HM Government

Policy Review

Building on progress: Public services

Contents

The vision is of a Britain where people are more empowered, where they enjoy more opportunity, and where services are geared ever more to the personal needs of those who use them.

Foreword by the Prime Minister

Modern public services grew out of a desire for progress. The pact between the state and the people was clear: the public would pay in through their taxes; the state would provide through universal services. Everyone would be entitled to free schools for their children, healthcare free at the point of use, benefits if out of work and pensions to secure dignity in old age.

The development of this system was a huge progressive advance. It provided a measure of security previously unknown. It expanded opportunity and became embedded in the fabric of the nation. It helped to mark Britain out as a great country.

By the dawn of the 21st century, however, society had been transformed compared to when the welfare state was founded. Aspirations had become much higher, people were empowered through information and knowledge, and deference had declined. People, rightly, enjoyed far greater control and far more choice in their lives and so expected services, both private and public, to be increasingly personalised to meet their needs.

These changes were driven by demand but also by innovation, creativity and modernisation. Companies changed products and expanded into new fields, while new technology opened up new possibilities. Today's economy, the homes we live in and the lives we lead are all a reflection of these changes.

At the same time, weaknesses in the original model of public service provision became clear. Services which were, in theory, universal did not always turn out to be so in practice. For instance, in some cases the poorest areas had the poorest schools, the fewest doctors, and longer waiting periods for health treatment. As a result, the most difficult to reach – those most in need – would sometimes find themselves untouched by support from the state or receiving it in a manner not geared to their specific needs.

The truth was that unreformed universal provision did not provide equal outcomes. For a government concerned *both* with adapting to the modernising changes that society was undergoing *and* with addressing inequity and expanding opportunity, reform

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was essential. The need for security and support to make opportunity a reality had not changed; the means to achieve these goals had to change.

These twin concerns – personalisation and equity – have been the driving force behind government reforms. Indeed the first reinforces the second, and together they have driven reforms in multiple areas:

- In health, these concerns have led to moves to expand choice and cut waiting times – putting in the hands of those without the means to pay for treatment the kind of power that has always been enjoyed by those who could opt out.

- In education, new types of school have sought to address historic underperformance – and thus denial of opportunity – in the poorest areas.

- More recently, changes in welfare to work have sought not only to deal with headline unemployment totals, but also, crucially, to put in place a more active process of support for worklessness and incapacity.

The question now facing the Government is: having made these changes, what next? Should government turn back and eschew further reform or draw on the lessons learnt from what has been done so far and continue with the underlying mission to personalise and to empower?

This paper argues firmly for the latter. The vision is of a Britain where people are more empowered than today, where they enjoy more opportunity than today, and where services of all kinds are focused ever more on the personal needs of those who use them. The policy recommendations set out in this paper are geared to these ends.

A great deal has been achieved. Services are better than they were and citizens are more empowered. Yet expectations move on and the process of personalising services around the user is not yet complete.

Executive summary

Over the last 10 years, there has been substantial additional investment in, and reform of, public services. The Government set clear goals and stretching targets to get the most out of this investment. Then an ambitious programme was begun to create self-sustaining services in which the service user – rather than central government – became the driver of how the service developed.

A great deal has been achieved: services are better than they were; educational attainment has improved; and crime and NHS waiting lists are down. In crucial ways, citizens are more empowered. Yet expectations move on, and the process of personalising services around the user so that they are tailored to citizens' differing needs and preferences is not yet complete.

What needs to happen now?

So now public service reform must be taken a stage further.

During the Policy Review process, the Government posed the question of how reform based on personalisation and equity could be driven forward. The process

has allowed the Government to take a fundamental, wide-ranging look at what can be achieved over the next 10 years. It has encompassed a variety of new and often innovative forums for generating new ideas. For example, citizens have been directly involved in this process through five deliberative forums across the country and a Citizen Summit at Downing Street. Ministers from across the Government have been encouraged to think outside their immediate portfolios in 18 seminars on subjects ranging from India and China to inequality.

This paper draws heavily on these deliberative forums and seminars, as well as on the conclusions of the Ministerial Working Group on Public Services, and argues that, in order to improve public services over the next 10 years; the Government should do the following:

- **Take further steps to empower citizens to shape services around them.** Specifically, this means providing the tools, the information and the mechanisms necessary for citizens to exercise effective influence over services so that they change to meet their needs.

- **Open up the supply side, where appropriate,** so that the greatest possible diversity of provision is encouraged. In particular, the Government should develop a stronger focus on the commissioning of services and should use contestability and incentives to drive innovation and improvement in all appropriate areas of public services and to move in the direction of a level playing field between sectors. However, in the short term the Government should also aim to expand the role of the third sector.

- **Foster workforce innovation and development, and engage with public service workers.** This means breaking down the old demarcations between professions, which limit what many can do, and creating new roles where they are needed. It also means having better ways for staff to feed in to policy development. And it means giving them the flexibility and powers that they need to respond to the people they serve, while of course remaining accountable for their decisions.

- **Help the hardest to reach.** As fewer people now live in poverty and more people are helped by a range of policies – from tax credits to the minimum wage – the Government must develop new and specific approaches to those sectors of the population who have, so far, still proved hard to reach, raising their aspirations so that they too demand better services.

- **Balance rights and responsibilities.** In today's world, on issues from climate change to public health and fostering respect in local communities, the Government cannot and should not try to do it all alone. Government pressures and policies can set the goals, but the success of these depends on individuals contributing to their own well-being, that of their families and that of the communities in which they live.

The vision at the heart of this paper is to create self-improving institutions of public service, independent of centralised state control, drawing on the best of public, private and third sector provision. These institutions must be free to develop in the way they need to, responsive to the needs and preferences of citizens, and with a flexible workforce that is able to innovate and change. Out of this vision will come a new concept of modern public services: one built around the user of the service.

This project is now significantly under way. The empirical evidence is there to prove its worth; it is time to complete the work.

85 per cent of those who attended the Citizen Summit thought that the Government should conduct deliberative forum exercises more regularly.

The purpose of public service reform is to enhance opportunity and to improve the quality of life for citizens.

1. Introduction

Restating the role of public services

1.1 It is important that the detail of how services can and should be reformed is preceded by a clear account of purpose. Otherwise it could easily seem that the means – the organisational apparatus – have been elevated to the status of ends. There is a risk too of public conversation focusing solely on the immediate objective – a maximum waiting time, for example – and the means for achieving it, such as Independent Sector Treatment Centres or reforms to hospital procedures.

1.2 The purpose of public service reform is to enhance opportunity and improve the quality of life for citizens, by making services more personally appropriate to them.

1.3 The Government wants to improve public services because people who are in pain deserve rapid relief; because good public services, funded collectively, are a way of embodying fairness in society; and because people should be treated equally and well, regardless of whether or not they can pay the bill themselves.

1.4 The way in which fairness is embodied in public services is not the same today as it was in 1945. Then, in the immediate aftermath of the war, the welfare state was being established. It stepped into a gap where people previously had no social provision at all.

1.5 The post-war welfare state was a great achievement. The task now is to ensure that it is updated and relevant to today's world.

1.6 Not long ago, this relevance was explicitly threatened: experienced commentators were speculating on whether collectively funded public service provision, free at the point of use, would survive.

1.7 Now, this argument has changed completely and the Government believes that there is a wide consensus in favour of strong public services, funded by general taxation and provided on the basis of need, not ability to pay.

1.8 The Government has achieved a great deal, and many of these successes are detailed in this document. But the

Government's pride in these achievements is not for a technical or managerial reason. It is because they have made society fairer than it was, and because through them, more power, freedom and opportunity have been extended to every citizen.

The basic point of this document is very clear – that for public services to be fair, they must be personal.

Improving equity

1.9 Throughout, the principle of equity has been defended vigorously, without reinforcing the position of the state as a supplier of services. In some cases, public provision led to substantial inequities and 'postcode lotteries'. There is historical evidence that less well-off groups use services less than others, despite their often greater needs.[1]

1.10 In the private sector, people increasingly have an incredible amount of choice over who provides their services – from gas supplies and broadband to insurance and air travel. Many of these markets, and the choice of suppliers within them, did not exist 10 or 20 years ago. Public services have to respond to this world of much greater choice.

1.11 Increasing choice does not mean compromising the drive to reduce inequity. As public services are modernised, they can and should be shaped for more equitable outcomes. The goal of personalisation is rooted in the principle of equity: to extend to all the privileges that are currently available to a minority.

1.12 The reforms proposed in this paper have as their basis personalisation and equity. As a collector and distributor of

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Case study: improving choice and equity in social housing

Traditionally, social housing in the UK has been allocated by housing officers on the basis of the comparative needs of those applying for housing. By contrast, choice-based lettings systems give social housing tenants a say over where they live – empowering a section of society that previously had little say over an important aspect of their lives. Each bidder is not necessarily successful, but the individual applicant is given the opportunity to make decisions about things like property size and location, rather than having somebody else do it for them. The reduction in staff required to run the new service has resulted in Newham Council in London making £165,000 worth of efficiency gains between 2001/02 and 2005/06, while levels of complaints have significantly reduced.

funds, the state embodies the idea that core services should be free for users at the point of use so that wealth is no barrier to good provision. This principle is the bedrock of fairness. As long as it is maintained, the question of whether the state is also a direct provider is secondary.

1.13 The basic point of this document is very clear – that for public services to be fair, they must be personal. People who are accustomed to high standards of service in all aspects of their lives will not tolerate lower levels in public services.

1.14 There is no single way of describing an entity so large as 'public services', and what is required for one service area will differ from what is needed in another. For example, poorly-performing services or institutions require different attention to that required by services that are not failing, but could be doing better. Highly successful services are different again. To that extent, there will always be something of a caveat to making sweeping statements about the way ahead.

1.15 But general statements can be made. There is a body of evidence about what kind of organisational model tends to work best in which services, and at what stage of development. This paper draws on that evidence. But, crucially, it must always refer back to the ultimate purpose, the vision that underlies the need for reform in the first place.

Public services should be tailored to the needs and preferences of citizens.

Explaining the vision

1.16 There are three components: the first is that public services should respond to citizens. They should be designed with the public's needs in mind and should serve the public's requirements.

1.17 The second principle is that the distribution of health, education and welfare should be fair. The main way in which fairness in public services is embodied is through collective taxation and progressive redistribution.

1.18 As questions of provision are considered in depth throughout this paper, it is worth noting that questions of funding are all but absent. This is because the Government is committed to the principle of fair funding. In protecting it, the Government will ensure that fairness remains the cardinal virtue. This is the nub of a common misunderstanding: the public are quite clear that the *existence* of alternative providers does not compromise fairness, as long as services remain free at the point of use.

1.19 The third principle is that services must be of a high quality and must continually improve. A low level of fairness is, in fact, no fairness at all because the consent for collectively provided services

will be rapidly eroded. Citizens are rightly demanding. Indeed, their demands are one of the ways in which services can be challenged to improve. People are accustomed to high standards of service in many aspects of their lives: public services are not immune from these developments, and have to improve along with them.

1.20 Even if public expectations were not increasing, the principle of continuous improvement is something that government and the public services should be striving for anyway. Indeed, one of the main causes of people being left behind is precisely that they are not demanding *enough.*

1.21 Since coming to office, the Government has sought to combine investment with reform. Spending on schools and in healthcare is now substantially higher than a decade ago, both in absolute terms and as a proportion of GDP.[2] This combination of investment and reform has produced significant improvements in education, health and other public service areas.

How this paper is structured

1.22 This paper recognises the successes achieved so far in personalising public services. Drawing on the conclusions of the Ministerial Working Group on Public Services, seminars for non-Cabinet ministers, the formal public consultation

through citizens' forums, and analysis and research, this document sets out how public services should evolve over the next 10 years to complete the process of personalisation on which the UK has already embarked.

- Chapter 2 sets out the changing world to which public services must continue to adapt. The old monolithic forms of provision are no longer enough when people already receive personalised services in all other aspects of their lives.

- Chapter 3 analyses the Government's evolving approach to public services since 1997. It sets out the achievements so far and the lessons that have been learnt.

- Chapter 4 sets out the case for reform and introduces the idea of personalisation, which governs and unites the policy chapters that follow.

- Chapter 5 looks at ways of transferring further power to citizens.

- Chapter 6 looks in detail at the importance of opening up the supply of public services to the best available providers (whether from the private, public or third sector).

- Chapter 7 describes the innovations needed within the workforce and the importance of breaking down the current demarcations between professions.

- Chapter 8 describes the new policy approach needed to reach those parts of the population that have proved hardest to reach thus far.

- Finally, Chapter 9 describes the way in which the themes of the previous four chapters impose a greater responsibility on the citizen. Highly centralised services made no demands of their citizens. Personalised services do.

1.23 Taken as a whole, the document is a prospectus for personalised services. They will need to be implemented and funded differently across public service areas. Where there is a strong case for one method in particular, this is set out here.

1.24 But as emphasised above, each of the policy recommendations should be viewed in the context of the underlying purpose. That's why this document aims to show at each point how *this* particular policy leads to *that* particular outcome.

The Policy Review process: seminars with non-Cabinet ministers

In addition to direct input from citizens through a series of deliberative forums (discussed earlier), many of the ideas within this document come from seminars involving ministers below Cabinet level. There were 18 of these seminars, with over 200 ministerial appearances, on subjects ranging from India and China to inequality.

Ideas that were generated that are relevant to public services include the need to focus on stronger links between schools and parents, and the need to empower citizens – for example by making it easier for them to express their views about public services, and to have these views listened to and acted on. These ideas are discussed at greater length in the relevant chapters of this paper.

People accustomed to high standards in commercial markets want the same from public services.

2. The end of the age of mass production and the monolithic public service

A new era of customisation

2.1 At the start of the 20th century, large firms were organised in essentially bureaucratic ways. Their outputs were assembled on production lines. Competition was less intense and consumers were less demanding. In every sector of the economy, mass production is now increasingly giving way to customisation. The standard and speed of service have been transformed.

