

DEMOS

# BALANCING ACT

A LIBERATED APPROACH  
TO PUBLIC SERVICE  
ACCOUNTABILITY

FUTURE PUBLIC SERVICES TASKFORCE -  
DISCUSSION PAPER TWO

BEN GLOVER

DECEMBER 2024



FUTURE PUBLIC  
SERVICES TASKFORCE  
DEMOS

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Published by Demos December 2024  
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15 Whitehall, London, SW1A 2DD  
T: 020 3878 3955  
hello@demos.co.uk  
www.demos.co.uk

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# ABOUT DEMOS

Demos is the UK's leading cross-party think tank producing research and policies that have been adopted by successive governments for over 30 years. We believe that the current system of policy making isn't working. It's either too partisan to address the big underlying problems we agree on, or too technocratic to find solutions that resonate for all. Our systems aren't trusted to improve people's lives. At Demos we believe that there is a better way: one which puts people first to achieve fundamental and lasting change and overcome divisions. We call this collaborative democracy. As a genuinely cross-party think tank, we work with all parties and none to find solutions that work for more people.

## ABOUT THIS PAPER

This paper is the latest in a series to be published as part of Demos's *Future Public Services Taskforce*, which is producing a new cross-cutting public service reform strategy for central government. This strategy could be the starting point for the first cross-cutting public service reform White Paper since 2011. In May 2024, the Taskforce published its vision for public service reform, *Liberated Public Services: A new vision for citizens, professionals and policy makers*. We are now applying that vision to five policy workstreams:

- **Workstream One** - Governance structures and duties.
- **Workstream Two** - Accountability.
- **Workstream Three** - Funding models.
- **Workstream Four** - Workforce.
- **Workstream Five** - Citizens.

This Discussion Paper presents our analysis and the recommendations we are considering from Workstream Two - Accountability. The Taskforce's final report, *The Reform Divided: A Roadmap to Liberate Public Services*, further refines our analysis and presents our final recommendations. We welcome feedback, suggestions and comments on this Discussion Paper, in particular our proposed policy options. Please send feedback to [ben.glover@demos.co.uk](mailto:ben.glover@demos.co.uk).

The paper's author is **Ben Glover**, Head of Social Policy at Demos, who leads the Future Public Services Taskforce.

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**ALEX FOX OBE**

Delivery Director, IMPOWER Consulting



**NOEL HATCH**

Assistant Director for People and Change at Adur & Worthing Councils



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**ANNA RANDLE**

Collaborate CIC



**SIMON PARKER**

Senior Public Servant



**CAROLINE SLOCOCK**

Director of the think tank, Civil Exchange

# ACKNOWLEDGEMENTS

First, I would like to thank the Taskforce's four funders - Better Society Capital, Bridges Outcomes Partnerships, CIPFA and PA Consulting - for making this project possible.

I would also like to thank external members of the Taskforce's Advisory Board, in particular Patricia Hewitt, Chris Naylor and Jonathan Slater. I would also like to thank the Taskforce's Policy Advisors: Simon Parker, Catherine Needham, Alex Fox, Noel Hatch, Anna Randle, Caroline Slocock and Patrick Diamond.

At Demos, I would like to thank Andrew O'Brien for his advice and guidance in the development of these ideas.

Finally, I would like to thank the attendees of an online roundtable discussion to inform the development of this Discussion Paper.

The views expressed throughout the work of the Taskforce are Demos' only. The Taskforce's Advisory Board members, Policy Advisors or funders do not necessarily agree with all the conclusions and recommendations within this report, and nothing in the report can be taken as directly representing their views.

**Ben Glover**

**December 2024**

# EXECUTIVE SUMMARY

Demos's *Future Public Services Taskforce* is producing a new cross-cutting reform strategy for England's public services. This is based on our 'liberated public services' vision, which learns from innovative local practice and calls for public services to be liberated from an overly centralised state.<sup>1</sup> We are publishing a series of Discussion Papers exploring how central government can support the development of this vision. This paper focuses on accountability.

## OUR ANALYSIS

In this paper we identify three primary challenges with England's system of public service accountability in England:

- Measuring what doesn't matter.
- Weakened local democratic accountability.
- Sanctions and punishment over learning and innovation.

### Measuring what doesn't matter

Recent decades have seen the proliferation of targets to manage public services. These targets are often linked to activities, or outputs, rather than outcomes. This means that too often targets fail to 'measure what matters'. As a result, public services have sometimes been distracted from their true purpose: improving the lives of citizens across the country.

### Weakened local democratic accountability

Local democratic accountability for public services has weakened. The schools academisation programme in England has weakened the influence of elected politicians and local residents over education in their local areas. This is compounded by a wider fragmentation in the local public services landscape, with quasi-markets and outsourcing muddying lines of accountability. This weakening of local accountability led to attempts to exercise more accountability centrally.

