to pursue meaningful devolution.

Government should establish an independent commission on English governance and a 2030 devolution commitment (Newman and Kenny 2023).
This would seek to develop a cross-party and long-term commitment for devolved government across the whole of England, including completing the devolution map by 2030 (recognising that different areas will want to pursue this at different pace and with different governance arrangements). The commission should consider forums for shared decision-making, revenue-raising powers, and further powers to devolve including criminal justice and skills. The public should be engaged in this work so that it is based on a clear understanding of citizen views.

Government should introduce legislation that enshrines the core powers and autonomy of local government in legislation.
This legislation, which has been called for by many including the Local Government Association and the Brown Commission, would set out the powers and responsibilities of both local and devolved governance in England along with a framework for central–local relations. This legislation would update and consolidate current primary and secondary legislation, some of which is bespoke to individual devolved areas. Legislation of this kind should provide a longer-term approach to central–local relations that reduces policy instability while retaining flexibility to adapt to new circumstances.

Government should introduce a mechanism for local leaders to be involved in national decision-making.

In the first instance mayors and local government leaders should be invited onto Mission Councils and Taskforces where they are key partners in delivery. This will ensure missions reflect regional and local considerations and build greater shared commitment to national missions. Further shared decision-making should be agreed by the independent cross-party commission on English governance. They should aim to build feedback loops between national and local government so that local government can influence policy, not just deliver it (Comer-Schwartz et al 2023).

Government should give longer-term funding settlements for local government of three to five years (Comer-Schwartz et al 2023).

These longer-term funding settlements should be linked to national missions. They should provide greater funding certainty combined with an opportunity to agree the outcomes and objectives under each mission, while giving local government greater freedom over how these are achieved.

2. Devolve power to professionals

Devolving power to places is insufficient unless power in these places is also devolved within services to the workforce. This shift can be understood in terms of moving from a 'Fordist' approach to workforce deployment to a 'Relational' one (see figure 3.8).

In the 'Fordist' model relatively low-skilled workers are instructed and incentivised to follow task specifications which lead to transactional interactions with citizens and a lower motivated, higher burnout workforce. In a 'Relational' approach the focus is on building high skill levels and high motivation with which to drive innovation and build relationships. This shift is particularly important in public services which are dealing with complex, multidimensional issues that require trust and problem-solving to resolve.

FIGURE 3.8: A 'FORDIST' AND 'RELATIONAL' APPROACH TO WORKFORCE
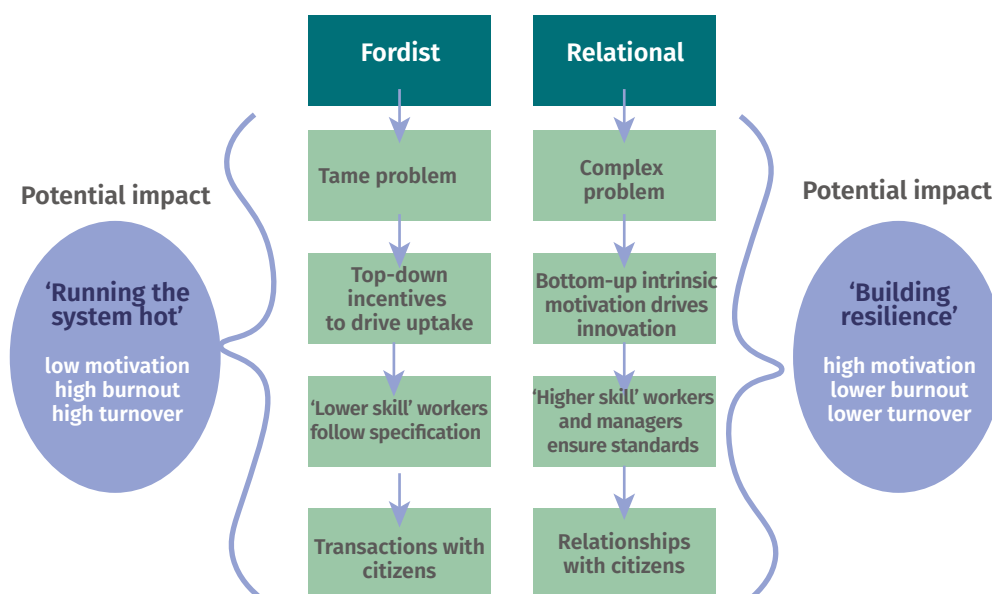
Source: Authors' analysis

This shift of focus is important because workers who feel they have autonomy at work are more motivated – and a motivated workforce helps to drive productivity. Autonomy is therefore now recognised as probably the most important core need in the workplace (Van den Broeck et al 2016).

