

# Public Services at the Crossroads

Edited by Richard Brooks

Contributors: Richard Brooks, Miguel Castro Coelho, Tim Gosling, Guy Lodge, Sophie Moullin,  
Nick Pearce, Ben Rogers and Kay Withers



## Executive summary

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# About the contributors

**Richard Brooks** is currently a Senior Policy Adviser at the Department for Children, Schools and Families. Until August 2007 he was an Associate Director at ippr and led the institute's public services work.

**Miguel Castro Coelho** is a Research Fellow in the Public Services team at ippr.

**Tim Gosling** is a Senior Policy Consultant at Opinion Leader Forum. He was formerly a Research Fellow in the Public Services team at ippr.

**Guy Lodge** is a Senior Research Fellow in the Democracy and Power team at ippr.

**Sophie Moullin** is a Research Assistant in the Public Services team at ippr.

**Nick Pearce** is currently Head of Strategic Policy at the No. 10 Policy Directorate. Until August 2007 he was the Director of ippr.

**Ben Rogers** is a Visiting Fellow at ippr. He was formerly an Associate Director and Head of the Democracy team.

**Kay Withers** is a Research Fellow in the Democracy and Power team at ippr.

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## Note

Unless specified otherwise, this paper refers to England. Where the analysis departs from the English context, this is noted in the text.

# Executive summary

This report sets out a progressive agenda for public services<sup>1</sup> and for the next stage of public service reform in the UK. Its overarching theme is the fact that public services are not simply delivered to their users, but instead depend on a relationship of co-production in which the outcomes that we care about such as good health, high levels of skills and low rates of crime are the result of government, public services and citizens working effectively together. Our core argument is that public service reform should focus on getting the relationships right between the different groups engaged in this co-production relationship: between government, services and citizens. We thus take a systems approach rather than offering any simple blueprint or universally applicable prescription for reform. We are not partisans of any one technique as the next ‘big thing’ for the public services, and we think that any approach that focuses on one reform mechanism in isolation from the wider system is bound to fail.

In the recent past, too much of the reform agenda has been focused on the relationship between government and the public services. This has been reflected in an emphasis on top-down performance management. In large part this report is about various forms of decentralisation. However, this implies new bargains and responsibilities on all sides, as well as a change of approach at the centre. Decentralisation can only happen if local government and the public service workforce take on the challenge of becoming more ambitious, more accountable and more responsive to their users and their local public. Meanwhile, we also need to engender new behaviours and attitudes on the part of citizens and service users themselves. As well as being equipped with the information, capabilities and support necessary to navigate and govern their services, the public should also be encouraged and expected to exhibit responsibility in their use of them.

## **A progressive account of the public services**

There is now widespread agreement across the political spectrum about the need for continued improvements in the quality of public services. This ambition is no longer distinctively progressive: it is conventional. A progressive account of public services sets the values of democratic accountability, procedural fairness, reciprocity, and above all social justice at its heart. In this account public services have a special role in addressing the unjust inequalities in outcomes and opportunities that distinguish the lives of people from different social class and income backgrounds, from different ethnic and religious groups or living in different parts of the country. Public services should have plural objectives, but at their core must be a commitment to promoting social justice in Britain.

**To promote social justice public services should:**

- Support equal, effectively exercised rights of citizenship
- Help secure a decent social minimum, defined in respect of basic levels of education, health, housing and security
- Ensure equal opportunities to access services, not just in childhood but throughout life

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1. We focus on the major public services of health and social care, schools and children’s services, and the police and community safety services. However, much of the analysis is more widely applicable to services including a wide range of local government activity.

- Aim to achieve a fair distribution of outcomes, paying particular attention to the narrowing of unjust inequalities (such as between people from different social class backgrounds, or of different gender, ethnicity or sexuality).

Public services should be based on reciprocity between citizens. In part this is a practical matter: services work better in the common interest where each user acts responsibly. Public services should be arranged so that they actively encourage, and sometimes require, all citizens to:

- Contribute as they are able to public services, including through their taxes
- Use services in a responsible way, with regard to their obligations as well as rights
- Behave in ways that promote their personal well-being, and that of others, so that public resources can be used to greatest effect
- Recognise that reciprocity should extend, with different rules, to non-citizens such as migrant workers.

Fair rules secure common ground between people with diverse beliefs and practices, and can improve the satisfaction with the public services upon which they rely. Public services should pay increasing attention to procedural fairness:

- Services should be configured so that access to them is fair and seen to be fair, generating public trust and legitimacy for providers, commissioners and other authorities
- Fair rules should also support distributive justice.