### Sanctions and punishment over learning and innovation

Following the Centre for Governance and Scrutiny's typology,<sup>2</sup> hard accountability relates to formal forms of accountability and is often focused on sanctions when punishment or

1 Ben Glover, *Liberated Public Services: A new vision for citizens, professionals and policy makers*, Demos, 2024. Available at: <https://demos.co.uk/research/liberated-public-services-a-new-vision-for-citizens-professionals-and-policy-makers/> (accessed 9 October 2024).

2 The Centre for Governance and Scrutiny, *Accountability works!*, 2010. Available at: <https://www.cfgs.org.uk/wp-content/uploads/Accountability-works.pdf> (accessed 28 October 2024).

intervention is deemed necessary. Soft accountability instead focuses on learning. When things go wrong, advice and guidance is offered rather than punishment.

Policy has recently privileged hard over soft forms of accountability for public services, driven often by a limited and negative view of public servants. This can 'crowd out' the positive force of 'intrinsic motivation' among public servants.<sup>3</sup> It can also limit the scope for frontline professionals to experiment.

## **OUR PROPOSALS - THREE SHIFTS**

How do we address these challenges? In this report we call for three shifts, examined in more detail below:

- **Shift One** - Missions + 'minimum service standards'.
- **Shift Two** - Rebuilding subregional and local accountability networks.
- **Shift Three** - Building a learning and innovation culture.

Together, these shifts seek to more closely hold public services to account for the things that really matter; the outcomes that really shape people's lives. Too often systems of accountability have strayed from this focus. Our proposals seek to correct that.

### **Shift One - Missions + 'minimum service standards'**

To support a more flexible, innovative approach to local public service delivery, we need to move away from a proliferation of tightly defined, tightly administered targets. We believe that missions - ambitious, cross-cutting, long-term goals - can support that shift. Used appropriately, missions could provide the breathing space for frontline professionals and local policy makers to experiment in best meeting a particular outcome; being held to account for their progress towards a mission, rather than whether they have met a specific service standard or a narrow target. At the same time, we must avoid throwing the baby out with the bathwater. There is good academic evidence that targets can help us usefully set a floor. 'Minimum service standards' - genuinely minimum output-based measurements - could help provide a floor for public service standards.

### **Shift Two - Rebuilding subregional and local accountability networks**

We have argued throughout the Taskforce that Combined Authorities should play a bigger role in supporting the reform of public services. Yet new powers must come with new accountability mechanisms, particularly given concerns about poor decision making and weak scrutiny in some Combined Authorities today. We must also consider filling the accountability void left by the Audit Commission's abolition in 2015. While there were genuine issues with the operation of the Audit Commission towards the end of its lifespan, its loss has weakened public service accountability.

### **Shift Three - Building a learning and innovation culture**

How can we use inspection and audit regimes to focus more on inspiring and supporting learning and innovation? Inspectorates should ensure that 'minimum service standards' are delivered. But above that floor they should focus more on supporting learning and innovation.

<sup>3</sup> Harry Quilter-Pinner and Halima Khan, Great Government, IPPR, 2023.

Beyond its audit functions, the Audit Commission played a valuable role undertaking research and providing informal advice to policy makers and public servants. Again, its loss has lessened the scope for learning and innovation across public services.

## POLICY OPTIONS

POLICY SHIFT	POLICY OPTION
<p><b>Shift One - Missions + 'minimum service standards'</b></p>	<p><b>Policy Option One:</b> The government should translate its missions into a number of 'mission metrics' that are used to drive the upcoming multi-year Spending Review. It is essential that these are genuine missions: ambitious, long-term, cross-cutting and outcomes-focused.</p> <p><b>Policy Option Two:</b> The government should translate national 'mission metrics' into 'metro missions' for each Mayoral Combined Authority, agreed through the Council for the Nations and Regions. MCAs should be held to account for progress towards these cross-cutting, long-term and ambitious 'metro missions'.</p> <p><b>Policy Option Three:</b> Combined Authorities or equivalent should translate their 'metro missions' into 'local missions' through a co-creation process with constituent local authorities and wider bodies, including the NHS, schools and policing.</p> <p><b>Policy Option Four:</b> Parliament should establish 'Mission Committees: House of Commons Select Committees dedicated to scrutiny of the government's missions.</p> <p><b>Policy Option Five:</b> The government should set 'minimum service standards' which are kept to a genuine minimum and used as a genuine backstop. Over time the need for such standards may fall away if the mission-based approach to holding local public service leaders to account for outcomes is working effectively; but in the meantime this sort of support and assurance is likely to be required by both the public and politicians.</p>
<p><b>Shift Two - Rebuilding subregional and local accountability networks</b></p>	<p><b>Policy Option Six:</b> A standing Citizens' Panel should be trialled in one Mayoral Combined Authority, with the aim of providing a new, locally democratic source of scrutiny. This would supplement and strengthen existing oversight and scrutiny functions for MCAs.</p> <p>We recommended in the Taskforce's first Discussion Paper that and recommend again that:</p> <p><b>Policy Option Seven:</b> The government should establish 'Public Service Reform Boards', chaired by Combined Authority Mayors and housed in Combined Authorities. Chaired by a Combined Authority Mayor, these boards would bring together the relevant council leaders of the combined authority, alongside other key public sector leaders. This would be likely to include the NHS Integrated Care Board Chair, relevant Multi-Academy Trust leaders and representatives from civil society involved in public service delivery. Over time, these 'Public Service Reform Boards' could become 'Strategic Commissioners', whereby all public services in their geography have to refer to the strategy of the relevant 'Public Service Reform Board'. This will require changes to public service geographies, which we will consider in the final report.</p>