Staff autonomy does not mean 'anything goes'. The framework below (table 3.5) sets out different combinations of autonomy and alignment; in other words, the balance between individual autonomy and shared organisational purpose.

TABLE 3.5: ACHIEVING 'ALIGNED AUTONOMY' SHOULD BE THE GOAL OF PUBLIC SERVICE PROVIDERS

	Low autonomy	High autonomy
High alignment	Authoritative conformity	Innovative collaboration
Low alignment	Micromanaged indifference	Chaotic experiment

Source: Worth 2020

This framework argues that authoritatively establishing conformity (top left) can achieve good outcomes in the short term but lead to higher staff turnover and greater medium-term challenges. While high staff autonomy without organisational alignment (bottom left) leads to a chaotic culture in which all staff are experimenting without a coherent direction and value is lost. The ideal is to combine high staff autonomy with high organisational coherence and alignment to create a culture of innovative collaboration (top right). This needs a compelling overarching vision, meaningful staff involvement and interventions that ensure high-quality skills and training, such as licences to practice, so that staff are equipped to perform well.

Workforce autonomy in public services
If staff are burdened with a compliance culture that over specifies and micromanages this undermines their morale, motivation and engagement. When this happens, public services lose an essential component of high-performance organisations – a motivated and engaged workforce. Tacking this means reducing 'priority thickets' in which frontline staff are expected to meet so many different (and often conflicting or competing) requirements that they are unclear what they are doing and why (Berwick 2013). Since 2010 there have been moves to reduce top–down requirements on staff, with the removal of some targets and a reduction in the use of statutory instruments. But day-to-day service delivery is still often governed by detailed ministerial guidance (Barnett et al 2021).

Workforce autonomy also goes beyond reducing top–down requirements. Autonomy is improved when the following three issues are addressed (West et al 2020).
• **Empowerment and influence:** Staff have real influence and voice in decision-making, innovation and working conditions.
• **Justice and fairness:** Staff work in just and fair workplaces with psychological safety, equity, diversity and inclusion.
• **Working conditions:** Staff have working conditions that support physical wellbeing and have the resources and time to properly rest, and to work safely, flexibly and effectively.

These elements reinforce the 'good work' agenda set out earlier. They also highlight the importance of worker 'voice' in creating a high-performing organisation. Worker voice can be incorporated at the:

- **Organisational level:** so that staff can influence how organisations are run and how services are designed and delivered. There are many different forms including shared governance models, frontline-led innovation (see box 3.8) and self-managing organisations without middle management. The self-managing Buurtzorg model of social care in the Netherlands provides higher-quality care at a lower cost (Prabhu 2021).
- **Team level:** such as a 'self-organising' team which is supported to allocate work between themselves. For example, self-organising casework teams at the Independent Office for Police Conduct had higher productivity and job satisfaction (NAO 2021b).
- **Personal level:** such as being able to shape one's own professional development. This can, for example, improve teacher job satisfaction and retention (Worth 2020).

BOX 3.8: SHARED GOVERNANCE

The aim of shared governance is to open up decision-making in organisations so that a range of stakeholders – and particularly workers – can have a voice in how an organisation functions. The aim is to draw from the talents and ideas of many rather than a few and, through that, build respect, trust, dialogue and an engaged and motivated workforce. Implemented well it can reduce staff turnover and improve retention.

Shared governance has a long history from the eighteenth century onwards and is recognised in business management. It can take different forms, for example.

- **Shared decision-making:** in which frontline staff (such as nurses) are involved in and accountable for decisions that affect their practice and professional standards. This often involves a flat leadership structure and/or structures such as 'practice councils' which enable frontline staff to identify and resolve issues relating to their service and work environments.
- **Elected board members:** where workers elect representatives to sit on the board of their organisation to contribute to decision-making as a full member. There have been recent calls for this in business sectors, but it can also be applied to public service organisations.