2.2 Britain's economy was once largely based on manufacturing and agriculture: now three quarters of its national income comes from services. As Figure 1 below shows, a large majority of the working population is employed in the service industries.

2.3 The UK is also now a consumer society. Consumers are highly educated and sophisticated; companies thus need to constantly adapt to changing circumstances.

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Figure 1: Changing employment trends in manufacturing and service industries
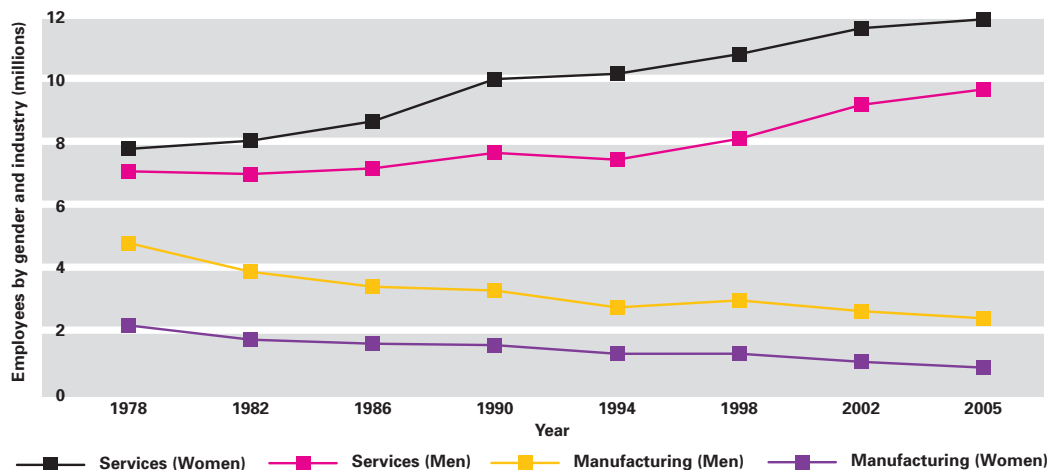
Source: *Social Trends 36*, Office for National Statistics, 2006

People who are accustomed to high standards in commercial markets want the same from those services that they have even greater reason to value – healthcare, education and other public services.

In most sectors, they have done so. As a result, people have experienced enormous improvements in the standard of the products that they receive.

2.4 For example, car manufacturing, the epitome of the old style of mass production, now allows much higher levels of customisation than the old process did. The same principle applies elsewhere: consumers can go online and order a custom-built computer comprising only components and features that meet their individual needs.

2.5 The generation that is growing up now has higher expectations about instant access to information and the ability of the individual to make instant choices according to their own priorities.

2.6 Public services cannot – and should not – hope to stand apart from these developments. People who are accustomed to high standards in commercial markets want the same from those services that they have even greater reason to value – healthcare, education and other public services.

2.7 There are two broad sets of changes that make the old command structure of public service provision no longer sustainable.

- The structure and nature of British society have changed, and attitudes have moved along with them.

- Technological invention has increased both what it is possible for services to do and the ability of both parties – the service and the citizen – to communicate.

2.8 The result is a revolution in expectations to which public services have to respond and to which personalisation is the answer.

Changing attitudes and society

2.9 The structure of society is very different from what it was at the start of the 20th century. Social mobility has shrunk the manual working class, and whole industries, which supported whole communities, have disappeared. The proportion of people employed in service industries has almost doubled as a share of total jobs in the last 60 years. The professional classes have grown as education has been extended to all at secondary level and has grown very quickly at tertiary level.

2.10 Higher levels of education and post-war prosperity made for a very different atmosphere from the austerity of war-time Britain, let alone the gloom of the

depression. Deference began to decline, social hierarchies were dismantled and the role of women changed. Prejudices like sexism, racism and homophobia – which had been, at best, silently tolerated and, at worst, openly paraded – became unacceptable.

2.11 The first serious wave of immigration to Britain in centuries rapidly made the country more diverse. But because migrants come from enormously different backgrounds, they often have different needs. Forty per cent of Bangladeshis, for example, have no qualifications, while Indian and Chinese children out-perform the nation as a whole at GCSE level. These demographic differences alter the types of services that the state is expected to guarantee and the priorities, values and desires that the population has. One example is the growth in non-Christian faith schools.

2.12 Household structure has changed (see Figure 2). The number of households in Britain increased by 30 per cent between 1971 and 2005. Types of family that would once have been rare are now common: lone parents, families with divorced parents, very elderly people and double-income families. There are also very many more people, of all ages, living alone.

2.13 Lifestyles have changed too. People today eat more and exercise less. Medical treatment for 'lifestyle' diseases has increased significantly. The prevalence

of diabetes worldwide among adults is expected to rise by 50 per cent in the next 25 years. Obesity has already trebled in the past 25 years (see Figure 3).

2.14 Despite this, the UK population as a whole is in fact living longer. As with most developed economies, the UK has an ageing population (see Figure 4). In 2050, it is expected that 29 per cent of the population will be over 60 years old, up from 21 per cent in 2006.[3] There will be continued population growth and a rise in the number of households. By 2050, it is expected that the combined cost of pensions payments, healthcare and long-term care will be 19.3 per cent of GDP. Today this is 14.6 per cent of GDP. Chronic care, such as that provided for diabetes, lung disease and cancer, already costs the NHS 80 per cent of its budget, and this proportion is set to grow.

Figure 2: Average number of people per household
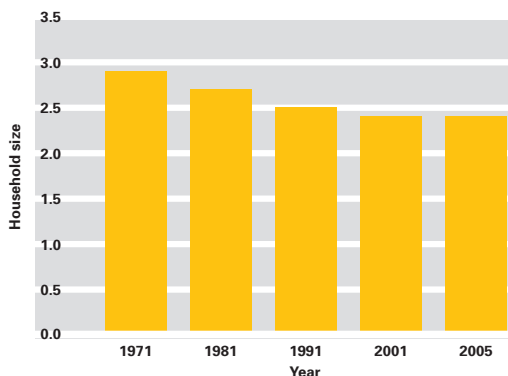
Source: *Social Trends 36*, Office for National Statistics, 2006

Figure 3: Per cent of total population classified as obese (BMI>30kg/m^2)
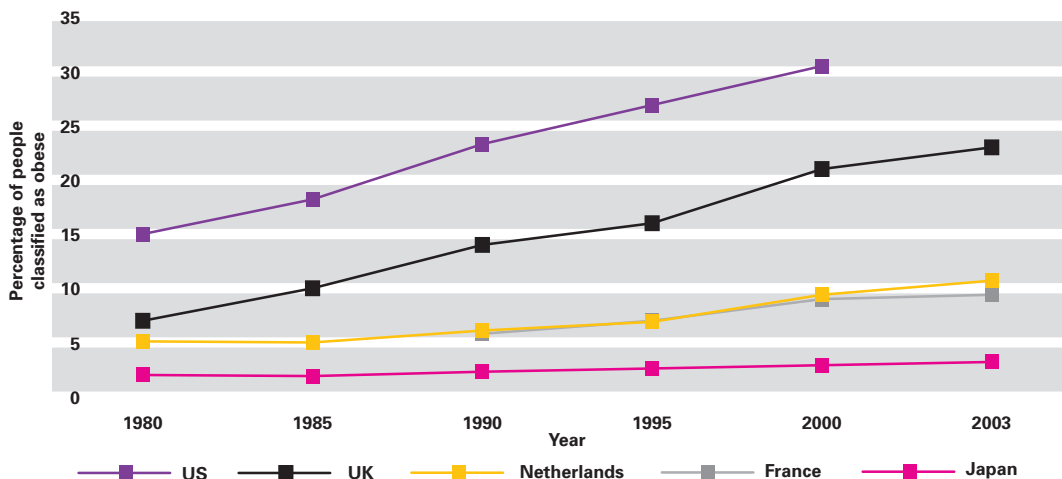
Source: *Health at a Glance*, OECD, 2005; *Tackling Obesity in England*, National Audit Office, 2001

2.15 In all developed countries, governments face the rising expectations of citizens. Forty per cent of people in the UK believe that the state should provide a job for everyone who wants one.[4] Even when people are clear that the state is not responsible for a problem, they still tend to look to it for a solution: childhood obesity is a case in point. The need for public services is not diminishing.

2.16 However, rising real incomes have brought private alternatives into view for many more people. In a recent survey, 58 per cent of those in the highest income groups and 43 per cent of those in the lowest said they would be prepared to pay towards their family's health or education if private services offered better quality.

2.17 There has also been a revolution in standards in most aspects of people's everyday lives. For example, speed of service is highly valued. Research by the Henley Centre[5] has shown that citizens today feel that they lack time, money and energy – with time being seen as the most valued resource (see Figure 5).

2.18 In light of their private sector experiences, the public want greater choice over the services provided to them by the state. For example, various medical interventions are available privately but not on the NHS, creating choice for consumers and difficult decisions for providers about what should be made available to all patients.

2.19 The public now expect services to be specifically appropriate to them. Health insurers have developed niche insurance

Figure 4: Changes in the population aged under 16 and over 65 between 1971 and projected to 2021
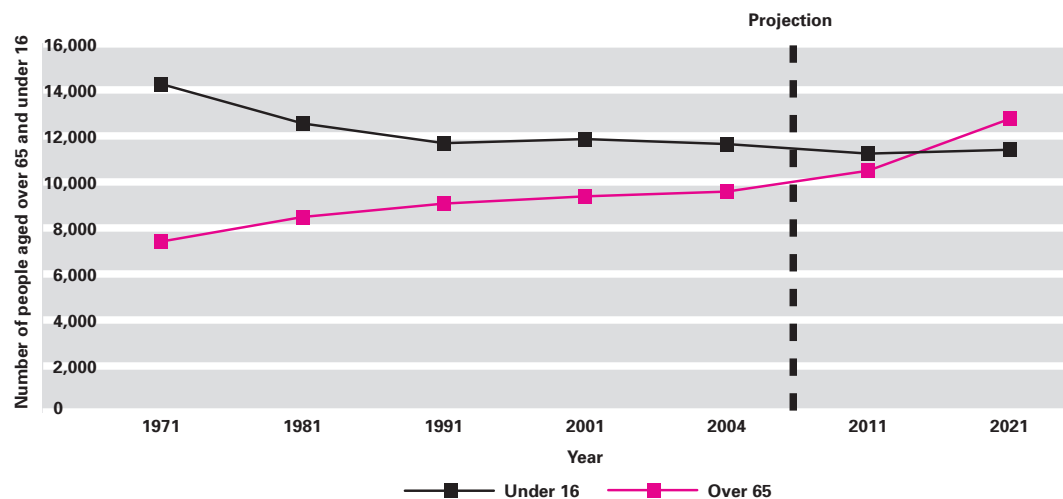
Source: *Social Trends36*, Office for National Statistics, 2006

packages tailored to individual lifestyles, and online retailers make suggestions for products that should be of interest to the customer, determining a user's interests from previous purchases.

Harnessing changing technology

2.20 The cost of communicating has fallen dramatically (see Figure 6). In 1997, less than 10 per cent of the population used the internet: now 60 per cent do. This has had a large impact on business, with 75 per cent of businesses now online.

2.21 Technological innovation is changing the way in which the citizen can enter into dialogue with the state. For example, the website www.theyworkforyou.com was built with 30,000 hours of volunteer effort.

It increases transparency and accessibility by presenting information on elected representatives in a new format. In 2006, some very large-scale government services started to come online. For example, it is now possible to renew car tax online – and 8.5 million people have already done so.

2.22 Technological innovation is expected to open up new avenues for interacting with citizens and for delivering services. For example, sharing data between health and education services might help to provide a more comprehensive response to citizens' needs than if these services were to act independently. The state may need to be reorganised to maximise the benefits of such opportunities.

Figure 5: Per cent responding to question: *'Which one of the resources is most/least valuable to you in everyday life?'*

	Least valuable	Most valuable
Time	5	41
Energy	4	27
Money	11	18
Information	33	9
Space	47	5

60%　50%　40%　30%　20%　10%　0%　10%　20%　30%　40%　50%

■ Least valuable　■ Most valuable
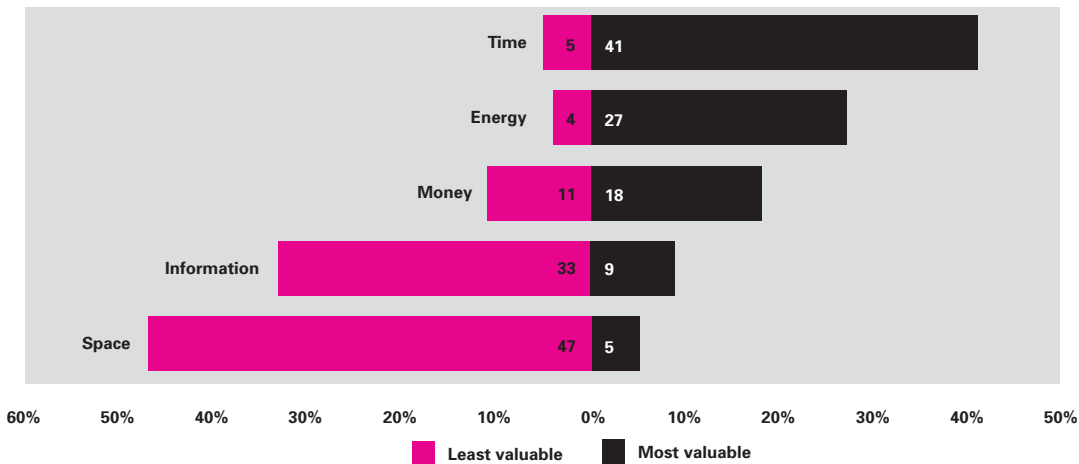
Source: *What the citizen wants: Planning for consumer change*, Henley Centre, 2006

2.23 Technology can also create entirely new tasks for the state. For example, advances in stem cell research, cloning and gene therapy are producing new ethical dilemmas – and accompanying demands for state regulation. The Government will need to ensure that people continue to have fair access to services.