Many of the trade-offs in relation to the public services are inherently political, involving a consideration of the needs and interests of different groups of citizens. Public services need to be more democratically accountable:

- Services should be designed, commissioned, delivered and held accountable at the most local level of governance consistent with equity in entitlements and outcomes, and efficiency of service provision.
- Democratic accountability for public services should be extended, both formally, through a mix of representative and participatory mechanisms, and through the informal means of a healthy public sphere.

Satisfaction is an important indicator of the degree to which public services are responsive to the needs and preferences of their users. However, there is no simple utilitarian calculus that allows for the compression of these plural values into a single measure. We should reject arguments for the public services to be focused on any such single measure of their effectiveness.

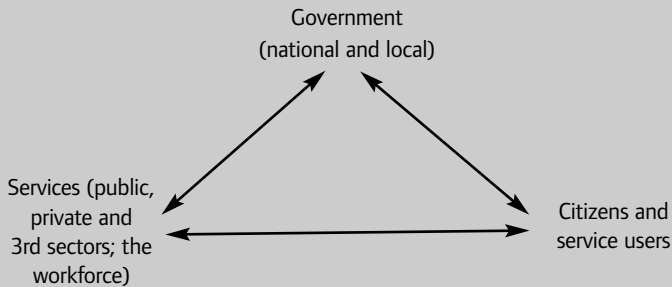
### **Performance measurement and management**

Over the last decade much of the effort of public service reform has been invested in changing the relationship between government and the public services, represented by the arrow on the left-hand side of the triangle in the diagram on the following page.

Public service reform should always recognise that outcomes are co-produced by the interaction of governance, services and citizens, and should focus on getting the relationships right between these three groups.

Extensive reforms to performance management mechanisms such as targets, incentives and regulation have resulted in some of the major successes of the past ten years, with examples including sharply

### A model of co-production



reduced numbers of failing schools, and large waiting list reductions in the NHS. However, an excessive reliance on top-down performance management is more likely to lead to the various perverse effects of a target culture, and is also more likely to alienate the public service workforce. Most importantly, it encourages services to look inwards to higher tiers of governance, rather than outwards to citizens and users. We do not think that a shift to 'outcome targets' or 'outcome-based funding' offers a simple solution to these problems. This is partly because the distinction between outcomes and outputs is not always clear and partly because outcomes are always determined by a wide range of factors, making accountability difficult to assign.

Performance management will continue to have an important role in public services:

- Targets should provide a clear statement of the most important objectives for the public services.
- Failure regimes (such as Ofsted's Special Measures arrangements for schools) should enforce minimum national standards for the most important objectives.
- National measurement and monitoring of public services should inform users and citizens as well as managers in a valid and reliable manner.
- Performance measures should be sensitive to local context, enabling a meaningful comparison between different providers.
- Failure to achieve outcomes should not automatically lead to a withdrawal of funding or punitive sanctions; the service context should be taken into account.
- Efficiency measures should take account of both local context and the resources deployed by a service, and should inform judgements about shifting resources to more efficient providers.
- Citizen entitlements should be investigated as a means of ensuring that all individuals are covered by national standards.

The quality of the information that is available about the performance of public services will be critical to meeting these challenges and facilitating effective co-production. In some areas there have been major strides forward, for example Contextualised Value Added data for schools provides a performance measure that attempts to take into account the different circumstances in which different schools operate. Similar contextually-sensitive performance measures should be developed as a priority for community safety and health services. For example, contextualised data on community safety could

present local measures of safety such as crime rates in the context of local circumstances such as the level of deprivation. At the scale of the police force or even Basic Command Unit, such data would indicate where different forces were being more or less effective in similar circumstances.

Contextualised data on health services would consider outcomes such as health status, or recovery rates for a given condition, in the light of factors such as the age and economic circumstances of the population. At the level of the hospital such data could indicate quite clearly where different providers were achieving different outcomes for similar patients.

### **Choice, competition, and markets**

Choice has many meanings in relation to public services, so in order to adopt a pro- or anti-choice position it is necessary to be clear about what kind of choice is under consideration. As a narrative of reform, 'choice' has been particularly unsuccessful: it has alienated the workforce without capturing the imagination of the public. Nonetheless, it is now widely recognised that there are many situations in which a range of providers, some from the public sector and some from the private and voluntary sectors, will better meet the needs of citizens and users than a single provider monopoly. The reason for this is not the inherent superiority of one type of provider over another, but rather the opportunity that such diversity offers to generate competitive pressure. Where such quasi-markets operate competitively, they are a spur to efficiency and innovation. However, in other cases markets are likely to fail, and there is no reason to believe that such obstacles can always be overcome, or overcome at a reasonable cost.