Nottingham University Hospitals NHS Trust has a model of shared governance in which nurses, midwives, allied health professionals and other frontline staff are supported in teams (called councils) to identify issues to resolve and develop solutions.

"Shared governance is probably the most impactful way of doing things that I have seen in my NHS career. Staff can instigate change and take ownership of their environment and their work, working collaboratively across the organisation, and in doing so they develop confidence and skills."

Mandie Sunderland, Chief Nurse, Nottingham University Hospital

Source: West et al 2020

Government should promote worker autonomy within public services to improve services and engage and motivate staff. There are many different ways to achieve this, but we recommend the following first steps.

Government should reduce excess top–down requirements by stripping back overspecified guidance and unnecessary targets.

Compliance-based requirements should be minimised to a core set of clear non-negotiables that are developed with the relevant sector. These should become a priority focus for proactive support from the improvement system which should provide hands-on practical support to local services to achieve these requirements using evidence-based methods wherever possible.

Government should introduce shared governance models in public services to give workers a voice.

This includes provisions for workers on boards in public services so that every local public service has worker input into how the organisation is run. Shared governance models should be introduced in consultation with the relevant sector to ensure they foster, rather than undermine, trust and collaboration between employees and managers. For example, 'worker boards' to contribute to corporate governance alongside existing executive boards (Patel et al 2023).

Improvement bodies should spread the use of improvement methods that involve frontline staff (and citizens) to improve service performance.

Public services should have in-house improvement capacity that builds staff motivation, improves ways of working and creates networks of staff with an improvement mindset and skills. These improvement processes should enable well-evidenced approaches to be implemented alongside testing new approaches where needed. They should be accompanied by leadership development support.

3. Devolve power to citizens and communities: 'voice not just choice'

Public services exist to serve citizens. However, there has often been a paternalistic relationship between professionals and citizens, which has been exacerbated by NPM approaches. Accountability has tended to flow upwards to Whitehall rather than downward towards citizens. Services have been 'done to' people without taking their views into account. While citizens have been defined by what is 'wrong' with them rather than by their potential. As a result, people using public services often feel disempowered, as shown by IPPR's qualitative work (box 3.9).

BOX 3.9: CITIZEN EXPERIENCE OF THE NHS, SOCIAL CARE AND SCHOOLS

People's experience of using the NHS, social care and schools shapes whether they receive an effective service, whether they continue to engage, whether they are involved in decisions that affect them and whether their wellbeing is strengthened or undermined. Yet service users confirm their current experiences of the NHS, social care and schools are often inconvenient, frustrating and disempowering.

In-depth qualitative work indicates that there is appetite from people using services to have more agency in these interactions. In health and social care, key themes included the following.

- People are frustrated but understanding about the difficulties accessing support, for instance accessing their GP.
- Good experiences of support are often focussed on personal interactions, such as feeling listened to and reassured in a one-to-one interaction with a professional.
- Many people are keen to take a more proactive role in managing their health, for example being respected for their expertise in their own life, working in partnership with services, developing a clear co-produced care plan.

- People want services to be responsive to their feedback and experience, for instance playing a greater role in helping to shape services provided it felt genuine and worthwhile.

"I like the idea of being a lived experience expert, because you'd feel like you have some sort of identity and purpose and a sense of belonging – you're sharing information based on your own lived experiences … you could ask challenging questions … you could influence future policies and commissioning."

Mental health session

In schools, young people want to have support and agency in their learning across school, home and community:

"Nurturing young people who understand their own agency, identity, power and responsibility in shaping and contributing to the world."

Yuna, student

Source: Goddard et al 2022, unpublished research conducted by Tom Pollard to inform Patel et al 2023

In recent decades politicians and policymakers have sought to change this. At the national level this has often focussed on consumer-based models of choice and competition. For example, allowing citizens to move between worse and better providers (usually combined with payment reform to allow money to follow the citizen). However, the results of the choice agenda have been mixed (see box 3.10).

BOX 3.10: WHY HASN'T CHOICE TRANSFORMED PUBLIC SERVICES?

Increasing choice means that citizens can choose between offers from competing providers that match their needs rather than just receive local services provided by the state (on a monopoly basis) (Lee et al 2021).

However, the results from using choice in public services in the UK and abroad have been mixed. Some studies have found a positive impact on performance and quality, but the effect is often small. While other studies find neutral or even negative impacts of choice, such as increasing inequalities.