2.24 The promise that comes with technological developments will need to be carefully managed. Bioscience, for example, promises a transformation in healthcare through the earlier identification of disease risk, quicker diagnoses, more specifically targeted drugs and new kinds of treatment for diseases that are currently untreatable. But to take advantage of all of this, doctors and clinicians may need

to know more about a person's DNA and may have to share information in new and different ways. It is now theoretically possible to compile a comprehensive DNA database and to use biometric identification on an identity card or an electronic patient record. The combination of these databases could be very effective in delivering personalised healthcare services – as well as in other areas, such as combating crime. But the public must be confident that the information gathered will not fall into the wrong hands and be misused. The Government recognises the importance of ensuring that data and information sharing are done responsibly.

2.25 All of these developments are placing great pressure on public services to change

their ways of working and to improve their offer to the public. The public's consent for collective funding has to be won afresh with every new generation. Now, people want and expect a service that meets their needs. A consensus has been established on the place of public services, which not long ago seemed to be under terminal threat. But future consent depends on how successful the Government can be in personalising these services.

Figure 6: Changes in the cost of global communication, 1920–1990
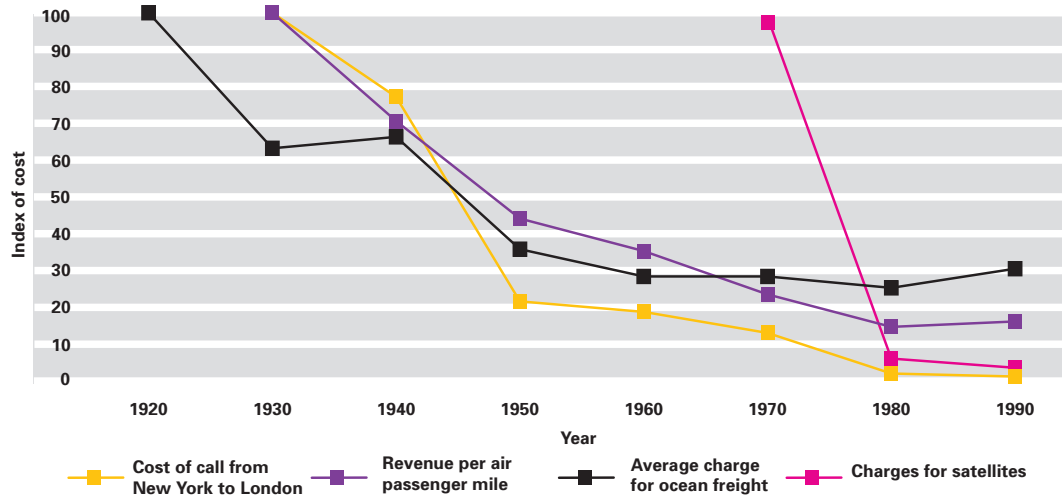
Source: *The Future of the Global Economy*, OECD pg 119, 1999

Progress has been made towards the ultimate destination of personalised public services. But there is a long way yet to go.

3. The Government's evolving approach to public services

Stronger performance management

3.1 The Government's objective has been to transform public services. To drive up standards, and to tackle inequities, the immediate focus was on stronger top-down performance management. This included:

- the introduction of National Service Frameworks in healthcare to define national standards and minimum entitlements for service users in areas such as coronary heart disease, cancer, diabetes, long-term conditions and renal services;

- a greater focus on performance assessment and inspection in education, for example through an expanded and tougher role for Ofsted, and in health through the creation of the Healthcare Commission;

- intervention to tackle underperforming providers; for example, of the 15 authorities that the then Office of the Deputy Prime Minister engaged with as a result of poor performance following the first Comprehensive Performance Assessment in 2002, only one still remained in the lowest performance category by 2006;

Figure 7: Total expenditure on education and health in real terms, £bn, 2004/05 prices, 1994/95–2004/05
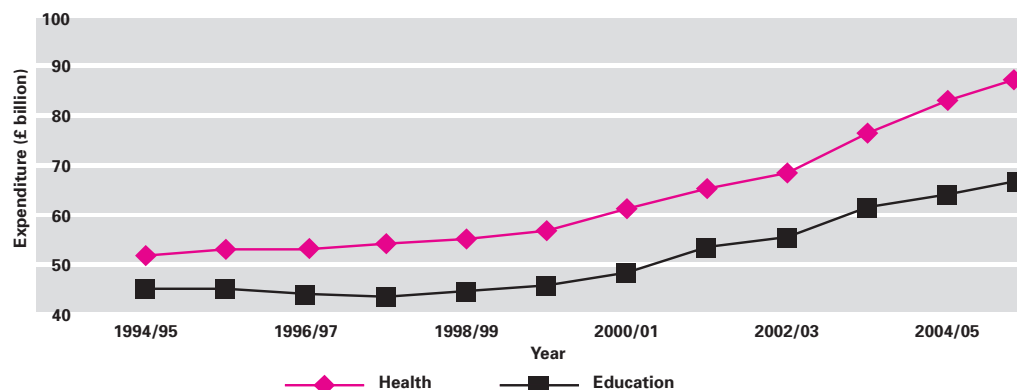
Source: *Statistics on Public Finance and Spending*, HM Treasury, 2007 www.hmt.gov.uk

- regulation and performance monitoring, via initiatives such as the National Literacy Strategy and a similar approach for numeracy; and

- three-year spending agreements underpinned by Public Service Agreements (PSAs) and PSA targets, and the creation in 2001 of the Prime Minister's Delivery Unit – to monitor progress towards them.

3.2 Since their introduction in 1998, Public Service Agreements (PSAs) have played a vital role in galvanising public services to deliver ambitious outcomes, building capacity and providing transparency. The service improvements achieved have permitted a more devolved approach, and in successive spending reviews the performance management framework has evolved away from a centrally driven focus on inputs and processes, to give frontline public service professionals increasing flexibility to deliver the outcomes that really matter to the public.

Targeted additional investment

3.3 Stronger performance management then provided the basis for targeted additional investment. Between 1997 and 2006, public expenditure on health rose from 5.4 per cent of GDP to an estimated 7.3 per cent,[6] while public spending on education[7] rose from 4.5 per cent to an estimated 5.5 per cent of GDP. Put another way, by 2007/08 spending on the NHS will have reached £92 billion, compared to the £33 billion spent in 1996/97.[8]

3.4 This increased investment has significantly improved capacity across the range of public services.

Figure 8: Number of NHS nurses in England, 1995–2005
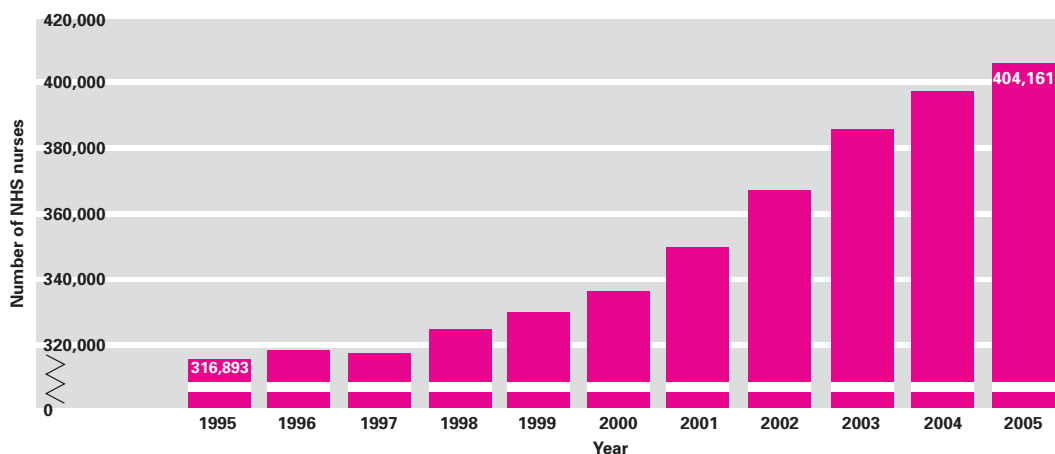
Source: *NHS Staff 1995–2005*, The Information Centre for Health and Social Care, Department of Health, 2006

Figure 9: Per cent of pupils achieving five good GCSEs, 1995–2006
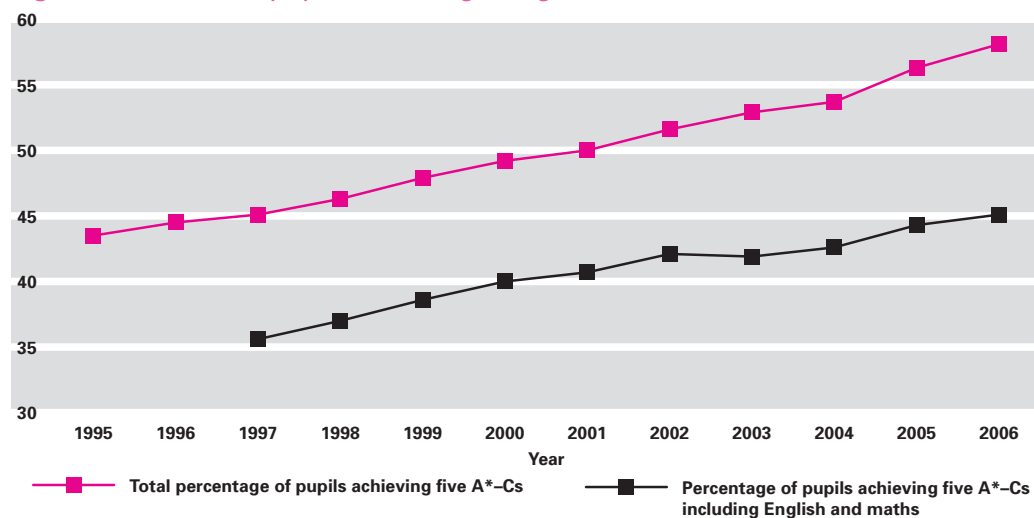
Source: *GCSE and Equivalent Results and Associated Value Added Measures in England 2004/05*, Department for Education and Skills, 2006

- In the **NHS**, there are now over 19,300 more doctors, 10,500 more consultants and 85,300 more nurses than in 1997.[9]

- In **schools**, there are over 36,400 more teachers and 92,500 more support staff.[10]

- In **policing**, officer numbers are at record levels, with over 14,700 more since 1997. They are assisted by over 16,000 new community support officers.[11]

3.5 Public service professionals are being better rewarded for their work. For example, teachers' pay is up 32 per cent in real terms since 1997.[12] Since 1997 the maximum that a headteacher can be paid has risen by 35 per cent in real terms. In inner London that means a maximum salary over £100,000.[13] Starting pay for a

junior doctor is up 48 per cent since 1997, for a newly qualified nurse it is up 59 per cent and for a consultant on the minimum pay scale it is up 64 per cent.[14]

Delivering success

3.6 The results of this approach to public services have been impressive.

- In 1997, there were 616 secondary schools where fewer than 25 per cent of pupils gained five or more good GCSEs. Today, there are just 47. There were just 83 all-ability schools with over 70 per cent of pupils gaining five good GCSEs. Today, there are 604. In total, 58 per cent of 16-year-olds now achieve five or more good GCSEs, up from 45 per cent in 1997. In inner London, progress has been

Figure 10: UK university positions in world rankings

UK rank	World rank 2006	World rank 2005	Institution
1	2	3	Cambridge
2	3	4	Oxford
3	9	13	Imperial College
4	17	11	LSE
5	25	28	UCL

Source: *Academic Ranking of World Universities;* Shanghai Jiao Tong University, 2006, http://ed.sjtu. edu.cn/rank/2006/ARWU2006_Top100.htm

even greater – with good GCSE results rising from 32.4 per cent in 1997/98 to 53.3 per cent in 2005/06.[15] In primary schools, numeracy and literacy strategies have significantly improved pupils' performance in maths and English.

- More people than ever are going to university, with a 21 per cent increase in enrolments from UK students attending university in 2005/06 compared to 1997/98 – an additional 40,000 students a year.

- England is on track to meet the target of a 40 per cent reduction in mortality from heart disease, strokes and related diseases in people under 75 by 2010, and to achieve the target to reduce mortality from cancer by 20 per cent in the under-75s.[16]

- Waiting list numbers have fallen from over 1.3 million in April 1998 to 775,000 today, with maximum waiting times for inpatients down from 18 months in 1997 to 6 months today.[17]

Figure 11: Hospital waiting times, 1997–2006
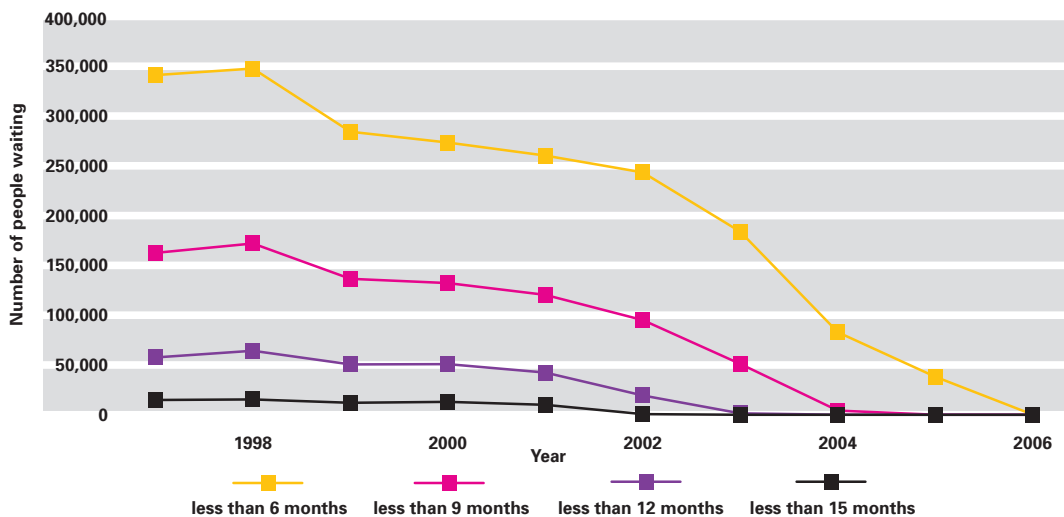
Source: *Hospitals and NHS Performance*, Department of Health, 2006

- Crime levels have fallen (see Figure 12). Between 1997 and 2005/06, overall crime rates fell by 35 per cent and there have been even larger falls in domestic burglary and vehicle crime.[18]

3.7 For all the progress that has been made, it is important to acknowledge that lessons have been learnt.

- While top-down targets can be successful in focusing resources on priority areas, they can have unintended consequences. For example, the 48-hour GP access target was intended to ensure that citizens would have rapid access to their GP services, but in fact some practices interpreted this inflexibly, which led to difficulties in arranging appointments beyond the 48-hour period.