Where markets work well, user choice and competition between providers will have an important role to play in public service improvement. However, sometimes choice and competition will have only a limited role.

Private sector involvement in the provision of publicly funded education is controversial, and the Government's recent focus on expanding the academies programme has attracted particular attention. However, there is now relatively good information on school performance available through Ofsted reports and published test results including raw results and contextualised value-added measures. It is also vital to ensure that parental choice operates in a way that is fair to all parents, and does not create high levels of segregation along lines of social class or prior ability. Unfortunately, there is good evidence that exactly this is happening at the moment, with some schools 'cream skimming' a large share of the high ability pupils in their area.

There is an important role for a diversity of independent, publicly-funded providers of school education, and there are benefits from a degree of competition between schools. However, local authorities rather than schools should perform the role of allocating places in a way that best supports overall standards, and there should be appropriate safeguards and a means of appeal for schools and parents.

Private sector involvement in health services and the extension of choice and competition between NHS providers have been extremely controversial, and markets in medical care are plagued with information-related problems. These problems would be dramatically less severe if government and service users were able to properly evaluate the cost and quality of the output generated by health providers. However, at the moment it is difficult for service users or their representatives to make informed choices that are based on systematic evidence of the medical effectiveness of different providers. Public awareness of the quality of local health services is low, and this is one reason why it has proven politically difficult to reconfigure the pattern of hospital provision. As a result, the market



in NHS provision has developed more rapidly than the necessary information to make such a market successful. Such information would be useful not just in relation to policies that focus on the use of choice and markets, but for the more effective exercise of voice and the more sensitive application of top-down performance management.

The development of contextually-sensitive performance measures across the health service should now be a priority.

Recent reforms have been focused overwhelmingly on elective secondary health care in the hospital setting. Yet while this is where the majority of NHS resources are spent, it is also where information problems are most severe. The use of quasi-markets in health care should be rebalanced so that it focuses more on services where information problems are less severe or can more easily be overcome, and where the exercise of choice is more important in terms of empowering the individual service user.

The focus of choice-based policies in the health service should switch from the acute secondary sector towards primary care, the management of long-term conditions, and to social care.

### **The public and its services: voice and personalisation**

Public services will often work better where service users and citizens are actively engaged in shaping them. The processes of enabling individual and collective voice, such as individual feedback about service quality and collective deliberation over service priorities, should create services that are more responsive to local needs. In some cases users' choice of service provider will not have a major role to play, in the context of local policing, for example. In such cases, opportunities for users to have a voice and influence services are all the more important. But generally choice and voice are not alternatives to one another. In many cases having a choice of provider will support the opportunities for service users to express their voice by giving them the option of using an alternative provider if their provider is not responsive.

Many of the decisions that have to be made about public services involve balancing the interests and rights of different citizens and service users, often at the local level. Given this, we should be devoting more effort to improving the governance of public services, and especially to finding effective and legitimate alternatives to oversight by national government and its agencies. There is good evidence that the exercise of collective voice has an important part to play in this regard, both helping to ensure that services are well adapted to users' needs and preferences, and building their legitimacy with citizens and the workforce.

However, we do not see mechanisms for users exercising their voice to express a view and bring about change as a panacea. Sceptics point out that there is a risk that the most affluent and eloquent will dominate or take over opportunities for people to express their views, needs and preferences. Badly done, and especially where there is a lack of sincerity on the part of the public agency, these processes can be highly damaging, eroding public trust in a way that is hard to restore. Public engagement can also be hard to achieve and expensive to support.

Mechanisms for exercising individual voice should be explored throughout the public services to improve the responsiveness of services to users' needs. However, mechanisms for exercising collective voice should be focused on larger and more significant decisions and priority-setting exercises, and be better resourced. Major central government decisions such as the regular spending reviews and public service department white papers present some of the most important opportunities. The NHS Next Stage Review

is an important current example.

‘Personalisation’ is not a mechanism for public service reform. Rather, personalised services that meet the needs of each individual service user are one of the key objectives of such reform. Information and communication technology (ICT) is crucial to personalisation. In part this is through the use within services of detailed digital information about user needs and preferences, and the sharing of information across services. Digital technologies can also facilitate user choice and citizen voice.