The evidence suggests these mixed results are driven by a range of factors.

- **Lack of demand:** there is evidence in health that patients are loyal to local NHS providers which reduces take-up of choice (Lee et al 2020). Interestingly as choice grows this can also lead to choice overload. This was reflected in our qualitative work with patients who would rather their local provider was effective than needing to choose an alternative.
- **Lack of market exit:** choice between providers is usually dependent on the possibility of 'market exit' if market share shrinks too much. But in many cases this threat to lower-performing providers isn't real because of the risks of letting essential public services fail.
- **Lack of alternative providers:** choice being effective in driving up quality depends on having alternative providers to pick from. In health this has, in the past, led governments to increase choice by enabling patients to use private providers. However, this is expensive (it relies on a large amount of spare capacity in the system) and in some examples (rural areas) is not possible.

Source: Lee et al 2020 and authors' analysis

This evidence suggests that while there is a case for maintaining choice in our public service system, it is unlikely that this is going to be transformative. Particularly when combined with qualitative evidence that people do not conceive of empowerment in public services as choice between providers. Instead, they talk about wanting to have tools to take more control over their lives and have a greater say in how public services support them.

As a result, we argue that *voice* not *choice* should be the main focus of the empowerment agenda in public services over the coming years, which can be understood as three types of public service interactions.

- **Relational:** when citizens want an in-depth conversation or ongoing relationship in which they are heard, valued and understood, and which leads to tailored support and knowledge which builds hope, purpose and agency.
- **Transactional:** when citizens want an easy, seamless transaction with government which quickly resolves an issue, provides information or gives a decision they need. This is likely to be online, using personal devices and facilitated by technologies such as artificial intelligence.
- **Deliberative:** when a public service is not achieving an outcome and it is unclear why or where there is disagreement about how to achieve an outcome or what the outcome should be. In these types of circumstances deeper engagement with citizens and frontline staff can unearth insights which can improve public service design and delivery. Methods range from co-design processes to citizen assemblies.

Enabling these three types of interactions should help address the 'empowerment gap' in public services.

Enabling relationships

Relational public services give people voice and empower them to take positive steps in their lives, whether that is managing a long-term condition, getting a job or rebuilding their life after prison.

TABLE 3.6: SEVEN CHARACTERISTICS OF 'GOOD HELP'

	Good help characteristic	Description
1.	Power sharing	On an adult-to-adult basis recognising the expertise, agency and control that each person brings.
2.	Enabling conversations	That enable people to feel safe, hopeful and ready to take action for themselves.
3.	Tailoring	Helping people define their own purpose and plans, and responding to their individual needs.
4.	Scaffolding	Offering practical and emotional support that helps people to take action, then stepping back as they build confidence to continue taking action alone.
5.	Peer support and role models	Helping people develop relationships that inspire and sustain action over time.
6.	Opportunity making	Increasing opportunities and decreasing barriers for people to take action.
7.	Transparency	Sharing information and data between people and practitioners.

Source: Wilson et al 2018

Relational approaches seek to build people's capacity to act (Khan 2023). High-trust relationships are built with citizens which enable a holistic conversation about

their aspirations and priorities combined with support that enables them to take action. People feel heard, valued, encouraged and, importantly, in the driving seat of decisions that affect them.

Relational approaches are varied but tend to include some or all of the following characteristics of 'good help' (Wilson et al 2018). The characteristics draw on well-established evidence from psychology and behavioural science (including self-efficacy) as well as evidence from organisations (many in the voluntary and community sector) which work in relational ways.

The field of relational public services includes well-established approaches such as key workers, peer support, care planning and personal budgets which are still not being used to their full potential (Finnis et al 2016). There are also community-based models which are often influenced by community development. One example is Local Area Coordination in which a community coordinator works with people who may be at risk of needing formal services to explore community-based solutions (LAC Network 2019).

There is growing evidence that relational approaches to public services are effective at addressing current needs, and are also preventative by anticipating issues and reducing crises (see case study 6).

CASE STUDY 6: INTENSIVE EMPLOYMENT SUPPORT

Individual Placement and Support (IPS) is an intensive employment support model that has been proven to help people with health issues and disabilities to get and keep jobs. It has been found to be twice as effective as traditional employment support, based on randomised control trial data.