**Shift Three  
- Building a  
learning and  
innovation  
culture**

**Policy Option Eight:** The government should establish an Audit and Learning Commission. This would provide two main functions, balancing both 'hard' and 'soft' forms of accountability. First, reviving the local audit function previously provided by the Audit Commission, given the major challenges seen in the local audit market. Second, providing research and analysis of best practice in public service innovation to support reform across the country; again, as used to be carried out by the Audit Commission.

**Policy Option Nine:** The government should undertake a review of public service regulators and inspectorates to identify how they can better support learning and innovation. The Health Secretary Wes Streeting has commissioned a review of the Care Quality Commission and extending this to other regulators should be considered.

**Policy Option Ten:** The 'reform' role for Combined Authorities, defined in the Taskforce's first Discussion Paper, should put a strong focus on learning and innovation.

# INTRODUCTION

Rising waiting lists. Crumbling buildings. Exhausted professionals. It's increasingly clear that Britain cannot get back on the right track without a public services renewal. The new Labour government appears to understand the need for change. HM Treasury's *Fixing the foundations: Public spending audit 2024-25* document, published in July 2024, indicates that the government will put a strong emphasis on public service reform:

*"The government will use the Spending Review to change the way public services are delivered by embedding a mission-led approach, driving forward public service reform and making the best use of technology to better deliver services."*<sup>4</sup>

## **NEW PUBLIC MANAGEMENT, THE LAST NATIONAL VISION FOR PUBLIC SERVICE REFORM, HAS RUN ITS COURSE**

Before embarking on a new reform agenda, however, the government needs a clear sense of what it is trying to achieve.

The last national vision for public service reform was inspired by New Public Management (NPM) - a governing philosophy which sought to inject markets and private sector managerialism into public services. NPM's policy prescriptions have often been described as the Three Ms: Markets, Managers and Measurement.<sup>5</sup> Through Thatcher's 'Next Steps' initiative in the late 1980s, John Major's 'Citizen's Charter' and waves of reform under New Labour, this powerful vision shaped reform in the UK for decades, underpinned by a powerful cross-party consensus.

Over time, however, the limitations of this agenda have become clear. We have seen the effectiveness of its policy prescriptions weaken. Targets, where used inappropriately or excessively, can lead to gaming. Markets have been very challenging to build in public services. Today's public services struggle to tackle, multifaceted challenges, such as obesity or poverty. Finally, it has led to unintended consequences, from demoralised, exhausted workforces to the deepening of service delivery siloes. It's clear that we need a new approach.

<sup>4</sup> HM Treasury, *Fixing the foundations*, July 2024. Available at: [https://assets.publishing.service.gov.uk/media/66a793cba3c2a28abb50d8a1/E03171937\\_-\\_Fixing\\_the\\_foundations\\_-\\_public\\_spending\\_audit\\_2024-25\\_-\\_Final\\_Web\\_Accessible.pdf](https://assets.publishing.service.gov.uk/media/66a793cba3c2a28abb50d8a1/E03171937_-_Fixing_the_foundations_-_public_spending_audit_2024-25_-_Final_Web_Accessible.pdf) (accessed 7 October 2024).

<sup>5</sup> Louise Dalingwater, *Post-New Public Management (NPM) and the Reconfiguration of Health Services in England*, *Observatoire de la société britannique*, 16 | 2014, 51-64.

## **WE HAVE NOT HAD A NEW NATIONAL VISION, BUT WE HAVE SEEN A LOCAL REVOLUTION IN THINKING AND PRACTICE**

However, we have not seen a move to a new, coherent *national* vision for public services. The last cross-cutting public service reform strategy for the UK was the Coalition Government's *Open Public Services* agenda, launched in 2011 and then dropped a few years later. There have been piecemeal attempts to reform individual public services nationally, but there has been no shared vision animating such changes. This means that any attempts to reform one service are inevitably undermined by a lack of alignment in other areas.