- While citizens welcome more choice and say over their services, this requires careful design to ensure that people are not vulnerable to unscrupulous providers. For example, the mechanisms for provider accreditation for Individual Learning Accounts were too weak.

- While public sector professionals welcome the opportunities that wider roles and investment in their skills can bring, they must be able to feel that they can contribute to the process of improving public services.

- While bringing new and diverse providers into public services can bring high standards and good value for money, the manner in which this is done has to be carefully managed and considered case by case.

Figure 12: Crime levels, 1997–2006
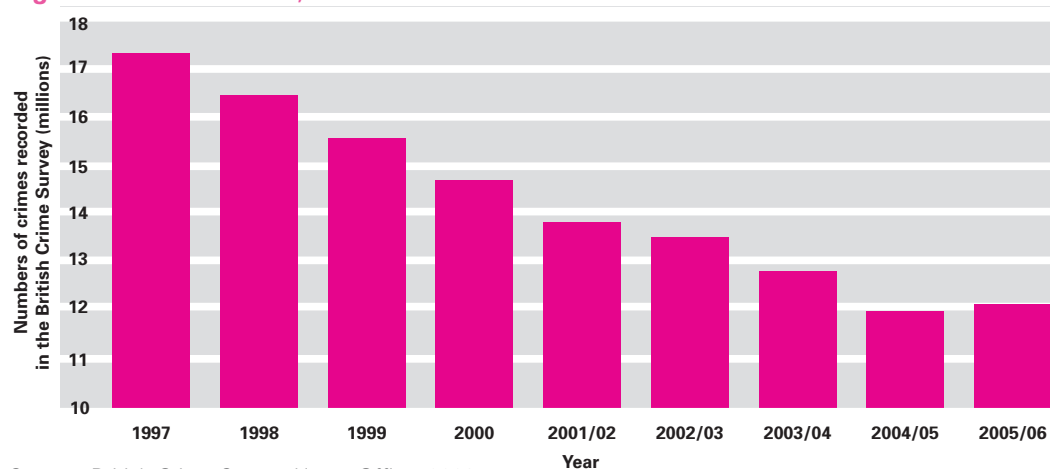
Source: *British Crime Survey*, Home Office, 2006

The British Crime Survey measures people's direct experiences of crime and is not affected by reporting or recording changes. The survey results are based on interviews with up to 40,000 people a year.

The governing idea of the next phase of reform is that services need to be personalised according to the needs of users.

4. Building on progress: personalising services

The success of the reform programme

4.1 The most conspicuous lesson of recent years is that the best outcomes are achieved when reforms bring together more money with more effective ways to make public services responsive to the needs of citizens.

4.2 The driving idea behind this was the transfer of power from government and service providers to citizens – ensuring that services are tailored to individual needs. To the citizen, this has been articulated simply as 'fair for all, personal to each'.

4.3 'Fair for all' means universal, high-performing and accessible public services, with funding that rewards outcomes. 'Personal to each' means services that are tailored to the needs of citizens, empower them, and promote mutual responsibility between the citizen and the state.

4.4 To achieve this, the Government has progressively focused top-down interventions such as regulation and inspection on the poorest performers,

'Fair for all' means universal, high-performing and accessible public services, with funding that rewards outcomes.

focused targets on outcomes and opened up public services to new providers from the private and third sector. Citizens have been given greater choice over the services they use (for example, where to have planned hospital treatment) and more influence over how these services are provided (for example, by inviting increased participation in decision-making and creating new forums to hear people's views).

4.5 The Government has also sought to ensure that the institutions and individuals who provide services are properly equipped, with a focus on workforce development and skills. In many areas, this has broken down traditional demarcations and has enabled professionals to take on new and more rewarding roles – such as nurse practitioners taking on roles in diagnosis, prescription and referral to secondary healthcare.

The next phase

4.6 The governing idea of the next phase of reform is that services need to be personalised according to the needs and preferences of users. Even for the simplest services, such as producing a standard product like a passport, people will expect an increasing range of choice (for example over how to contact the service provider).

4.7 The Government has already gone some of the way towards creating more personalised services. But five further steps are needed to ensure that they really become better tailored to the needs of the citizens who use them. The Government must:

- empower all citizens;
- open up the supply of public services to the best available providers;
- engage with the public service workforce as partners and foster workforce innovation and development;
- help the hardest to reach; and
- balance rights and responsibilities.

'It's about equality of outcomes – it's not the resources you put in, it's the quality of the service that you get out.'

(Source: Citizen Summit)

4.8 Empowering all citizens: this will mean that they have greater choice over the service that they receive, or some say in how or when it is delivered. For example, choice-based lettings systems have already given social housing tenants a say over where they live and have reduced complaints and led to efficiency savings.[19] In some cases, empowering citizens means that they (or a professional acting on their behalf) will receive a budget that they can spend on a service in the way that is most appropriate to their needs. In other cases, citizens will have an opportunity to make their views heard, about both the initial design of a service and its subsequent administration. The objective is to create as many opportunities for feedback as possible. Chapter 5 deals with the issue of empowering citizens in more detail.

4.9 Opening up the supply of public services: opening up the supply side and encouraging the development of a greater diversity of organisations capable of providing high-quality services is an important means of enabling citizens to find services that best suit their personal needs. For example, more dynamism has already been injected into the schools system with the introduction of Academies and Specialist Schools.[20] Creating a greater diversity of public service provision through an open supply side is dealt with in Chapter 6.

4.10 Fostering workforce innovation and development and engaging with the public service workforce: the old bureaucracies were not just frustrating for citizens: they constrained staff as well. Part of the process of creating more personalised services involves unlocking the ingenuity of staff. Where potentially entrepreneurial staff are held back by regulations, created for a long-forgotten reason, those barriers need to come down. This will mean that some of the established demarcations between professionals will change. For example, nurses are now already doing more of the work that has traditionally been left to doctors and technological developments will allow classroom assistants to do a lot more to support teachers than was the case even very recently. Fostering workforce innovation and development is the subject of Chapter 7.

4.11 Helping the hardest to reach: there is a small group, perhaps 2.5 per cent of the population, that public services have found very difficult to reach. However, a lot more is now known about this group. Most importantly, it is recognised that they are likely to have multiple problems that vary significantly by individual. These particularly disadvantaged individuals require services that are tailored to their specific needs to an even greater extent than the general population. For example, Family Intervention Projects are already providing holistic support designed to target some of

the most disadvantaged and problematic families.[21] Helping the hardest to reach is discussed in Chapter 8.

4.12 Balancing rights and responsibilities: empowered citizens expect and have a right to public services that are responsive to their needs and preferences. But many of the outcomes sought from public services require changes in individual behaviour: better health requires healthier lifestyles; improved education and attainment requires greater parental engagement. So alongside rights come responsibilities, for which the state needs to put in place an appropriate framework. In some cases this will require the state to intervene more forcefully – for example the Government has introduced Drug Treatment and Testing Orders (now the Drug Rehabilitation Requirement) to compel people to accept treatment for drug addiction. The issue of rights and responsibilities is dealt with in Chapter 9.

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The state should empower citizens to shape their own lives and the services they receive.

5. Empowering all citizens

Introduction

5.1 Personalisation is the process by which services are tailored to the needs and preferences of citizens. The overall vision is that the state should empower citizens to shape their own lives and the services they receive.

What has worked so far?

5.2 The Government recognises the need to ensure that greater power is devolved to citizens. For example:

- There is a considerably more diverse range of schools (including more than 2,900 Specialist Schools) and pupils are being provided with more personalised learning.[22]

- User satisfaction surveys are increasingly used to gauge providers' performance. For example, the biggest ever NHS survey, launched in November 2006, links GPs' pay to patients' satisfaction with access to services. An increasing number of performance indicators in local government are also based on satisfaction surveys.[23]

- Citizens' juries are used to enable the public to debate important issues (including through the Policy Review process).[24]

- Patients can now choose where to have planned medical care and council house tenants can express more choice over housing.[25]

- Tenant Management Organisations are giving tenants a direct role in the management of their housing.[26]

5.3 These developments have not only helped to empower citizens, but have also contributed to service improvements. For example, the London Patient Choice Project helped to reduce waiting lists as patients chose to be treated in hospitals with shorter waiting times.[27] Studies reveal that personalised assessment in schools has a significant impact on pupils' performance,[28] Tenant Management Organisations in most cases out-perform their host local authorities,[29] and the introduction of choice-based lettings has reduced complaints and led to efficiency savings.[30]

The next stage of reform

5.4 To embed citizen engagement and empowerment across public services, and to ensure that all citizens are able to enjoy improvements in public services, the Government needs to:

- **empower citizens to shape their lives and services;**

- **ensure that providers are more responsive to users' needs; and**

- **create more effective ways for users to express their views ('user voice') and have them acted on.**

Empowering citizens to shape their lives and services

Extending choice

5.5 Citizens want to have a greater ability to take important decisions that directly affect their lives. For example, 63 per cent of people believe that they should have 'a great deal' or 'quite a lot' of choice over which hospital they go to for treatment.[31] People from lower socio-economic groups are the most in favour of more choice. A MORI poll in 2004 found that people in social classes D and E were most likely to consider choice 'absolutely essential', as shown in Figure 13. This finding is supported by the British Social Attitudes Survey.[32]

5.6 A number of concerns have been expressed about the extension of choice in public services including potential

Figure 13: Per cent answering 'important' to question: 'Regardless of whether you use the service, how important do you think it is that…'
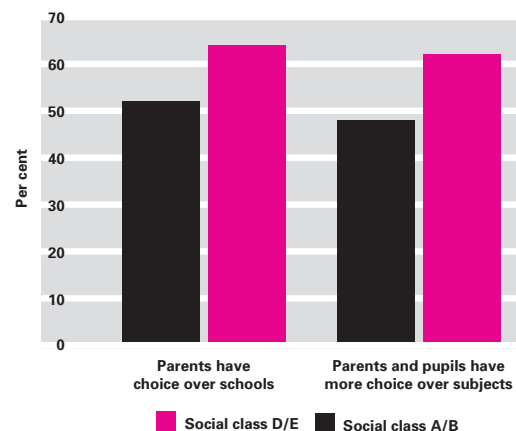
Source: Research conducted by MORI for the Audit Commission, 2004

impacts on the fairness of public service provision and additional costs arising if providers have to invest in additional capacity in order to be able to respond to the choices citizens make. Clearly, there are risks of this nature but they are not insurmountable.

5.7 The impact of choice-based reforms on the fairness of provision depends on the detailed design of such reforms and the safeguards that are put in place alongside them. For example, choice-based reforms were introduced in the New Zealand school system in the late 1980s. But, unlike choice-based reforms in Sweden and the UK, fewer safeguards were put in place

around school admissions policies. The result was increased segregation based on income and ethnicity.[33]

5.8 By contrast, Sweden introduced parental choice over schools and encouraged the entry of independent state schools from the early 1990s. Various studies have shown improvements in standards as a result of the reforms[34] and while there are no direct studies on the impacts of choice reforms on segregation, post-reform segregation remains very low compared with other countries. Crucially, unlike New Zealand, all new schools in Sweden had to be open to all regardless of ability, religion or ethnic origin.

5.9 In the UK, school reforms have been accompanied by measures to help with the costs of making choices (such as school transport), to improve the information and advice available to parents, to ensure appropriate regulation of school admissions is in place and to take swift action to deal with failing or under-performing schools so there are more good schools from which parents can choose. The evidence shows that in these circumstances choice-based reforms can indeed improve equity as well as efficiency and effectiveness in public service provision – not just in the school system but in other services such as health[35] and social housing.[36]

5.10 Getting the detailed design of public service reforms right is therefore crucial to ensuring they deliver the desired improved outcomes. Equally, it shouldn't be assumed that services where citizens have little or no choice are fairer. On the contrary, there is considerable historical evidence that the better off gain disproportionately. There are for example significant inequalities in the use of NHS care between different social classes, as shown by the examples below and in Figure 14.

- Intervention rates of coronary artery bypass grafting or angiography following heart attack are 30 per cent lower in the lowest socio-economic group than the highest.

- Hip replacements are 20 per cent less commonplace amongst lower socio-economic groups despite roughly 30 per cent higher need.