IPS is a relationship-based approach that builds on the principles of supported employment. It offers intensive, individually tailored support to help people choose and find the right job, with ongoing support – for employer and employee – to help them keep it. IPS is personalised and strength-based – it is designed to understand people's own employment goals and help them to achieve them.

The approach is supported by a growing evidence base that includes 27 randomised controlled trials. The approach has been found to create £6,000 of savings per person from fewer days in hospital and reduced rates of readmission. Cost-effectiveness studies show that for every £1 invested in IPS delivers a return of £1.41–£1.59. IPS clients have been found to sustain jobs for longer and earn more per hour. The approach is recommended by NICE as part of treatment and recovery.

The approach is now being rolled out across England by NHS England in mental health services; the Office for Health Improvement and Disparities in drug and alcohol treatment services; and the Department for Work and Pensions in primary care locations. It could also be adapted for people experiencing homelessness, prison leavers and military veterans.

Source: Picken et al 2021, IPS Grow 2018

Good transactions

Empowering citizens is also about freeing them up from inconvenient and slow processes. This is important to close the widening gap between people's day-to-day experiences – such as online shopping or banking – and their interactions with

public services. Digital public services can also replace inefficient, error-prone, manual work that require high staff input.

Digital public services have been estimated to take about half the time for citizens using the services, less than half the cost for companies using the service and about 60 per cent less case-handling effort through automated processing (Daub et al 2020).

At the national level initial progress was made with the original Government Digital Service (GDS), including a single digital front door to government (GOV.UK) and the digitisation of high-volume services like tax and driver licences. But there were also limits with this approach. The cost was found to outweigh the benefits in 10 out of 15 GDS projects (NAO 2017) and the citizen-facing parts of simple online services were prioritised without addressing legacy IT systems, poor data quality or more complicated services (NAO 2023a).

While momentum at the national level has been lost, digitisation has continued at regional and local levels in government, the NHS and other public services. Done well, digitised public services can be more convenient, accessible, integrated and also reduce stigma. In Sutton an integrated community-based mental health and wellbeing hub called Sutton Uplift is a partnership between the NHS, local voluntary sector organisations and private companies providing online talking therapies. Citizens can self-refer online and access a range of services from self-management courses to mental health treatments to peer support and welfare advice.

Some basic building blocks need to be put in place for citizens to benefit from digitised public services.

- **Digital front end:** public services should be accessible online where possible, making access possible from personal devices through apps, chatbots, text messages and video calls. These channels can be efficient and convenient ways for people to resolve simple issues (such as book appointments), register an issue for follow-up or provide feedback. For example, GOV.UK is trialling the use of chatbots to help people find information on GOV.UK pages (Trendall 2023).
- **Single points of access:** public services should have clear single points of online access so that citizens can get in touch easily and have their enquiry responded to by the appropriate team. These points of access should integrate services, streamline access and provide services online where appropriate.
- **Accessing data records:** people should have access to their full data records in public services. In health, people can access parts of their GP record (such as vaccination records, test results and prescriptions) but not diagnoses, consultations, letters between GPs and specialist providers (Coulter 2022). Concerns from clinicians that this will cause patients unnecessary anxiety or increase workloads have not been supported by experience in other countries (de Lusignan et al 2014).

Deliberative processes
Participatory and deliberative approaches to public services involve citizens (and frontline staff) in ways that enhance decision-making. There are four potential benefits to policymakers from using participatory approaches (Khan 2023).

- **Democratic dividend:** involving people in public decision-making can contribute to democratic values of legitimacy and justice. It can also create a 'direct mandate' from citizens to politicians and policymakers, particularly on polarising and/or long-term issues.
- **Accountability dividend:** involving citizens strengthens the social contract between government and citizens – and has been shown to increase trust.

- **Improvement dividend:** involving citizens can offer new insights into how public services should be designed, delivered and improved – with the potential for better and/or lower cost approaches.
- **Action dividend:** involving citizens can increase their commitment to taking action, such as improving their health and wellbeing.

Deliberative processes can take place at the local, regional or national level and can connect with each other to create a "civic engagement infrastructure" (Wilson and Mellier 2023). The aim should be to grow the scale and quality of public involvement through online and offline methods that are convenient, engaging and meaningful (Peach 2023). This includes the co-production of public services by citizens and professionals working together (see case study 7).