However, during the same period without a clear national vision, we have seen a revolution in thinking at a local level. Often responding to external pressures, such as austerity, councils, charities and providers have been experimenting with a new approach across the country. This has challenged many of the key tenets of New Public Management, primarily:

- **Designing for complexity**, acknowledging that the world is not simple and linear.
- **Understanding human behaviour as intrinsically motivated**, rather than responding best to external motivators, for example punishments and rewards (e.g. targets, sanctions etc).
- **Building resilience to unlock prevention**, not always seeking to deliver more efficiency.
- **Experimentalism**, not command and control.

## **A NEW NATIONAL VISION: LIBERATED PUBLIC SERVICES**

Inspired by that local revolution, in May 2024 we set out a new national vision for public services, which we call *liberated public services*. Inspired by Gateshead Council's pioneering 'liberated method',<sup>6</sup> we call for public services to be liberated from New Public Management across four domains:

- **Citizens** are liberated to bring their whole selves to services and seen as a resource to be worked with.
- **Professionals** are liberated from extensive pressure from the centre: excessive targets, compliance regimes, rigid service specifications and monitoring.
- **Communities** are liberated to partner with public services, whether formally or informally.
- **Policy makers in central government** - ministers, advisors and civil servants - are liberated from day-to-day micromanagement of services and providers to a broader, strategic role supporting learning and best practice.

<sup>6</sup> <https://www.changingfuturesnorthumbria.co.uk/rethinking-public-service>

In our vision paper we describe three principles to deliver that vision, summarised below:

**TABLE 1**  
SUMMARY OF DEMOS' 'LIBERATED PUBLIC SERVICES' PRINCIPLES

FEATURE	NEW PUBLIC MANAGEMENT	LIBERATED PUBLIC SERVICES
What is the goal of public service reform?	To deliver more <b>efficient</b> public services.	To improve the lives of citizens and create strong social and economic foundations, which underpin the government's broader economic and social <b>missions</b> .
How should different parts of the public services ecosystem interact?	Through <b>competition</b> , to deliver improvements through the principles of free market economics.	Through <b>collaboration</b> , to respond to the fact of complexity and the need to join-up services around the user and their communities.
What role should policy makers at the centre play in improving public services?	Use <b>command-and-control</b> techniques (targets, sanctions, service specifications) to ensure efficiency and maintain standards.	Encourage <b>experimentalism</b> throughout the public services ecosystem, supporting learning and innovation.

Source: Author's analysis

## POLICY WORKSTREAMS

We are now applying this vision to five policy workstreams:

- **Workstream One:** Governance duties and structures.
- **Workstream Two:** Accountability
- **Workstream Three:** Funding Models
- **Workstream Four:** Workforce
- **Workstream Five:** Citizens

## METHODOLOGY

Each workstream is informed by a multi-stage research and policy development process:

### 1. Desk-based research

First, Demos researchers undertook an analysis of the relevant key academic, policy and government literature. We generated a number of key findings on which to base the rest of our analysis and policy development.

## **2. Advisory Board**

Demos researchers then tested our key findings and emerging recommendations with the Taskforce's Advisory Board in a private discussion.

## **3. Expert Online Roundtable**

We then further refined our analysis and recommendations with a wider group, encompassing Taskforce Policy Advisors and attendees of an expert online roundtable.

## **4. Discussion Paper - drafting and analysis**

We considered the feedback received throughout the policy development process, we then iterated our analysis and recommendations through a series of Discussion Paper drafts, and shared for comment with a number of external experts.

## **PAPER SCOPE**

Given public services are largely devolved to the devolved assemblies in Northern Ireland, Scotland and Wales, this paper focuses primarily on England.

# CHAPTER ONE

## PUBLIC SERVICE ACCOUNTABILITY TODAY

The previous chapter introduced the concept of ‘liberated public services’. In this chapter we examine today’s approach to accountability in public services and ask: to what extent does this help or hinder the development of ‘liberated public services’?

### **A BRIEF INTRODUCTION TO ACCOUNTABILITY**

Everyone is likely to agree that accountability in and of itself is a good thing. As Koppell describes, “Accountability is good—there is little disagreement on this point. Seldom is an organisation branded “too accountable.”... And yet while everyone agrees on its desirability, the meaning of accountability remains elusive.”<sup>7</sup> While there are many approaches taken in the academic and policy literature to the definition of accountability, in this paper we follow Bovens’ definition of accountability in relational terms:

*“...a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgement, and the actor may face consequences.”<sup>8</sup>*

As Bovens describes, this definition is close to the roots of the term accountability in both etymological and historical roots.<sup>9</sup>

7 Jonathan GS Koppell, Pathologies of Accountability: ICANN and the Challenge of “Multiple Accountabilities Disorder, 2005., 65(1), 94–108. doi:10.1111/j.1540-6210.2005.00434.x