Technological developments throughout the public services mean that those governing, commissioning and providing public services should:

- Develop public awareness of what data already exists, and improve the capability of the public to manage its own digital security.
- Continue to focus on digital inclusion, and to improve the capabilities of those who are unable or unwilling to use such technology.
- Be clear about the purpose and use of data that is collected by organisations involved in public services, whether public or private.
- Extend the ability of individuals to access and where necessary amend their personal records held by public agencies.
- Involve individuals in decisions regarding who else has access to such data.
- Be sensitive to the risk of ‘digitally targeting’ individuals and families that experience complex public service interventions.

### **The public service workforce**

Over the last ten years, the public service workforce has been transformed. A very significant part of the new resources that have flowed into the public services has been spent on increasing the numbers and improving the terms and conditions of key categories of public service employees. However, as the complexity of public services has increased, the traditional functions of the workforce have in turn become more numerous and complex.

It is now time to recognise a new set of roles for public service professionals who are:

- **Experts**, professionals with often specialist knowledge and complex skills
- **Authorities** in making difficult decisions, which almost always involve a balance of risks and judgment
- **Mediators** between different service users’ needs, and who are concerned with distributive and procedural justice at every stage
- **Advocates** on behalf of users, representing their interests where necessary
- **Advisors**, involving and informing users in their decisions, guiding them through the process, and taking appropriate responsibility for the own outcomes
- **Social entrepreneurs**, finding creative and innovative solutions to social problems, or to improve public services.

Despite the increased resources and high political priority accorded to the public services, there is now a sense that in some areas the workforce is becoming disillusioned with the Government and even

alienated from its own service. But is it true that there is a problem? Surveys of employees in the public and private sectors do highlight some systematic sectoral differences, particularly in the quality of leadership and management, where the private sector scores more highly. However, there is no evidence of a widespread problem in terms of vacancies, sickness absence, resignations, grievances or disciplinary sanctions. Where these measures *do* indicate a problem, however, is in the health and social care services.

If there is disillusionment, does it matter? We are not concerned here with the political issue of whether the Government is popular with the public service workforce. However, public services can only be successful if their employees are supportive of their aims and objectives and willing to work cooperatively towards achieving them. Furthermore, public service employees strongly affect public trust and support for their services, both through the way they perform their professional roles, and also as the representatives and spokespeople for their services. One of the most striking indicators of a problem in the health service is that people with relatives working in the NHS are more likely to be negative about the service than those with no such connection. We thus need to recognise the challenge of maintaining, and sometimes regaining, the trust and support of the public service workforce.

What can be done to improve the relationship between government and the workforce? Here we think that a comparison between the health and education sectors is instructive. The process of reform in the schools system has not always been comfortable for school leaders and teachers, but it has not generated the levels of dissatisfaction that exist in the health service. There are a number of apparent reasons for this. First, the speed of reform in the education sector has been somewhat slower than in the health sector. Second, the direction of reform has been more consistent in the education sector, in contrast to some major reversals of policy in the health sector. Third, Labour has found a language with which to talk about its educational ambitions – the Every Child Matters framework – that makes sense to education professionals. It has lacked such a story about health, focusing instead on specific issues such as waiting times and patient choice of hospital.

Finally, the high-quality data that is now available about the performance of individual schools means that there is less ambiguity about where performance in the schools system is better and worse. This both enables self-improvement and legitimises intervention where necessary. The health system is currently under great pressure to deliver narrowly defined outcomes, for example in relation to waiting times, without reliable indicators of where it is performing well or poorly in relation to wider health-related objectives.

All of this suggests a new approach to the public service workforce, with:

- Leadership by government on the objectives for public services, with clarity about where this presents a challenge to existing services
- A focus on building the legitimacy of proposed changes, including via local democratic mechanisms
- Care over the speed of reform, and more focus on the implementation of policy in a way that engages the workforce
- Consistency in both the narrative and the direction of major programmes of change.
- The development of high quality data to inform debates over both the priorities for service improvement and the mechanisms to achieve it.

### **Central–local relations: why it is hard to let go**

From across the academic, professional and political spectrum there are calls for the devolution of power to more local tiers of governance. There are strong theoretical and practical reasons for such a shift, based both in the problems of centralism and the advantages of greater localism. We agree with the thrust of the argument for more local autonomy, but within a clear framework of national entitlements and strengthened local accountability and democratic processes.