CASE STUDY 7: LIVING WELL SYSTEMS FOR MENTAL HEALTH

Living Well is a co-produced response to mental health systems that have failed to improve outcomes for many people. In England, about a quarter of the adult population regularly take drugs to control anxiety (Clark and Wenham 2022) and over a million people are on a waiting list for community mental health services (NAO 2023b). Yet there is broad consensus that the mental health system needs to shift to compassionate person-centred care that is preventative and community-based. The challenge is how to achieve this.

Some distinctive features of the Living Well model are:
- an 'easy in, easy out' approach in which people can self-refer and return to the service if needed
- flexible, person-centred support from a core multi-disciplinary team
- a wider network of services and groups offering practical and emotional support
- a strengths-based, recovery-focussed approach to supporting people
- support for people to achieve their own goals
- onward referral to appropriate support.

The Living Well approach achieves this through:
- **Participation as equals:** a non-hierarchical space – called a 'collaborative' – made up of people with lived experience, carers, staff, managers and leaders from health, council and voluntary sector organisations.
- **Co-design:** the collaborative develops a vision and values based on service-user experience and translates this into the design and implementation of new service models.
- **System leadership:** new service models are supported by multi-agency governance models and a revitalised role for leaders to support the new culture of participation, inclusion and collaboration.

The result has been more effective systems of adult community mental health in four sites across the UK – Edinburgh, Luton, Salford and Tameside & Glossop – building on the original work in Lambeth, south London.

On average, people who accessed Living Well experienced an increase of 0.13 QALYS (Quality Adjusted Life Years) at a cost of £800–1,160 which is below the relevant NICE recommended costs for a cost-effective intervention.

Source: Cordis Bright 2022

To close the 'empowerment gap' in public services and give citizens the voice they are calling for, we recommend that government takes the following steps.

Government should guarantee that people facing complex, long-term challenges have a 'good help' support package.

The support package should include a dedicated professional who provides coaching and support, a co-developed tailored plan and access to peer support and a personal budget. The package should use the seven principles of 'good help' to build people's sense of purpose, motivation and capacity to act. Government should also invest in existing relational models with high-quality evidence and identify high-potential models for development funding.

Government should ensure all key public services offer streamlined digital transactions for citizens.

Government should ensure citizens can access public services online through a single digital front door that provides an integrated, streamlined service. People should be able to access their full data records, book appointments, contact services, access key services, and feedback on services from their own devices including smartphones. This should be a priority within a full data and digital strategy that accelerates investment in technology in public services. This will require progress on digital infrastructure (including legacy systems), data join-up and data and digital skills (of both existing workers and new entrants). Technologies must be designed with citizen and frontline staff input.

Government should establish a national citizens' assembly and incorporate deliberative processes into policymaking by default.

The national citizens' assembly should feed into major new policies and be refreshed regularly to enable a rotating capacity of representative citizen input. Beyond this, policymaking and public service design should – by default – include deliberative and participatory processes which enable citizens to influence decision-making. This includes methods such as co-production, citizen assemblies and participatory budgeting. Improvement bodies should incorporate deliberative and participatory practice into the support they provide public services at the national, regional and local level.

4.
CONCLUSION: FIRST STEPS ON THE JOURNEY

The challenges facing an incoming government across public services will be significant. As we set out in chapter 1, historical improvements in access, experience and quality have come to a halt and in many cases gone into reverse. This is the result of a toxic combination of rising demand, constrained resources, misguided reform and the Covid-19 pandemic – though as our polling shows the public puts the blame squarely at the feet of the government (Quilter-Pinner and Khan 2023).

Our recent polling and citizens juries with people across the country shows that many increasingly feel despondent about the future of public services. They worry that services will not be there when they most need them. This is contributing to what many are calling the age of insecurity (Williams 2023). This despondency is fed by – and feeding into – a lack of faith in politics (Quilter-Pinner et al 2021). The big challenge of an incoming government is therefore to break the 'cycle of despondency'.

We argue that this will require bold action early in the parliament to achieve two things.

- **First, build the foundations for public service reform by reforming the state for recovery.** This has been done before. When New Labour came into government in 1997, they set about establishing a whole new public service infrastructure to drive through change including spending reviews, public service agreements, delivery units, setting targets and creating an architecture to deliver choice and competition. As set out in chapter 2 many of these tools are no longer delivering the outcomes we want to see, so any future government will need to be just as innovative in setting up new approaches that learn the lessons from the past and unleash the potential of the future.