Figure 14: Access to health services by household income
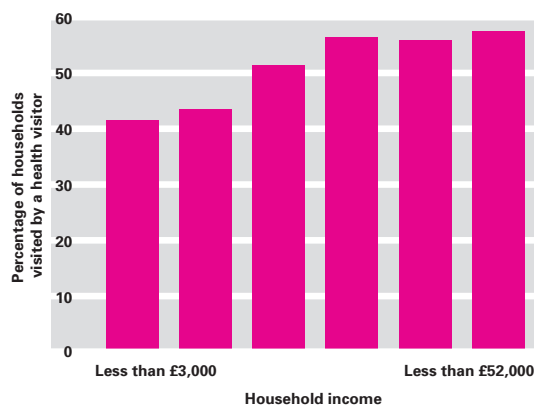
Source: Analysis of Millennium Cohort Study from *Reaching Out: An Action Plan on Social Exclusion*, Cabinet Office, 2006

- A one point move down a seven point deprivation scale results in GPs spending 3.4 per cent less time with the individual concerned.[37]

5.11 Choice-based reforms don't necessarily require significant extra capacity and associated costs to be effective. For example choice-based lettings have shown that choice can improve outcomes for social housing tenants without expansion of overall social housing provision by enabling better matching of tenants' preferences and available properties. And a US study showed that competition that reduced enrolments in schools by 6 per cent or more was associated with significant improvements in both pupil achievement and school productivity.[38]

5.12 Choice-based reforms are now well advanced across UK public services. But one area in which more might be done is acute healthcare where there is a case for extending choice from four hospitals to all qualified healthcare providers – public, private and voluntary.

Devolving decisions to individuals

5.13 In some instances, the best way of empowering users is to give them direct involvement in the commissioning of the services they receive. One of the most efficient and effective ways of doing this is by giving individual users their own budgets, which they can use to select what services they need and who should provide them (a model that is being piloted in social care). A variation on this approach is the budget-holding professional, who would have overall control of the budget, but make decisions in consultation with the service user. Although not appropriate in all public service areas (for example healthcare), individual budgets and budget-holding professionals could be extended, including budget-holding lead professionals for those 14–19-year-olds who are most in danger of becoming not in work, education or training.

5.14 Because individual budgets are not appropriate everywhere, in other areas, such as chronic healthcare, users could be given greater control over the mix of services that they receive (within an agreed list of options), rather than having to rely on professionals to choose on their behalf. This would allow patients with arthritis, for example, to decide on the mix

The Government should introduce and strengthen other ways of involving citizens in service provision and in the communities in which they live.

of treatments that is most appropriate to their individual circumstances.

5.15 The Government should introduce and strengthen other ways of involving citizens in service provision[39] and in the communities in which they live. For example:

- universities and colleges could be encouraged to give credits for volunteering, relevant to students' courses, towards final degrees;

- the NHS Expert Patient Programme could be extended beyond its existing 2004/07 rollout plan; and

- greater parental involvement in their child's education could be encouraged. There is good evidence of what works well here, for example:

  – Shireland Language College has introduced a parents' website where they can access up-to-the-minute details of their children's progress, homework and achievements;

  – the Leigh School in Dartford ensures that parents receive a telephone call prior to parents' evenings (with positive impacts on attendance);

  – many schools are now texting or emailing parents to keep communication regular but non-bureaucratic; and

  – qualitative research for the Scottish Executive found that in order to

> 'We need to give more resources to local communities … and to encourage and provide incentives for adults to play a more active role in the community.'
>
> Source: Citizen Summit

encourage parents to become more involved, the benefits for their own child needed to be emphasised (rather than the benefits for the school as a whole).[40]

Helping citizens to shape services

5.16 The Government has an important role to play in helping citizens to make the most of their ability to influence the way in which they receive services. This will include using the internet and other technologies to enable citizens to shape services in ways and at times convenient to them, and ensuring that the disadvantaged are given the support that they need to make effective choices – for example, by providing choice advisers in education and healthcare.

Ensuring that providers are more responsive to users' needs

5.17 In many cases, individual budgets and other reforms will enable users to tailor services to their needs and preferences. But when service users themselves are not best placed to do so, the Government

should encourage service providers to do more to identify users' needs and preferences and to personalise the services they provide. For example, in education:

- The Government should require schools to put in place systems to identify and track the needs of individual pupils. These systems would enable pupils to be actively involved in setting targets, to understand what level they should be reaching and to assess how their current performance compares to this.

- Schools – particularly in the most deprived areas – should make more use of smaller tuition groups for literacy and numeracy at key transition points (the first year of primary and secondary school).

- All schools should be encouraged to develop transparent strategies for engaging parents, which should be tailored to the different needs of individual parents and groups of parents. For example, schools could consider holding sessions between parents, a form tutor and students to discuss likely and potential grades and to set agreed goals for the student on the basis of the thrice-yearly achievement reports.

- Choice advisers should help disadvantaged parents with school preferences.

- The Government should continue to emphasise the importance of identifying gifted and talented pupils.[41] The National

Academy for Gifted and Talented Youth should also be expanded to include primary-level pupils.

5.18 In healthcare, a more personalised service could be facilitated by:

- encouraging doctors to take a more consultative approach to prescribing, in which patients are much more involved in the decision-making process. The Government should also consider providing generic tools for doctors to use to help them to do this; and

- using new technologies that enable healthcare interventions to be tailored to the specific needs of individuals: a patient's genetic profile may mean that a particular medicine is more or less likely to work or have adverse side effects. Clearly, there is a need to manage the risks associated with these new technologies (for example cost, regulation and public acceptance).

5.19 Services can be made more responsive and personalised by ensuring that they are accessible at times that are convenient to their diverse range of users.

5.20 The Government should support the development of new and innovative services that provide tailored advice to specific groups (for example the netmums.com website which provides a discussion and advice forum for mothers). These are outside government's direct

influence, but government has a role to play in supporting them – for example by ensuring that they are not undermined by government programmes or websites with similar objectives, and have easy access to publicly available information.

Creating more effective ways for users to express their views ('user voice') and have them acted on

5.21 Citizens should have the opportunity and means to express their opinions about the services they receive, and to have them heard and acted on ('user voice'). Giving users 'voice' in this way complements choice-based approaches, since the opportunity to express their opinion about a service or to register a complaint becomes more valuable if it is introduced alongside the possibility that users could choose a different provider.

5.22 There are numerous ways in which the Government could give users a greater opportunity to express their views about the services they receive.

● Commissioners should be encouraged to involve service users when deciding which provider to choose (for example Slough Council used a citizens' jury to select its waste contractor) and what service it should provide (for example social service users in Ealing were involved in the development of the contract for the external homecare service).

Citizen involvement in the Policy Review

The Government has ensured that citizens' views have directly fed into the Policy Review by hosting a series of deliberative forums in Manchester, London, Birmingham, Bristol and Leeds to discuss how citizens would deal with the difficult questions that ministers and civil servants face every day. These discussions centred around three core themes:

● how to improve customer service in the public services;

● how to encourage culture change to improve local communities; and

● how to update the relationship between the citizen and the state.

The forums culminated in a Citizen Summit at Downing Street on 3 March 2007, at which 60 members of the public discussed how to improve public services.

The Government should continue to build strong, autonomous public service organisations that are locally accountable.

- Users could be given better tools to point out problems – such as in Breckland in Norfolk, where members of the public are given disposable cameras to identify 'grot spots' in need of clean-up by the street cleaning firm, or in Welwyn and Hatfield, where 'community champions' use hand-held computers to email the council about problems requiring action.

- In local areas a 'neighbourhood offer' could be established that builds on the approach of the Department for Communities and Local Government (DCLG). DCLG is already introducing Community Calls for Action, which strengthen the ability of local councillors to speak up for their communities and to demand an answer when things go wrong.[42] The new neighbourhood offer could be based on three aspects:

  – greater neighbourhood engagement (for example through citizens' juries and panels);

  – the establishment of Neighbourhood Improvement Districts that would allow a residential community to make collective investments by voting to pay into a fund for particular purposes – for example, funding extra community support officers, or improving a park or garden – without having to set up or get involved in a formal organisation; and

  – 'double devolution', in which local government devolves greater power to neighbourhood levels in return for central government doing the same for local government.

- A Community Call for Debate could be introduced. Based on the same principle as the Community Call for Action, it would give citizens power to trigger a public debate in their local council. Instead of demanding action from local government, it would create an opportunity for debate within the local community, raising awareness of a particular issue.

Encouraging local accountability

5.23 The Government should continue to build strong, autonomous public service organisations that are locally accountable (such as foundation trust hospitals), and should continue to encourage the development of social enterprises with strong community links. By involving individuals from local communities and staff within their governance, such institutions have the ability to respond more directly to their local communities and will be freer to develop creative solutions to their local situations.

5.24 The Government should also make increasing use of user satisfaction surveys as an explicit component of the reward mechanism for suppliers. This already

happens with GP practices, but could be extended to other public service areas. Other ways in which citizens' opinions can be registered and subsequently acted on include using new technologies to enable them to give rapid feedback on services, and expanding the use and public profile of deliberative forums where groups of citizens consider a policy issue (such as the Citizen Summit that informed the Policy Review).

At a glance: policy recommendations to empower all citizens

Empowering citizens to shape their lives and services

- The Government should make progress as soon as possible on extending choice in acute healthcare to all qualified providers.

- The devolution of budgets could be extended to new areas, including budget-holding lead professionals for those 14–19-year-olds whose are most in danger of becoming not in work, education or training.

- In chronic healthcare, users should be given greater control over the mix of services that they receive (within an agreed list of options).

- Universities and colleges could be encouraged to give credits for volunteering, relevant to students' courses, as part of a degree – giving students a role in shaping public services.

- The NHS Expert Patient Programme, which encourages patients to manage their own conditions and has resulted in positive outcomes for patients, should be extended.

- The Government should ensure that citizens, particularly the disadvantaged, are given the support they need to make effective choices – for example, through choice advisers in education and healthcare.

Ensuring that providers are more responsive to users' needs

- The Government should require schools to put in place assessment systems and processes for monitoring the differing progress of individual pupils.

- Schools – particularly in the most deprived areas – should be helped to introduce smaller tuition groups for literacy and numeracy for key transition points (the first year of primary and secondary school).

- Schools should be encouraged to develop strategies for engaging parents (for example by phoning parents ahead of parents' evening).

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- The Government should support the development of the many new and innovative services that provide tailored advice to specific community interest groups.

- The Government should continue to emphasise the importance of identifying gifted and talented pupils, and the National Academy for Gifted and Talented Youth should be expanded to include primary-level pupils.

- New technologies should be used in the NHS to provide healthcare interventions tailored to the specific needs of individuals (for example based on a patient's genetic profile).

Creating more effective ways for users to express their views and have them acted on

- Commissioners of services should be encouraged to involve service users when deciding what services to provide and which provider to choose.

- Where appropriate, users can be given tools to point out problems with the provision of services (as in Breckland in Norfolk, where members of the public are given disposable cameras to identify 'grot spots' in need of a clean-up).

- A neighbourhood offer could be established, based on:

  – greater neighbourhood engagement (for example through citizens' juries);

  – the establishment of Neighbourhood Improvement Districts that allow a residential community to make collective investments to improve an area; and

  – double devolution, in which power is devolved to neighbourhoods in return for central government doing the same for local government.

- A Community Call for Debate should be introduced, giving citizens power to trigger a public debate in their local council.

- The Government should continue to build strong, autonomous public sector organisations that are locally accountable (as with foundation trust hospitals).

- The Government should make increasing use of user satisfaction surveys as an explicit component of the reward mechanism for suppliers.

- The Government should expand the use and public profile of deliberative forums (such as the Citizen Summit that informed the Policy Review).

The supply side should be opened up so that the best suppliers – whether from the private, public or third sectors – are used.

6. Opening up supply

Introduction

6.1 Services that are designed around the user depend on personalisation. But there is no point in empowering citizens if their expressed preferences cannot be met – and because different people want different things, a broad base of suppliers is needed.

What has worked so far?

6.2 The Government has begun to increase the diversity of public service providers, ensuring that the best providers (whether from the public, private or third sectors) are selected. This increased diversity of providers has helped to encourage innovative practice that can meet a broader range of user needs.

6.3 The Government has done a great deal already to introduce a greater range of organisations providing public services:

- Academies and Specialist Schools have enhanced the diversity of the schools system, with results in Academies improving faster than the national average.

- Independent Sector Treatment Centres have been introduced in healthcare, helping to reduce waiting times for patients.

- The private sector is continuing to play a crucial role in the management of prisons, with studies demonstrating positive impacts on efficiency and quality – not only of prisons in the private sector, but with spillover effects in the public sector too.[43]

The next stage of reform

6.4 Though progress has been made, much more can be done to ensure that providers and public service workers have the freedom and the skills to respond to local needs and improve outcomes for citizens. During the next stage of public service reform, the Government should:

- **use a greater diversity of providers, where appropriate. In particular, the Government should expand the role of the third sector; and**

- **use contestability and incentives to drive innovation and improvement**

where possible, while recognising that there will always be some limits to market provision.

Using a greater diversity of providers, where appropriate, including from the third sector

6.5 There are a number of ways in which the Government can facilitate a more open and diverse supply side. First, it needs to set an appropriate policy framework with clear objectives, establish effective regulation, and develop mechanisms for dealing with underperformance.

6.6 Second, no one provider should be given a privileged position. Taking such an approach enables the Government to harness the full contribution of all potential providers.

6.7 Third, where it is possible and desirable to specify service outcomes in a contract, the Government should increasingly seek to separate the commissioner of public services from the provider. Such a separation helps to avoid conflicts of interest, allows commissioners to focus on getting the best service at the best price for the user, and helps to encourage competition between providers (whether public, private or third sector). A more explicit separation of commissioner and provider does not mean that in-house provision is not possible, but does mean that it should be provided through an arm's length operation.

6.8 Separating purchasers and providers can usher in the prospect of a greater diversity of public service provision, but only if providers are able to compete on a fair basis. For example, where an incumbent provider enjoys a privileged position, it may be necessary to introduce short-term corrective measures to ensure that all providers can compete fairly.

Case study: Using the independent sector in healthcare

The introduction of Independent Sector Treatment Centres (ISTCs) in the NHS to address specific capacity constraints has contributed to the delivery of reduced waiting times. This has been most notable in cataracts, orthopaedics and MRI, for which some trusts have seen cuts of up to 30 weeks in waiting times. Average lengths of stay have also decreased – for example, lengths of stay are around a third shorter in ISTCs for hip replacements. The ISTC initiative has also resulted in four new healthcare providers entering the UK market.