8 Mark Bovens, Analysing and Assessing Accountability: A Conceptual Framework, 2007, 13(4), 447–468. doi:10.1111/j.1468-0386.2007.00378.x

9 Ibid.

## **CHALLENGE ONE: TARGETS SET A FLOOR, BUT COME WITH UNINTENDED CONSEQUENCES AND ARE POOR AT DELIVERING EXCELLENCE**

Alongside the use of market-based techniques, such as the introduction of quasi-markets, New Public Management saw the proliferation of the use of targets as a means of delivering greater accountability in public services. As Propper et al describe, paraphrasing Hood and Bevan:

*"...recently reverted to an older style of 'command and control'. The government of the largest country in the UK – England - has used centrally imposed targets for waiting times and penalties for managerial failure in a regime so strong that it has been dubbed one of 'targets and terror' and likened to the targets set for managers of state enterprises in pre-reform Soviet Russia."*<sup>10</sup>

Proponents of New Public Management often realised that quasi-market mechanisms would either be impossible to build services with large monopolistic providers and/or that other forms of accountability were necessary to complement accountability provided by the market. Hence the introduction of targets to public services.

The use of targets goes back to the first influence of New Public Management ideas during the Thatcher government and its 'Next Steps' initiative.<sup>11</sup> These ideas reached their highwater mark during the New Labour governments. In opposition, Blair talked a tough talk on targets, telling Labour's last party conference before taking office that "There will be defined targets set and kept to."<sup>12</sup> While some of what became public service agreements featured in the 1997 election campaign, their introduction at the 1998 Spending Review represented a major shift in public administration. Motivated by a desire to improve public service performance across the board, these agreements eventually set roughly 600 performance targets for around 35 areas of government.<sup>13</sup>

## **CASE STUDY** **PUBLIC SERVICE AGREEMENTS**

Public Service Agreements (PSAs) were presented as a contract between government and citizens on Labour's five key election pledges.<sup>14</sup>

Proposed by Ed Balls, special advisor to the Chancellor, days before the Comprehensive Spending Review, they were originally devised as a means of replacing Output Performance Analyses (OPAs). The hope was PSAs would be a more measurable tool through which government departments would be set targets aligned with the five key election pledges.

10 Carol Propper, Matt Sutton, Carolyn Whitnall and Frank Windmeijer, Did 'targets and terror' Reduce Waiting Times in England for Hospital Care?, The B.E. Journal of Economic Analysis & Policy 8 (1) Article 5 (2008). Available at <https://www.bristol.ac.uk/media-library/sites/cmipo/migrated/documents/wp179.pdf> (accessed 28 October 2024).

11 Nick Davies, Graham Atkins and Sukh Sodhi, Using targets to improve public services, Institute for Government, 2021. Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/publications/targets-public-services.pdf> (accessed 28 October 2024).

12 Ibid.

13 Cm 4181 December 1998; quoted in <https://researchbriefings.files.parliament.uk/documents/SN03826/SN03826.pdf>

14 HM Government, Comprehensive Spending Review: Public Service Agreements 1999-2002, 1998. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/260759/4181.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/260759/4181.pdf) (accessed 28 October 2024).

600 Public Services Agreements were proposed to target around 35 areas of Government. Over the following years, PSAs were made more systematic with specific, measurable targets. By the 2000 Spending Review, PSAs were reduced to 160 to cover 18 departments.

In 2001, PSAs were supported by the newly established Prime Minister's Delivery Unit in the Cabinet Office to provide effective support and scrutiny on 17 of the government's top priority PSAs. The PSAs and the PMDU offered a framework for government departments to set long-term priorities and align organisational resources behind them.<sup>15</sup>

For example, a PSA sought to cut NHS waiting lists by 100,000 over the lifetime of Parliament and to deliver a reduction in average waiting times.<sup>16</sup>

Research has often found that that targets too often lead to gaming: the artificial manipulation of behaviour to meet a particular target.<sup>17</sup> Given the attention that this issue has already received in the media,<sup>18</sup> policy<sup>19</sup> and academic literature,<sup>20</sup> we don't focus on it here. Instead, we separate examine two challenges that arise from a target-heavy accountability regime for the development of 'liberated public services'.