- **Second, deliver a number of 'early wins' to show that progress is possible and break the 'cycle of despondency'.** This is important to demonstrate to both citizens and to staff that progress can be made and to rebuild trust, motivation and hope. This will be particularly challenging given current funding constraints. There are very few effective policies that are all three of: cheap, popular and quick/easy to deliver. If such a policy existed, it would already be in place. All policies will therefore require policymakers to compromise on at least one of these three metrics. Assuming that a future government will be unable to compromise on the issue of cost, and will need some policies to deliver quick wins, it is likely that any policies that can deliver quick wins will require politicians to make some politically difficult decisions.

We argue that to achieve these two goals an incoming government should focus on the following first steps across all of the major public services.

1. Build support for public service reform missions and co-design long-term reform plans with citizens, staff and the public:
- reset the relationship with civil service and public service reform staff
- establish the final missions and mission metrics in consultation with staff and citizens
- embed these missions across all of the major public services at local and national levels.
- undertake a substantial engagement process with staff and citizens to design reform plans for each public service.

2. Rewire the centre of government to deliver a new model of public service reform focussing on learning and improvement:
- undertake a review and consultation on the improvement and learning capacity in each service (along with the balance with regulation)
- establish new improvement and evidence organisations – or reform and renew existing organisations – to drive forward an improvement agenda
- set a new spending review for the long term based on the reforms to the process set out in this paper; pass these long-term settlements down to local organisations
- commission a review into prevention spending and set out plans to ramp up prevention in health, social care, schools and criminal justice.

3. Invest in the ability of local areas to drive public service reform through leaders and staff:
- identify areas which could take on substantial new powers in the future similar to existing Trailblazer deals in Greater Manchester and the West Midlands
- resource local government teams to begin working towards devolution deals
- scope the introduction of Licences to Practise in key sectors such as social care and policing
- consult on and introduce 'New Deals' for the workforce as part of long-term plans to improve staff numbers across key sectors
- review, reform and ramp up leadership programmes, continuing professional development and mentorship in key public services.

We set out below what this could look like in two public services as examples of what the first 100 days could seek to achieve.

CASE STUDY 8: SOCIAL CARE

There is no solution to the profound challenges facing the social care sector that does not require a funding settlement both to improve quality of the existing services and increase access to state care. However, more funding alone will not solve the problems facing the care sector.

It also needs reform to drive a better model of care, one which intervenes early to ensure that people get the support they need at home, helping them to live independently and preventing a deterioration in health and frailty that would otherwise result in shorter or worse lives (as well as additional cost to the taxpayer).

To help put social care on the path to improvement the following first steps should be taken in a new parliament.

Step 1: Build support
- consult with local government leaders, the third and independent sector and NHS leads on the health mission

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- co-produce a 10-year health and social care reform plan with a clear role for and buy in from social care commissioners and providers
- set up a cross-party citizen led review of social care funding to seek an agreement on a funding approach.
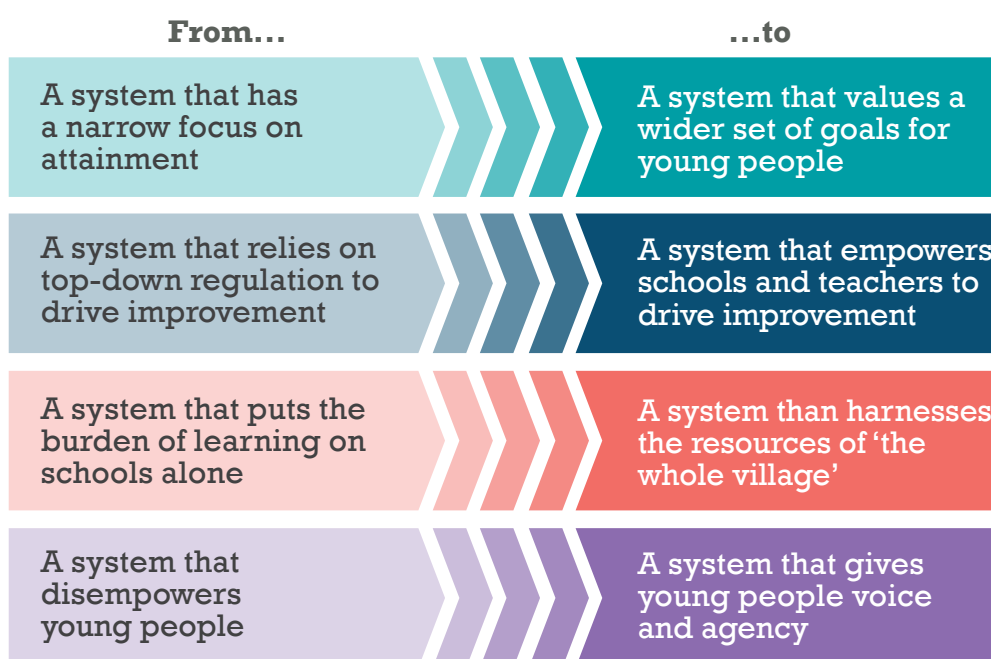
Step 2: Rewire Whitehall