Enhancing the role of the third sector

6.9 This is particularly the case with regard to the third sector, which has the potential to inject more diversity into the supplier base, but which faces significant barriers to entry when it comes to public sector provision. The sector has a number of strengths:

- Average outcomes can be better,[44] although there are important exceptions to this pattern.

- The sector is particularly effective in working with disadvantaged groups.[45]

- The sector has a strong record in working with users to jointly address healthcare, education and other needs.

6.10 The Office of the Third Sector has recently identified 18 opportunities for the sector to become more involved in the delivery of public services, including employment services, extended schools and childcare, and probation services.[46] These represent a potentially radical step-change in the role of the sector.

6.11 However, there are some limitations to the third sector playing a stronger role:

- Many third sector organisations have significant capacity constraints[47] and organisational cultures and structures that make it difficult to increase their scale.[48]

- Some organisations are reluctant to take on direct service delivery,[49] particularly in terms of the enforcement functions of the state (for instance, those related to the reduction of benefit fraud).

6.12 The Government should increase the capacity of the third sector by providing direct support, such as training and other professional development facilities. Local commissioners and procurement teams should develop processes that reflect the nature of many third sector providers, including their frequent lack of risk capital, relatively small size, and inexperience in engaging with tender processes. This means, in particular, offering longer grants and contracts which provide a more stable basis for investing in capacity, supporting consortium arrangements and helping third sector organisations better understand commissioning processes. The recent third sector public services action plan, *Partnership in Public Services*, commits the Government to a series of measures for improving commissioning and procurement processes.

6.13 The Government could go further by ensuring that contracts better reflect the added value that the third sector can bring to service provision (for example by strengthening Best Value and procurement rules on this issue) – particularly its ability to reach disadvantaged groups and engage with users.

6.14 The third sector can help catalyse public service reform by being a source of innovation and informing the design of services. The Government also needs to ensure that the lessons from successful third sector organisations are taken on board by other providers, and departments should review grant funding programmes to ensure that stable funding streams are in place.

6.15 While helping to develop the third sector, the Government must also focus on improving public sector provision, not least because there will always be some limits to the scope for mixed provision. For example, in a range of services, including parts of national defence, criminal justice and citizenship, private or third sector provision will be inappropriate and the focus should continue to be on improving public sector provision.

Using contestability and incentives to drive innovation and improvement where possible, while recognising that there will always be some limits to market provision

Making greater use of contestability

6.16 Making greater use of the third sector and introducing purchaser–provider splits will enable greater use of contestability to drive service improvements. At present, contestability is used in some service areas to a much greater extent than others.

There is, therefore, a case for a service-by-service assessment of where contestability could be extended. It is not possible to use contestability in all services: commissioners should assess whether it is possible to specify and manage contracts and whether competition is feasible.

6.17 The following list indicates where further contestability could be considered:

- In **schools**, significant progress has already been made in the form of competition for new schools, but it could be made easier to establish small schools (which would be allowed to expand upon the achievement of good results), and contracts for multiple failing schools could be tendered.

- In the **provision of GP services** and diagnostic services, contestability could be extended to areas where capacity is constrained or unresponsive to local needs. This will help to improve access and convenience for citizens, as well as service efficiency. For example, high street pharmacies could be used to provide a range of basic diagnostic services on behalf of primary care trusts (PCTs). Such services could be more convenient – located on the high street and accessible at a wide range of times – and better able to reach certain groups (such as teenagers) than traditional GP services. Pharmacies would be able to establish an individual's eligibility for

tests and to record the results using the newly introduced electronic patient records.

- Contestability could be introduced across the large number of **local government services** still largely provided in-house, such as street cleaning, foster care and adoption services.

- In **policing**, more could be done to involve the independent sector in support and non-core activities, which could help to free up officers to focus on their central duties. For example, some forces have contracted out payroll and pensions administration. Some have gone further and outsourced services such as transcription of interviews, overseeing suspects in custody and some forensics.

- In the delivery of **court services**, the independent sector's limited support role could be extended within appropriate boundaries.

- In **welfare**, the Freud Review[50] suggested that the private and third sectors should manage the hardest-to-help claimants, with Jobcentre Plus focused on paying out benefits and managing claimants closest to the labour market. Providers would be given flexibility over how they help to support claimants and would be paid according to outcomes. Rather than just getting people back to work, the proposal is that they should be paid for *keeping* people in work for up to three years. Evidence from Employment Zones shows that by giving providers flexibility and paying them by the results that are achieved, outcomes can be significantly improved.

6.18 In several areas, greater contestability is being introduced – such as in higher education (HE) and further education (FE). For example, in HE the introduction of tuition fees has led to increased pressure from students upon universities to perform and to clarify the respective responsibilities of the university and the students. In FE the system should become more responsive to the demands of employers and learners through a big expansion in Train to Gain and through personal accounts, which enable individuals to access the accredited training that is best suited to their needs. Where colleges or college departments are failing, new providers should be able to compete to take over weak provision. As with schools, there should be competition for all new FE provision, open nationally to all, including existing colleges and training providers. The Government will ensure that the system responds to the needs of users and employers, and that funding is linked to individual learners, so that FE colleges are given greater incentives to attract them.

Introducing new forms of contestability

6.19 The Government should consider making use of contestability in more innovative forms and in different environments. For example, contestability could be extended to commissioning bodies as well as those providing services. Such a move would not be desirable across the board, but may be an appropriate response to particular situations where a step-change in the quality of commissioning is needed (for example, the Learning Trust, a not-for-profit company, commissions educational services in Hackney). There are a number of services in which this type of approach could be employed, from the National Offender Management Service to the commissioning of local healthcare, where the primary care trust could contract external commissioners while maintaining the important link with the local population it serves.

6.20 Other examples of best practice that the Government should use to create more effective purchasing of services include:

- splitting contestable markets, where appropriate, to enable comparisons to be made between competing providers. For example, some local authorities have two separate street cleaning contracts; and

- making more use of funds that existing providers bid for to support innovative practices. For example, funding could be granted to support innovative approaches to assist disadvantaged pupils. To be eligible for such funds, schools would need to demonstrate plans to spend the money on the pupils most at risk of low attainment, with funding linked to improved outcomes.

The Government should consider making use of contestability in more innovative forms and in different environments.

Making use of 'payment by results'

6.21 Commissioners of services should encourage providers to find the most effective means of improving citizens' well-being by using funding that rewards the achievement of clear outcome improvements or objectives for individual service users. There are a number of areas in which outcome funding could be further developed:

- In healthcare, the Quality and Outcomes Framework (QOF), which ties a percentage of GP practice income to the achievement of quality targets, could be reformed to provide stronger outcome-based incentives for GPs, and greater incentives for individuals' progress towards desired health outcomes.

- In education, schools could be more strongly incentivised on the basis of individual pupils' progress. School funding is currently linked to several different measures, the most significant of which is the number of pupils within a local authority area. While this ensures that schools have an incentive to attract pupils, it does not explicitly reward them for the progress made by individual pupils. This could be done by introducing progress targets for every pupil individually (which the Department for Education and Skills is already trialling), and rewarding schools for the achievement of these targets. This would have the benefit of encouraging schools to focus on those pupils who were furthest from achieving their potential (i.e. where the potential for progress is at its greatest).

6.22 Though payment by results is often appropriate when funding institutions (such as schools or hospitals), in other service areas it will be most appropriate to give individual users' budgets with which to make their own decisions.

6.23 The right incentives can also help to ensure that good providers are able to expand. The Government can do more to help public sector bodies by:

- encouraging the development of spin-offs from public bodies;

- enabling the takeover of one public body by another (such as when high-performing schools take over failing schools); and

- facilitating the use of partnership working to improve performance (as when Kent County Council partnered Swindon Borough Council to help improve the latter's social services).

6.24 Another innovative approach would involve allowing potential providers to bid to take over a service if they believe that they could provide something better at a more reasonable cost. Of course, there would be risks with such an approach, including how to avoid constant bids that undermine a focus on delivery and ensuring fair comparison of providers.

Case study: Innovation in market testing in Japan

In Japan there is a new initiative to ascertain which public services, currently produced by the government, could be provided more efficiently by the private sector. Areas subject to market testing have included employment assistance, collection of national pension premiums, and prison services. One innovative approach to market testing, the 'proposal-based outsourcing model', began as a regional initiative in 2005. The Osaka Prefecture publicised the cost of producing public services in-house, and sought proposals for improvement from private operators. This allows potential private sector providers to suggest both improvements to service and reforms to operations.[51]

Getting the details right

6.25 Some of the ideas in this chapter have been – and may continue to be – controversial. For example, it has been argued that bringing a diverse range of providers into public services may be expensive or drive down quality. And it has also been argued that it can be divisive, undermining the public service ethos and discouraging cooperation between rival providers of public services.

6.26 However, evidence shows that, provided the commissioning processes are right and contracts are designed to motivate the right behaviour, providers will aim to deliver the best service for citizens – irrespective of whether they come from the public, private or third sector. Market incentives can drive improvements in the quality and efficiency of services.[52] Contestability has resulted in significant efficiency improvements. For example, the cost per prisoner of privately managed prisons is 10–15 per cent lower than that of comparable public prisons.[53]

Provided the commissioning processes are right and contracts are designed to motivate the right behaviour, providers will aim to deliver the best service for citizens – irrespective of whether they come from the public, private or third sector.

6.27 Evidence also shows that while poorly designed market mechanisms can reduce the motivation of public service workers

to behave altruistically, if the mechanisms are well designed, private and third sector providers can recover a failing public sector ethos (as has been the case in privately run prisons), and improve service quality.[54] For example, the Learning Trust, contracted to commission Hackney's education services, has helped to dramatically improve GCSE and Ofsted inspection results in the borough.

6.28 While some have cautioned that there is a risk that competitive pressures may deter organisations from beneficial collaboration, it is clear that government and commissioners can play a role in ensuring that the correct incentives are in place to encourage it. For example, the devolution of budgets to individuals would allow citizens to purchase bundles of services (from the public, private and third sectors) from what may have previously been different public sector areas. This in turn may encourage a more collaborative approach among service providers better tailored to the needs of the individual citizen. In other areas, the Government can link collaboration between providers with rewards or make it a condition of achieving a certain status – as is the case for schools wishing to gain specialist status.

6.29 The Government heeds the fundamental lesson from the evidence, which clearly points to the importance of getting the detailed design conditions right. Each service area has different characteristics, and it is essential to adapt the approach to them. There is no single model that can be applied across the board. In some services, an open and competitive supply side is not feasible or desirable (for example in policing serious crime). In these cases other ways of giving users the ability to express their views and have them acted upon will be needed.

At a glance: policy recommendations to open up supply

Using a greater diversity of providers, where appropriate, including from the third sector

- When it is possible and desirable to specify service outcomes in a contract, the Government should separate the commissioner of public services from the provider.

- Where an incumbent provider enjoys a privileged position, it may be necessary for the Government to introduce short-term corrective measures to ensure that all providers can compete fairly.

- The Government should increase the capacity of the third sector by providing direct support, such as training and other professional development facilities.

- Local commissioners and procurement teams should develop processes that reflect the nature of many third sector providers and should offer longer-term grants and contracts to ensure that stable funding streams are in place.

Using contestability and incentives to drive innovation and improvement where possible, while recognising that there will always be some limits to market provision

- A service-by-service assessment should be made to identify where contestability could be extended. Further contestability could be considered:
  – in schools, where it could be made easier to establish small schools, and contracts for multiple failing schools could be tendered;
  – in the provision of GP services and diagnostic services, where contestability could be extended to areas where capacity is constrained or unresponsive to user needs;
  – in the large number of local government services still largely provided in-house (such as street cleaning, foster care and adoption services);
  – in policing, where more could be done to involve the independent sector in support and non-core activities;
  – in the delivery of court services, within appropriate boundaries; and
  – in welfare, where the private and third sectors should manage the hardest-to-help claimants and be paid according to outcomes.

- Greater contestability is already being introduced in further education, for example where new providers should be able to compete to take over weak provision, and where funding is linked to individual learners.

- Contestability could be extended to commissioning bodies as well as those providing services (such as the commissioning of local healthcare on behalf of a primary care trust).

- The Government should consider making use of new forms of contestability, for example by:
  – splitting contestable markets (for example, some local authorities have two contracts for street cleaning to enable comparisons to be made); and
  – making use of funds that existing providers can bid for to support innovative activities.

- The Quality and Outcomes Framework, which ties a percentage of GP practice income to the achievement of quality targets, could be strengthened to provide stronger outcome-based incentives.

- Progress targets could be introduced for every pupil individually (an approach which the Department for Education and Skills is currently trialling), and schools could be rewarded for the achievement of these targets.

- The Government should encourage good public sector providers to expand by:
  – encouraging the development of spin-offs from public bodies;
  – enabling the takeover of one public body by another (as when high-performing schools take over a failing school); and
  – facilitating the use of partnership working (as when one council partners another to improve performance).

- Potential providers could be allowed to bid to take over a service in defined circumstances if they believed they could provide something better at a lower cost.

The Government must harness the commitment, dedication and skills of public service workers.

7. Fostering workforce innovation and development

Introduction

7.1 In order to deliver public services of the highest quality, the Government must harness the commitment, dedication and skills of public servants and encourage an ethos of innovation, flexibility and improvement among public sector bodies. This will enable public services to respond even more effectively to the needs of the people they serve.

What has worked so far?

7.2 The Government has already introduced greater flexibility in the roles of public sector workers. One of the most significant changes in the public sector workforce in recent years has been the creation of a new set of roles to support professionals. For instance:

- teaching assistants have been provided to support teachers in the classroom;

- community support officers provide visible policing, and help to reduce low-level crime and anti-social behaviour; and

- nursing support staff allow nurses to spend more time with patients.