First, excessive use of tightly defined and tightly administered targets can restrict the scope for innovation in public services. In *Liberated Public Services: A new vision for citizens, professionals and policy makers*, we argued for greater experimentation of frontline professionals to unlock innovation. An overly prescriptive and tightly defined approach to targets works against this. These concerns are longstanding in the health service, which has seen some of the most intense use of top-down targets, with the King's Fund describing in 2014 that "...performance management creates a culture of compliance and risk aversion within NHS organisations that inhibits innovation."<sup>21</sup>

Second, siloed targets reinforce siloes on the ground, hindering collaboration and joined-up working between different public services. Traditionally, targets set by central government have often focused on specific public service siloes. This means that there is little incentive for local public services to work collaboratively and across traditional public service boundaries. This challenge was recognised by New Labour's public service agreements agenda; at the publication of the initial public service agreements in 1998, the government recognised the need to make sure "... that government departments and agencies work far more closely and imaginatively together."<sup>22</sup> Yet in reality - and with some honourable exceptions, such as Sure Start - the vast majority of public service agreements were held by sole government departments and, as a result, reflected their siloed nature.<sup>23</sup>

15 Nehal Pancharia and Peter Thomas, Public Service Agreements and the Prime Minister's Delivery, Institute for Government. Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/case%20study%20psas.pdf> (accessed 28 October 2024).

16 HM Government, Comprehensive Spending Review: Public Service Agreements 1999-2002, 1998. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/260759/4181.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/260759/4181.pdf) (accessed 28 October 2024).

17 The London School of Economics, Improving public services through ambitious targets and tough sanctions for failure, 2014. Available at: <https://www.lse.ac.uk/Research/Assets/impact-pdf/public-services-targets-sanctions.pdf> (accessed 28 October 2024).

18 Christy Cooney, NHS England should scrap many of its national targets, review says, *The Guardian*, 2023. Available at: <https://www.theguardian.com/society/2023/apr/03/nhs-england-scrap-number-national-targets-review> (accessed 28 October 2024).

19 Nick Davies, Graham Atkins and Sukh Sodhi, Using targets to improve public services, Institute for Government, 2021. Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/publications/targets-public-services.pdf> (accessed 28 October 2024).

20 Christopher Hood, Gaming in Targetworld: The Targets Approach to Managing British Public Services, *Public Administration Review* Vol. 66, No. 4 (Jul. - Aug., 2006), pp. 515-521 (7 pages)

21 Chris Ham, Reforming the NHS from within, *The King's Fund*, 2014. Available at: [https://assets.kingsfund.org.uk/f/256914/x/9fdc9bb006/reforming\\_nhs\\_from\\_within\\_2014.pdf](https://assets.kingsfund.org.uk/f/256914/x/9fdc9bb006/reforming_nhs_from_within_2014.pdf)

22 HM Government, Comprehensive Spending Review: Public Service Agreements 1999-2002, 1998. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/260759/4181.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/260759/4181.pdf) (accessed 28 October 2024).

23 Ibid.

# CASE STUDY

## MID STAFFS SCANDAL

The Stafford Hospital scandal, commonly known as the Mid Staffs scandal, is considered one of the worst failings of hospital care in the history of the NHS.<sup>24</sup>

Stafford hospital was run by the Mid Staffordshire NHS Hospital Trust, semi-independent of the Department for Health. The scandal came to light prompted by concerns over high death rates and media attention. A number of inquiries revealed damning levels of neglect and substandard care that ultimately led to a large number of avoidable deaths, the figure disputed to be between 400 to 1,200 patients.<sup>25</sup>

Subsequent reviews have highlighted a litany of care failings, spanning from inadequately trained staff, ignoring patient calls for toilet use to then leaving them in soiled bedding, food and drink being left out of reach and generally low levels of hygiene.<sup>26</sup>

The Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry by Sir Robert Francis QC found that the appalling failures of the hospital were in part the consequence of an overfocus on national access targets.<sup>27</sup> The prioritisation of targets culminated in a culture of fear, low morale, a lack of openness and a tolerance of poor standards. Statistics and reports on systems become preferred data over patient experience and outcomes.<sup>28</sup>

### Targets can be useful in setting a floor

Despite these concerns, it would be an error to abolish all targets for public services. There is strong evidence that targets are good at providing a floor on service standards; something which we believe that the public and politicians are right to expect. This is clear from academic analysis of the different paths taken with respect to targets and league tables post-devolution.

Since devolution, the different nations of the United Kingdom have taken different approaches to the use of targets in public services. This allows us to compare what impact moving away from targets has had on public service performance, with the conditions ripe for what economists call 'natural experiments'; studies in which there is a divergence in practice or policy between different regions, allowing researchers to accurately assess the impact or outcomes of different policy interventions. There is strong evidence that the weakening of targets and the publication of data about public service performance has led to a lessening of performance in some public services.

24 Denis Campbell, Mid Staffs hospital scandal: the essential guide, The Guardian, 2013. Available at: <https://www.theguardian.com/society/2013/feb/06/mid-staffs-hospital-scandal-guide#103>

25 Ibid.

26 Ibid.

27 The Mid Staffordshire NHS Foundation Trust Public Inquiry, Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry, 2013. Available at: <https://assets.publishing.service.gov.uk/media/5a7ba0faed915d13110607c8/0947.pdf> (accessed 28 October 2024).