- embed mission metrics in all key bodies at local and national level; this can only be done effectively if a consensus has been built
- define prevention spending in health and care and target a shift in resources over time
- introduce a *Right to Care* at home with a target to shift care into the community and a new fund to stimulate the home care sector to help achieve this
- review the role of CQC in regulating care and investigate the role for NHS Impact to have a remit for social care as well.

Step 3: Local capacity

- make a level 3 social care qualification a minimum expectation of all adult social care roles
- introduce and fund the real minimum wage as a floor in social care and establish sectoral collective bargaining to drive up conditions
- review the quality and availability of continuing professional development and provide additional funding to ramp this up
- give local government a clear long-term funding settlement for social care including additional resource for commissioning and improvement function.

FIGURE 4.1: THERE ARE FOUR SHIFTS NEEDED TO OUR SCHOOL SYSTEM TO UNLOCK THE POTENTIAL OF YOUNG PEOPLE

From…	…to
A system that has a narrow focus on attainment	A system that values a wider set of goals for young people
A system that relies on top-down regulation to drive improvement	A system that empowers schools and teachers to drive improvement
A system that puts the burden of learning on schools alone	A system than harnesses the resources of 'the whole village'
A system that disempowers young people	A system that gives young people voice and agency

Source: Authors' analysis

CASE STUDY 9: SCHOOLS

As chapter 1 set out, in many ways our school system has held up better than many other public services over the past decade. However, there is evidence that we may have reached a turning point, with a growing number of warning lights flashing amber or red, including attendance and the attainment gap.

Moreover, through our extensive work with young people, parents and teachers we have identified a growing fear that the system is 'out of kilter' (Quilter-Pinner et al 2023). IPPR's research has suggested four key shifts to rebalance our system (see figure 4.1).

To help put schools on the path to improvement the following first steps should be taken in a new parliament.

Step 1: Build support

- consult with school leaders, local government and the third sector on the opportunity mission
- co-produce a 10-year school reform plan with a clear role for and buy in from key stakeholders; this has been called for by the sector.

Step 2: Rewire Whitehall

- embed mission metrics in all key bodies at local and national level; this can only be done effectively if a consensus has been built
- abolish overarching judgements in inspection reports from Ofsted and introduce a new regulatory response that only uses the hard levers of regulation as a last resort
- review, consult on and introduce a scaled-up improvement and learning approach across local and national levels of the system; this could involve creating a new national improvement body
- define prevention across the opportunity mission and commit to shifting more resources towards it over time, starting with wraparound support in schools and family support in young people's social care.

Step 3: Local capacity

- introduce a more generous minimum entitlement for teacher training and development, ensuring all teachers get access to 105 hours of quality training every three years
- invest in improvement capacity – the time, capabilities and resources to drive improvement within schools – across the school system learning from improvement efforts such as the London Challenge.

The goal of public services that are preventative, personalised and productive – achieved through five shifts on bold missions, smart investment, building workforce capability, driving learning and improvement, and devolving power – is an ambitious and long-term agenda. It will take time, resources and perseverance as part of a 'decade of renewal' to achieve. The public are already on side for much of what is needed. The workforce is ready and waiting to deliver if it is respected and empowered. What is needed is a government willing to use a new set of tools and take the tough long-term decisions to achieve next-generation public services.

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