Devolution and equality can advance in tandem where:

- core national entitlements to public services are clearly enshrined in law, with increased entitlements for those at risk of suffering unjust disadvantage above the minimum.
- core national entitlements are extended in areas with the most potential to contribute to social justice, such as early years education.
- high quality information is available to citizens and service users about the performance of their local public services.
- democratic participation is strengthened through representative and participatory means where it can most effectively engage and empower the most disadvantaged.
- powers and responsibilities are configured between centre and locality so that the national politicians and agencies define and defend citizen entitlements and local authorities and agencies define and deliver services in response to local democratic pressures, needs and circumstances.
- basic human rights are enshrined in law, with positive measures taken to promote social equality, such as race equality, and to prohibit discrimination.

However, we believe that there are major barriers at the centre of government to greater localism. On the one hand it is difficult to find conclusive evidence linking devolution to performance improvement. On the other, ministers are concerned about the competencies and capabilities of local government and about possible local variations in outcomes and performance. Most importantly, perhaps, ministers believe that while they can devolve powers and functions, they cannot in our political culture devolve accountability and responsibility. Ministers understandably refuse to significantly decentralise power while they are held responsible for the entire public service delivery chain, because this amounts to accountability without control.

Escaping from this invidious position requires action on the part of both central and local government. Ministers and departments need to be clear about the limits of their responsibilities, to articulate these publicly, and to resist the temptation to break them in the face of pressure that ‘something must be done’ in particular cases, such as a controversy over the availability of a specific drug. Where possible, these limits should be reinforced with visible, powerful and legitimate institutional structures such as the National Institute for Health and Clinical Excellence (NICE) and Ofsted. At the same time, the more effectively local government can make itself directly and locally accountable, the more political space it will create for local autonomy. The provision of high-quality, contextually-sensitive performance data on local services should help this process.

### **The missing piece of the puzzle: reform of central government**

Reform of the centre of government has been conspicuously absent from recent attempts at public service modernisation. This has limited both the speed and extent of improvements to the public

services, but offers a very significant opportunity for the future. Progressives should prioritise the reform of the centre of government, starting from a clear account of its appropriate role, and then improving its ability to perform a more limited range of tasks.

To maximise the effectiveness of national priority setting, resource allocation and public service system design, the centre needs to:

- use a robust and rigorous policy process with sufficient checks and balances in place (that is, challenge, scrutiny and evaluation mechanisms)
- ensure that the policymaking process is open and ready to engage with the relevant outside stakeholders
- be evidence-based, and draw on the relevant information specific to a particular policy area
- be informed by the experiences and knowledge of those delivering the services, the so-called ‘street-level bureaucrats’.

The centre of government will continue to have a key role in the delivery of public services. Commissioning involves not only needs assessment and prioritisation, but also systems planning and implementation, and performance monitoring and management: making sure that the system is working and intervening when it is not. Yet the Government’s own Departmental Capability Reviews indicate that Whitehall is particularly weak precisely in relation to such delivery activities.

To achieve its aims the centre must ensure that the necessary skills, capabilities and capacities are available both at the centre and across the wider public sector workforce. Those working at the centre need to focus on developing strategy, networking and facilitation, contract design, market development, negotiation and consultation, change-management, and communication skills. The centre has a crucial role to play in achieving greater interchange between the civil service, the wider public sector and other sectors. Ultimately this might involve creating a unified public service recruitment pool. The National School of Government should ensure it can effectively support these objectives by becoming a genuinely cross-public-sector institution rather than a college for senior civil servants.

The centre of government should be ideally placed to help capture and disperse knowledge and innovation through the public services. The centre’s role in monitoring performance should create knowledge about what works and what does not. However, for this process to occur effectively and for the knowledge to be actually transferred somewhere else, the centre must have a knowledge management strategy in place. Knowledge management needs to become an explicit goal of future civil service reform.

Finally, central government has a key role as a communicator of objectives, analysis, choices and priorities. Public service reform has proceeded far more successfully where the centre of government has successfully articulated a story about reform – and especially about the purposes of reform – that has engaged the workforce.

## **Rebuilding trust**

We believe that the approach to public service reform that is outlined in this report would help rebuild trust in government. Greater clarity and honesty from the centre of government about the objectives, values and hard choices at the heart of policy, backed up with strong independent institutions to inform

and implement decisions, are important starting points. This will be especially important as resource constraints begin to bite over the coming years. Better public information about the performance of services, and more effectively exercised public voice and local democratic engagement, will sometimes be uncomfortable for local providers and commissioners where they are not performing well. However, in the longer term they should lead to better local understanding and ownership of the services and their priorities, in part by incentivising providers and commissioners to listen more closely to the communities they serve. For local government, and for public service professionals more widely, the potential bargain with central government involves accepting greater responsibility in exchange for greater accountability. As well as improving service governance, this should build trust as government steps back from a better balanced system of public service reform and improvement.