28 Ibid; Nick Triggle, Stafford Hospital: the scandal that shames the NHS, BBC News, 2013. Available at: <https://www.bbc.co.uk/news/health-21244190> (accessed 28 October 2024).

In a comparison of the performance of schools and hospitals in Wales and England, Bevan and Wilson examine the decision to adopt alternative approaches to accountability in Wales post-devolution in 1999.<sup>29</sup> In July 2001, the Welsh Government announced that it would stop the publication of school league tables with immediate effect. With no other substantive policy differences between the Welsh and English schools regimes - with consistency in terms of the national curriculum, the school inspection regime and examinations regimes - this policy change provides a good opportunity for understanding the exact effects of such a move. Bevan and Wilson conclude that "...before the change performance in Wales was improving more than in England, but afterwards this was reversed."<sup>30</sup>

Yet it is important to note that while this had no effect on the performance of the top quartile of schools, it did lead to weaker performance in the bottom three quarters of schools, with pupils in the worst and most disadvantaged schools seeing the most negative effects.<sup>31</sup> This suggests that targets used in this manner are a good way of preventing very bad practice, but are less good at going from average to good or good to exceptional.<sup>32</sup>

## **CHALLENGE TWO: WEAKENED LOCAL ACCOUNTABILITY**

In an ideal system of accountability, particularly one that supports 'liberated public services', we would see a greater focus on local and place-based forms of accountability. The idea being that local areas and residents are the best at holding services to account; they know what they and their communities need. However, we have seen a centralisation of the overall balance of duties for accountability on public services in recent decades.

Local accountability has been weakened in some public services. Take schools. Beginning during New Labour, some schools have been allowed to opt out of Local Education Authority (LEA) control. During the Coalition Government the academisation programme was intensified and as of 2023, 80% of primary and 40% of secondary schools are administered outside Local Authorities. This is compounded by the fragmentation of the local public services landscape. The introduction of quasi-markets has increased the complexity of local public service ecosystems, making it harder for both the public and decision makers to correctly identify lines of accountability. As Elliott et al describe:

*"Marketisation of services creates a 'patchwork quilt' of providers from the private, public, and voluntary sectors blurring lines of accountability. Providers come and go as contracts exchange hands, hindering long-term planning and making it difficult to establish the trust that is needed to secure 'joined up' working."<sup>33</sup>*

As Geoff Mulgan describes in a recent blog post, "Even very well-informed people... have only the vaguest grasp of how decisions are made and who is making them."<sup>34</sup> This clearly has major ramifications for the functioning of our democracy, which we consider later in this paper.

29 Gwyn Bevan and Deborah Wilson, 'Does 'naming and shaming' work for schools and hospitals? Lessons from natural experiments following devolution in England and Wales', *Public Money & Management*, 33(4), 245–252, 2013. <https://doi.org/10.1080/09540962.2013.799801>

30 Ibid.

31 Ibid.

32 Nick Davies, Graham Atkins and Sukh Sodhi, 'Using targets to improve public services', Institute for Government, 2021. Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/publications/targets-public-services.pdf> (accessed 28 October 2024).

33 Elliott, I. C., Bottom, K. A., Carmichael, P., Liddle, J., Martin, S., & Pyper, R. (2022). The fragmentation of public administration: Differentiated and decentered governance in the (dis)United Kingdom. *Public Administration*, 100(1), 98-115. <https://doi.org/10.1111/padm.12803>

34 Geoff Mulgan, 'Illegible Power', 2024. Available at: <https://www.geoffmulgan.com/post/illegible-power>

## CHALLENGE THREE: NEED TO STRENGTHEN 'MIDDLE TIER' ACCOUNTABILITY

In the Taskforce's first Discussion Paper, we argued that public services should be the next frontier for devolution to Combined Authorities in England.<sup>35</sup> This case was based around four core arguments.

**First, that Combined Authorities are the right scale to drive public service reform.** We have argued throughout the Taskforce that national attempts to 'roll out' reform initiatives across the country are likely to fail. However, having more than three hundred councils pursue different visions of reform is unlikely to be successful either. Instead, we believe that the middle option of Combined Authorities being in the reform driving seat strikes the right balance, with the subnational tier being potentially a more effective scale for sharing learning and innovation.

**Second, international comparisons.** The UK is an outlier compared to other similar countries, where the relevant middle tier has a much greater role to play in public services commissioning and delivery. In France, while still a highly centralised state like the UK, schools and local public transport are run by local/regional government. And in Germany the 16 federal states, known as the *Laender*, have expansive powers over health, education, policing and employment support (and taxation).