7.3 These new support staff have an important role in their own right, and also free up public sector professionals to focus on specialised tasks, improving the effectiveness of the services concerned.[55]

The next stage of reform

7.4 Supporting the public service workforce underpins every other action that the Government takes to improve public services. Though progress has been made, much more can be done to improve the flexibility and skills of the workforce. During the next stage of public service reform, the Government should:

- **enhance the flexibility of the workforce and make broader use of support roles;**

- **support skills development; and**

- **improve engagement with the public service workforce.**

Enhancing the flexibility of the workforce and broader use of support roles

7.5 The Government has already given public bodies increased flexibility over staffing and people issues. For example, schools now have much more freedom over staff pay. But more should be done. Foundation hospitals, for instance, should be encouraged to use their freedoms to tailor their offer to local conditions.

7.6 As noted above, the introduction of a new set of roles to support public sector professionals, such as teaching assistants and police community support officers, has already improved both the efficiency and effectiveness of the workforce. The Government should continue to extend the use of such support roles (for example creating prosecutor support officers to provide administrative support and the early stages of case management for offences being dealt with outside court). It should also look at other ways to break down traditional demarcations between roles, to establish a workforce with the flexibility to meet the changing needs of employees, customers and the state itself. For instance:

- Greater use could be made of cross-jurisdictional courts between Magistrates' Courts and Crown Courts, where the magistrates or judges can be given appropriate powers to deal with an offender in the round, with both criminal and civil proceedings.

- The demarcation between locally delivered healthcare and healthcare undertaken in hospitals should be broken down further, so that healthcare is increasingly provided closer to patients. For example, patients could be given the choice of having dialysis and chemotherapy treatments provided at home.

- Teaching assistants could be encouraged to develop their skills sets further and be given additional responsibilities.

- The Government should, where appropriate, increase the responsibilities of nurses (as has already been done with regard to, for example, prescribing powers).

More can be done to improve the flexibility and skills of the workforce.

Supporting the development of skills

7.7 To achieve the goal of empowered public service users, services must be reoriented around the needs of citizens. New skills are needed to achieve this. Professionals will need to work with service users to help them to become

fully engaged and involved. Doctors, for example, should benefit from continuing professional development (CPD) that encourages them to take a more consultative approach to prescriptions. Teachers should also be given stronger incentives for CPD, in particular to help them provide more personalised learning. More generally, the Trade Union Learning Fund has enabled workers to develop their skills.

The Government should look at new ways of retaining and sharing the knowledge built up by those who work within public bodies.

7.8 As users in new service areas are given budgets that enable them to choose the best mix of service providers, they will need support to manage these budgets. Public service workers may be required to act as advisers, signposting users to other services that will benefit them. This, in turn, may make service providers across different sectors become more integrated with one another.

7.9 The Government should look at new ways of retaining and sharing the knowledge built up by those who work within public bodies. For example progress is being made in central government through the development of a Government

Procurement Service, and there is also scope to broaden expertise at local government level. The Government could support best practice in commissioning through:

- using the regional Centres of Excellence proposed in the recent *Strong and Prosperous Communities: The Local Government White Paper* to pool local government procurement and contract management expertise, including in specific sectors (such as for local authority waste procurement); and

- strengthening financial, contracting and strategy skills, and reaping economies of scale through initiatives such as drafting model contracts that can be used across the public sector.

7.10 Both competitive pressures and the ethos of the public sector professional give public service providers incentives to seek out best practice from across the system. But the Government can also encourage the spread of best practice in more direct ways, such as:

- encouraging inspection bodies, such as Ofsted, the Healthcare Commission, and the Audit Commission, to use inspections to spread best practice;

- developing more innovative forms of leadership and organisational merger. One example is appointing a chief

executive to lead multiple schools – a model which could be spread to new service areas, and to a greater number of schools; and

- rewarding the most innovative ideas, using competitions to find the best contributions.

Engaging better with staff

7.11 It is essential that the Government engages positively with public service staff. While pay has improved markedly in some public services, the Government also needs to pay attention to staff involvement. Staff in councils that the Audit Commission classifies as 'excellent' have higher job satisfaction than staff in 'poor' councils – yet no differences are evident in their satisfaction with pay, working hours, colleagues or their interest in the work itself. Staff in excellent councils are, however, more likely to feel that they have input into job plans, receive feedback, and have the opportunity to show initiative.[56]

7.12 The lessons here are plain: the Government must not only articulate its plans and ideas for improving public services more clearly, but must listen better to staff and involve them in planning ways to develop and improve service delivery. There are a number of ways in which this can be done:

- Most significantly, by reducing the number of top-down process controls, and devolving more decision-making (where practical and appropriate), the Government will create additional scope and freedom for public sector workers like teachers and doctors to shape public services to meet local needs.

- Ministers and Senior Civil Servants should be encouraged to spend time work-shadowing, to better understand the pressures on staff and see at first hand the challenges facing services and service providers.[57]

- Panels of public service workers should be used more methodically, giving staff the chance to develop ideas proactively, in partnership with policy-makers, rather than simply reacting to policy proposals that are already well under way.

- Just as citizens' juries are used to develop public input, staff involvement in shaping services should be increased in some areas. For example, clinical and managerial staff representation within primary care trust decision-making could be improved, and staff could be given stronger roles in setting targets across a number of services.

At a glance: policy recommendations to foster workforce innovation and development

Enhancing the flexibility of the workforce and making broader use of support roles

- The Government should give public bodies further flexibility over local staffing and people issues and encourage them to make use of it.

- The Government should continue to extend the use of support roles, for example by creating prosecutor support officers to provide administrative support.

- The Government should continue to break down the traditional demarcations between public sector roles. For example:
  - greater use could be made of cross-jurisdictional courts between Magistrates' Courts and Crown Courts so that civil and criminal proceedings can be dealt with simultaneously;
  - healthcare should increasingly be provided closer to patients – for example, patients could be given the choice of having dialysis and chemotherapy treatments at home;
  - teaching assistants, where appropriate, should have the opportunity to develop their skills sets and take on additional responsibilities; and
  - nurses, where appropriate, should be given the opportunity to extend their responsibilities (as occurs with regard to some prescribing powers).

Supporting the development of skills

- Professionals should develop skills so they can work with service users to help them to become fully engaged and involved. For example:
  - doctors should benefit from continuous professional development that encourages them to take a more consultative approach to prescribing; and
  - teachers should be given stronger incentives to undertake continuous professional development, in particular to help them provide more personalised learning.

- Public service workers will need to develop the skills needed to act as advisers to users who have been given budgets that enable them to choose the best mix of service providers.

- The Government should support best practice in commissioning through:
  – using regional Centres of Excellence to pool local government procurement and management expertise (for example for local government waste procurement); and
  – strengthening financial, contracting and strategy skills across public bodies, and using draft model contracts that can be used across the public sector.

- The Government can encourage the spread of best practice more generally by:
  – encouraging inspection bodies, such as Ofsted, to use inspections to spread best practice;
  – developing more innovative forms of leadership and organisational merger – as when schools appoint a single chief executive to lead multiple schools; and
  – rewarding the most innovative ideas based on a competition for the best contribution.

Improving engagement with the public sector workforce

- The Government must listen better to staff and involve them more in planning, for example by:
  – reducing, where appropriate, the number of top-down process controls, and devolving more decision-making;
  – encouraging ministers and civil servants to spend time work-shadowing (for example nurses and teachers) so that they can see at first hand the challenges facing services and service providers;
  – using panels of public sector workers to listen to their opinions, ideas and concerns; and
  – involving staff in the development of policy – for example, clinical and managerial staff representation within primary care trust decision-making could be improved.

The hardest to reach will often be those for whom early action and preventative measures will be the most effective.

8. Helping the hardest to reach

Introduction

8.1 The Government's aim is to ensure that higher-quality public services are put in place for *all* citizens. Government policy therefore pays particular attention to those who are hardest to reach. This means ensuring that the most disadvantaged members of society are able to benefit from the reforms that the Government has put in place to improve public services. Part of this process will involve measures to raise the aspirations of disadvantaged groups.

8.2 The hardest to reach will often be those for whom early action and preventative measures will be the most effective. Prevention means reducing the risk that individuals or families will experience problems later in life. Early intervention can prevent a problem from escalating. This chapter looks at ways in which preventative approaches and early intervention can be introduced effectively.

What has worked so far?

8.3 Over the last decade, the Government has focused a lot of attention on addressing the widespread poverty and disadvantage that had developed in the UK during the 1970s and 1980s. The increased opportunities that have resulted from these policies, combined with the aspirations and hard work of deprived families, have transformed the lives of many previously poor and socially excluded people, as well as delivering benefits to wider society.

8.4 For example, it is estimated that 2.5 million extra people now have jobs, releasing around £5 billion a year of public spending as well as personally benefiting these individuals. The Government has made significant progress on reducing child poverty: the number of children in poverty has fallen by 700,000 since 1998/99, with the UK's child poverty rate now at a 15-year low.

8.5 The Government has also placed a greater emphasis on tackling low aspirations. Improving parenting is one way to do this. The Department for Education and Skills has implemented a range of capacity building measures to improve parenting skills, such as:

- a £25 million Parenting Fund supporting third sector organisations to help parents develop their skills;

- a new toolkit to identify the most effective parenting programmes; and

- more one-to-ones between teachers and parents and more regular pupil performance information.

8.6 With regard to prevention and early intervention, the Government has introduced a number of reforms that seek to tackle problems at an early stage:

- Identifying problems and intervening to prevent their occurrence or escalation is at the heart of the *Every Child Matters* strategy.

- The development of Children's Trusts has led to clearer accountability and services that are better coordinated around the needs of the individual.

- Since 1998, the Sure Start initiative has been aiming to provide children with the best possible start in life – combining childcare, early education, health and

family support, with an emphasis on community development. By 2010, there are planned to be 3,500 Sure Start Children's Centres across the UK.

'Sure Start was really good for parenting courses. It helped loads of people in the area and brought them into the community.'

Source: Citizen Summit

8.7 The Government has introduced a stronger emphasis on prevention in healthcare. The Department of Health White Paper *Our Health, Our Care, Our Say* further strengthens the role of preventative approaches through improved provision of antenatal, postnatal, and health and early years services, and includes proposals for the new NHS 'Life Check'.[58]

The next stage of reform

8.8 Significant challenges remain to ensure that the hardest to reach can reap the full benefits from public services. For example, there are long-standing inequalities in public service provision, with the most disadvantaged historically receiving poorer services than other groups. The Government should focus on raising the aspirations of these particularly disadvantaged groups. More should also be done to introduce cost-effective measures

that prevent problems from escalating in the long term. Making personalised approaches work for the hardest to reach will require:

- **raising the aspirations of the most disadvantaged;**

- **identifying which early interventions are effective and deploying them on a much larger scale;**

- **systematically identifying those most at risk; and**

- **targeting funding at the right time and in the right place even where benefits may be realised much later and elsewhere.**

Raising the aspirations of the most disadvantaged

8.9 Achieving the overall goal of empowering citizens will require particular attention to be devoted to supporting the most disadvantaged in society. Underlying attitudes and values, in particular low aspirations, are an important component of disadvantage. The relationship between low aspirations and life outcomes is complex, but one significant link is the lack of belief in self-efficacy (i.e. the belief that life chances are more dependent on external events than the individual themselves). This in part explains why low aspirations are so significant in areas where behaviour has a long-term impact, such as educational attainment and public health.

8.10 Low aspirations are closely connected with structural socio-economic issues. Poverty, long-term joblessness, poor housing and other forms of social exclusion are clearly associated with low aspirations. Parenting and peer group effects are also important.

8.11 Current policy does recognise and attempt to address the underlying structural and personal causes of low aspirations. The Government has policies in place to tackle child poverty and bring about regeneration of deprived areas.

8.12 New programmes are also being put in place to support parenting. Many of these are in relatively early stages and cannot yet be evaluated. However, because tackling low aspirations is so important, delivering effective parenting support needs to be a major focus of policy over the next period. This could include rethinking the use of mentors, introducing more parenting classes through schools, and establishing a greater and more effective role for youth provision.

8.13 As well as tackling the underlying causes of low aspirations, the Government should increasingly seek to tackle their results, through incentives for both individuals (including those transmitted through peer groups and communities) and service providers.

As well as tackling the underlying causes of low aspirations, the Government should increasingly seek to tackle their results.

Incentivising citizens

8.14 The use of individual incentives can have a major impact on how low aspirations affect behaviour. Government already uses a wide range of incentives – both financial (such as tax credits, benefits and other entitlements) and non-financial. These should be developed and strengthened. For example, the Government should look at whether:

- parenting contracts on behaviour and attendance could be sharpened; and

- it is practical and appropriate to give children in deprived areas credits that could be used to pay for catch-up classes in maths and English.

8.15 Group and community incentives can also be effective in tackling the results of low aspirations, particularly in situations where peer pressure is a major factor. Group incentives can include group budgets, such as the £27 million Youth Capital Fund which provides grants for young people in disadvantaged areas to identify positive activities. They also include whole group incentives (for example class healthy eating rewards) and social pressure incentives, which aim to harness peer pressure to achieve positive results.

Incentivising providers

8.16 Providers also need effective incentives. Strong financial incentives for service providers can be used to deliver better outcomes for the most disadvantaged groups and guard against 'cream skimming' by providers.

8.17 Such incentives can encourage the take-up of effective programmes for tackling the consequences of low aspirations. There is already a substantial body of good practice, but it is not used as widely as it could be.

8.18 It is also widely accepted that the aspirations and expectations of public service professionals have a significant impact on outcomes. In education, creating incentives for the progress of individual pupils would help raise teachers' aspirations for all of their pupils.

8.19 In some cases legislation is needed. For example, legislation can go some way toward breaking up entrenched peer groups, through school banding in education.

8.20 More use of targeted mentoring and trusted leaders can also have a big impact – but this will require more capacity to be built in areas such as youth provision and summer schools.

Using information, support and social marketing

8.21 The use of information, support and social marketing is vital in tackling low aspirations. Programmes already exist to provide information and support, such as choice advisers for schools and healthcare. Improved incentives will ensure that local providers develop tailored approaches to fit the needs of their communities.

8.22 In some areas, more can be done. The Government should encourage local authorities to help parents with their choice of school by providing detailed information about local schools, including:

- the number of places;
- the number of applications; and
- the furthest distance from the school that places were awarded.

Other measures can be put in place to help users overcome barriers to choice. For example, where disadvantaged service users might not feel able to afford the travel costs to visit different providers, or not have access to information online, the Government should look at whether funding could be made available to cover travel and other expenses.

8.23 Social marketing approaches – applying marketing alongside other techniques and tools to achieve specific social behavioural goals – have proved effective in tackling low aspirations. The lessons are clear: the Government should use targeted, compelling messages that make it clear that those who change their behaviour will benefit. As the case study overleaf suggests, these benefits need not be financial.

8.24 One approach would be to introduce a 'challenge fund' approach, whereby social marketing providers are rewarded on the basis of measurable changes in targeted behaviour.

8.25 Of course, providing information or incentives will not always result in improved outcomes, and in some cases it will be necessary to intervene in more direct ways (discussed below) to address the behaviour of those who are not sufficiently responsible.

Case study: Using social marketing

The recent British Heart Foundation advertising campaign targeted working-class males in deprived areas. Starting from the premise that members of this group are often reluctant to report pain – and experience poor health as a result – the unambiguous message of the campaign was that 'Doubt Kills' and any delay in reporting chest pain could prove fatal. A related campaign aimed at South Asian audiences, who are at particular risk of heart attack, will run in parallel with Doubt Kills.

8.26 Reaching the most disadvantaged members of society will require the Government to embed this increased focus on the hardest to reach within its broader approach to public service reform. This is vital to ensuring that improvements in services benefit everyone.

Early interventions focused on prevention of problems can be highly cost-effective, and the positive impacts of successful initiatives are long lasting.

Identifying which early interventions are effective

8.27 Analysis shows that early interventions focused on prevention of problems can be highly cost-effective, and the positive impacts of successful initiatives are long lasting.[59] Ensuring that early intervention is used most effectively requires a step-change in the way in which central and local government work.

Using assessment experts

8.28 It is vital to establish what steps work best in each public service area, and to ensure that these are widely deployed. There are already many institutions in place that carry out these kinds of functions in areas like healthcare (such as the National Institute for Health and Clinical Excellence). Institutions focused on preventing problems from arising in the first place could help to promote best practice.

8.29 The Government should, where appropriate, extend the model of establishing institutions capable of assessing what methods to tackle problems at an early stage work best. For example, in children's and family services the Government is going to establish a Centre of Excellence in Children's and Family Services as a way to spread best

practice and develop the capacity of staff and leaders in children's services to consider new evidence and then act on its findings.

8.30 More forceful methods to deal with problems at an early stage may need to be used with the most problematic individuals or families, where other strategies are unlikely to work. Family Intervention Projects (see case study below) have been highly cost-effective.[60] These kinds of projects could be extended to other areas involving problematic individuals or families.

Promoting multi-agency working

8.31 The Government should also do more to promote multi-agency working to intervene early and address complex problems. There are a number of ways to do this, such as:

- encouraging the development of public service hubs, in which a range of services are provided in the same location. For example, the Darlington Education Village is designed to meet all the *Every Child Matters* outcomes;

- encouraging service providers to work together to make things easier for people to deal with significant life events (such as a bereavement, or the birth of a child);[61] and

- fully implementing the vision of the National Offender Management Service, in which teams use information about an offender (such as education, family circumstances and any history of substance misuse) to design tailored programmes to help prevent reoffending in future.

Case study: Family Intervention Projects

Family Intervention Projects provide support targeted at some of the most disadvantaged and problematic families. Interventions vary in intensity, partly reflecting the severity of the problems involved. These range from home visits and coordination of different service interventions, to full residential interventions where the family lives in adapted accommodation with 24-hour supervision and support, such as that pioneered in the 'Dundee Project', commissioned by a local authority but delivered by NCH, a children's charity. Despite the relative expense of Family Intervention Projects, they have been found to be highly cost-effective in terms of improving outcomes for the families and communities involved.

Systematically identifying those most at risk

8.32 When it is clear that preventative approaches can be most effective, the next step is to identify those at risk as early as possible. Public service professionals are often best placed to do this. For example, one of the best single predictors of educational attainment at age 16 – which is itself an effective predictor of adult outcomes – is teacher ratings of parental interest at age 10.

8.33 The Government should systematically build up knowledge on how to identify those most at risk. Policy areas to focus on include:

- full implementation of the *Every Child Matters* vision for prevention;

- young people's mental health; and

- healthcare, where best practice could be spread. For example, other bodies could benefit from using Croydon Primary Care Trust's tool for identifying groups at risk of multiple hospital admissions.

Targeting funding at the right time and in the right place

8.34 Public health represents one area in which prevention can result in cost savings and improved outcomes for citizens. Equally, crime could be reduced by adopting cost-effective preventative approaches, such as rehabilitative drug treatment programmes.

8.35 Therefore, the Government should target funding at the right time and in the right place to prevent negative outcomes. This should be applied where appropriate across all public services, even where the benefits may be realised much later and elsewhere.

At a glance: policy recommendations to help the hardest to reach

Raising the aspirations of the most disadvantaged

- The Government should deliver effective parenting support to improve the aspirations of the disadvantaged (for example through mentors, parenting classes, and youth provision).

- The Government should strengthen incentives on individuals to encourage desirable behaviour. For example:
  – parenting contracts on behaviour and school attendance could be sharpened; and
  – children in deprived areas could be given credits that could be used to pay for catch-up classes in maths and English.

- Stronger financial incentives for providers should be used to deliver better outcomes for the disadvantaged.

- The Government should encourage local authorities to help parents with their choice of school by providing detailed information about, for example, the number of places and the number of applications at the school.

- The Government should consider whether funding could be made available to ensure that disadvantaged users are able to fully access services – for example to help with travel costs.

- The Government should use social marketing to provide targeted, compelling messages that encourage people to change their behaviour (for example as was done with the British Heart Foundation's 'Doubt Kills' campaign).

- A challenge fund should be introduced whereby social marketing providers are rewarded on the basis of measurable changes in targeted behaviour.

Identifying which early interventions are effective and deploying them on a much larger scale

- Where appropriate, institutions could be established to assess which preventative methods work best in different service areas. This could operate along the lines of the proposal for a Centre of Excellence in Children's and Family Services.

- More forceful methods should be used to tackle the most problematic individuals or families such as the highly cost-effective Family Intervention Projects.

- The Government should promote multi-agency working to facilitate early intervention by:
  - encouraging the provision of different public services in the same location (i.e. public service 'hubs' such as the Darlington Education Village that also provides healthcare facilities);
  - encouraging service providers to work together to make it easier for people to deal with significant life events (such as a bereavement); and
  - fully implementing the personalised vision of the National Offender Management Service.

Systematically identifying those most at risk

- The Government should systematically build up a knowledge base so that those most at risk can be identified. Policy areas to focus on include:
  - the full implementation of the *Every Child Matters* vision for prevention;
  - young people's mental health; and
  - healthcare, where – for example – tools have been developed to identify those at risk of multiple hospital admission.

Targeting funding at the right time and in the right place

- Funding should be targeted at preventative approaches where appropriate across all public services, for example in public healthcare and crime reduction strategies.

With rights come responsibilities.

9. Balancing rights and responsibilities

Introduction

9.1 Public services that have been reformed along the personalised lines suggested in this document place extra responsibility on citizens. If the Government gives people the power to choose, or express a view, they need to take up that power. Also, it is incumbent on citizens to make responsible use of services. In other words, with rights come responsibilities. The importance of balancing rights and responsibilities is widely acknowledged. For example, 9 out of 10 attendees at a Policy Review citizens' forum felt that patients who kept missing GP appointments should have access only to a 'turn up and wait' service.

9.2 There is an important role for government in ensuring that the right choice is also the easy choice, for example by providing information. The measures set out in the previous chapter aim to ensure that people are equipped to take on rights and responsibilities.

What has worked so far?

9.3 The Government has already put in place a number of policies aimed at clarifying the rights and responsibilities of citizens:

- The New Deal has emphasised rights and responsibilities in welfare to work, by giving people support in moving into work in return for their active commitment to the programme.

- Anti-Social Behaviour Orders (ASBOs) provide a way to emphasise, and if necessary enforce, the importance of responsible behaviour.

- The Educational Maintenance Allowance (EMA) pays young people from disadvantaged backgrounds a benefit as long as they attend school or college.

- Parenting Orders can be used to make the parents of young offenders or persistently disruptive pupils attend parenting classes.

The next stage of reform

9.4 The measures that have been put in place have made considerable progress in setting out a framework of rights and responsibilities for more personalised and flexible public services. However, there are a number of areas in which it would be possible to go further:

- **increasing the use of citizen–service contracts;**

- **setting out clear accounts of entitlements; and**

- **ensuring that citizens recognise the costs of the services they receive.**

Increasing the use of citizen–service contracts

9.5 One way of encouraging more responsible behaviour is through the use of citizen–service contracts. Contracts should lay out specific conditions so that individuals are aware of their obligations in particular service areas as well as their entitlements.

9.6 Research on attitudes to responsibility shows that the concept is complex. In particular, ideas of responsibility to one another, rather than to the state, are often the most powerful.[62] Therefore, the use of contracts needs to take account of mutual obligations between citizens, as much as between the citizen and the state or other providers of public services. Policy

is already developing in this direction, such as with the proposal to give Tenant Management Organisations powers to issue ASBOs in some circumstances, but more opportunities to involve citizens in developing and enforcing such obligations should be sought.

Setting out clear accounts of entitlements

9.7 In order to ensure that citizens are made aware of their entitlements – as well as their responsibilities – the Government should look at the possibility of drawing up a package of services that all users are entitled to. For example, the role of the National Institute for Health and Clinical Excellence could be enhanced to include establishing a package of healthcare to which all citizens would be entitled. Similar packages of rights and entitlements could be established across all core services – including education and local government.

9.8 This process could be further strengthened in healthcare through the introduction of a specific constitution for the NHS to mark its 60th anniversary. This would represent an appropriate moment to cement its position at the core of our society and to celebrate its success. Over the next 15 months the Government will be consulting about such a statement of aims and values for the NHS, which will formally enshrine its principles.

'We're all responsible citizens, but you don't have everyone that's responsible – and if you only get one section who doesn't care – it's a problem.'

Ensuring that citizens recognise the costs of the services they receive

9.9 Citizens could also be encouraged to make more responsible decisions about the use of services if they were informed about how much it costs the state to provide that service. This could be done following a GP consultation or other healthcare treatment. Though the citizen wouldn't be charged for the treatment, the information alone may help them to understand the costs incurred in providing the service, and so encourage them to be prudent in their use of healthcare services. Similarly, university students – who may believe their fees cover the entire costs of their courses – could be informed of the total costs of their courses at the beginning of each year.

At a glance: policy recommendations to balance rights and responsibilities

Increasing the use of citizen–service contracts

- The Government should encourage responsible behaviour through the introduction of citizen–service contracts that make citizens aware of their obligations as well as their entitlements.

- The Government should look at new ways of involving citizens in the enforcement of citizen-to-citizen obligations (such as the proposal to give Tenant Management Organisations the power to issue ASBOs).

Setting out clear accounts of entitlements

- The Government should look at the possibility of drawing up an agreed package of services that all citizens are entitled to. The National Institute for Health and Clinical Excellence, for example, could be tasked with establishing a package for healthcare.

- An NHS constitution, which will serve as a statement of aims and values, could be established to celebrate the 60th anniversary of its founding.

Ensuring that citizens recognise the costs of the services they receive

- Citizens could be encouraged to make more responsible decisions about the use of services that are free at the point of use by being informed about how much it costs the state to provide that service.

10. Next steps

10.1 Since it was announced last October, the Policy Review has touched on virtually all major areas of policy and involved the entire Government. After 10 years in power, it has provided a real opportunity to reflect on what has worked (and what has not); what should be intensified; and on what new directions should be pursued.

10.2 As in the case of the other strands of the Policy Review, work on public services has been taken forward through Cabinet-level sessions, policy papers specifically drafted for the review and seminars for non-Cabinet ministers. There have also been deliberative forums on public service issues involving members of the public, culminating in a Citizen Summit at Downing Street in March 2007.

10.3 Key objectives in 1997 were the rebuilding of public services, expanding opportunity for all and creating a fairer society. Progress has been made in all these respects with substantial new investment in public services and substantially improved outcomes as a result.

10.4 The vision in this paper is of a Britain where more people are empowered than today, where opportunity continues to expand and, crucially, where public services of all kinds are focused ever more on the personal needs of those who use them, including the most disadvantaged. Practical ideas for realising this vision have been set out in this paper. The forthcoming Comprehensive Spending Review and departmental plans and strategies will allow these ideas to be developed further and taken forward as appropriate.

10.5 As well as setting out how public services can be improved in the future, the approach in this paper underlies important pieces of work already under way. For example:

- the Offender Management Bill and Freud Review advocate opening up the supply side of national offender management and welfare to work services;

- the Government is continuing to refine Public Service Agreement targets so that they are increasingly focused on the achievement of specific outcomes and user satisfaction;

- Department for Education and Skills pilots are investigating options for learning targets that are personalised to the individual;

- the Government's action plan on social exclusion, *Reaching Out*, is currently being implemented and focuses on tackling entrenched social problems early and helping the hardest to reach; and

- the deliberative forum model of citizen engagement is one that will continue to inform government policy in the future.

10.6 This paper is one of several strands of the Government's Policy Review. There are also a number of other pieces of long-term work being undertaken across government, including the Comprehensive Spending Review, and the Capability Reviews of government departments. Together, these reviews will inform the broad approach the Government takes across policy areas over the coming decade.

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