**Third, the ability to integrate social and economic policy.** We must also ensure better alignment of integration of public services with wider social and economic policy. NPM viewed services as operating in isolation, yet the great insight of work such as Michael Marmot's is that social determinants such as the quality of local services, access to food and education shape health and wellbeing outcomes. Too often the challenges facing public services have been viewed as solvable by public services themselves. But if the social and economic trends and forces are heading in such a poor direction, which drive demand for public services, then services will be overwhelmed; this is arguably the situation public services find themselves in today.

**Fourth, going with the grain of existing policy.** There is a broad degree of cross-party consensus on the need for greater English devolution to Combined Authorities. Combined Authorities were created in the last Labour government's Local Democracy, Economic Development and Construction Act 2009 and implemented by the Coalition Government. More recently, the government's Levelling Up White Paper included a firm commitment to greater English devolution within the Combined Authority model, with Labour's recent policy document *Power and Partnership: Labour's Plan to Power Up Britain* largely aligning with this direction of travel. While there are of course differences of emphasis and detail, there is a broad degree of cross-party consensus here.

However, we should acknowledge that there are risks to further empowering Combined Authorities without accompanying reforms, particularly in relation to accountability. Kenny and Newman argue that the development of the Combined Authority model in England has been reliant "...entirely upon the vertical accountability relationship..." between central government and the sub-national tier.<sup>36</sup> Given this challenge, Kenny and Newman go on to argue that:

*"Considering how to engage and involve local publics in the structures of devolved government, and in determining the character and future of devolution itself, is one of the most important and difficult challenges which those tasked with its further development need to embrace."<sup>37</sup>*

35 Ben Glover, *Threading the Needle: A liberated approach to public service governance structures and duties*, Demos, 2024.

36 Jack Newman and Michael Kenny, *Devolving English Government*, Institute for Government, 2023. Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/2023-04/devolving-english-government.pdf>

37 Ibid.

Recent examples of accountability failings in Combined Authorities only strengthen this argument, for example in the Tees Valley (see case study). Similar issues, if perhaps less acute, have also been reported at the West of England Combined Authority, with the Department for Levelling Up, Housing and Communities recently issuing the Combined Authority a 'Best Value' notice.<sup>38</sup>

## CASE STUDY

### TEESWORKS ACCOUNTABILITY CONCERNS

The Teeswork project sought to regenerate 4,500 acres of land to the south of the River Tees in the Borough of Redcar and Cleveland.<sup>39</sup> The site was acquired by the public body South Tees Development Corporation (STDC) in 2020 followed by the purchase driven by Tees Valley Mayor Ben Houchen.

By late 2021, around 90% of the shares were transferred from STDC and local developers to private ownership at surprisingly low cost and without a tender process despite over £560 million of public investment.<sup>40</sup> Former Levelling Up Secretary Michael Gove commissioned an independent review in response to claims of corruption.

The report found no evidence of wrongdoing but noted issues around systems of governance and finance that drove a culture of excessive confidentiality and a lack of transparency.<sup>41</sup>

#### CHALLENGE FOUR: HARD VS SOFT ACCOUNTABILITY

Following the Centre for Governance and Scrutiny's typology,<sup>42</sup> hard accountability relates to formal forms of accountability and is often focused on sanctions when punishment or intervention is deemed necessary. Soft accountability focuses instead on learning. When things go wrong, advice and guidance is offered rather than punishment.

**TABLE 2**  
DEFINITIONS - HARD VS SOFT ACCOUNTABILITY

<b>HARD ACCOUNTABILITY</b>	Formal and sanction-based, and often focuses on compliance with a judgement or finding.
<b>SOFT ACCOUNTABILITY</b>	Engagement and close working with decision-makers, and the 'powers' of persuasion, advice and mutual respect

Source: *The Centre for Governance and Scrutiny, 2010*

38 West of England Combined Authority, Best Value Notice issued to West of England Combined Authority. Available at: <https://www.westofengland-ca.gov.uk/news/best-value-notice-issued-to-west-of-england-combined-authority/>

39 ITV News, What is Teesworks and what prompted an investigation into its management?, 2024. Available at: <https://www.itv.com/news/tyne-tees/2024-01-29/what-is-teesworks-and-what-prompted-an-investigation-into-its-management>

40 Ibid.

41 BBC News, 'No evidence of corruption' at Teesworks - inquiry, 2024. Available at: <https://www.bbc.co.uk/news/articles/cek7ne5zr05o>

42 The Centre for Governance and Scrutiny, Accountability works!, 2010. Available at: <https://www.cfgs.org.uk/wp-content/uploads/Accountability-works.pdf> (accessed 28 October 2024).

Even at this initial stage of consideration, it's clear that balancing hard and soft accountability will be crucial for delivering effective public services. As the Centre for Governance and Scrutiny describes:

*"Instead we should adopt the idea of a web of accountability – a collection of people with different responsibilities, interests, powers and methodologies, all of whom 'hold to account' and try to improve services. Importantly, this collection of people should be working together to influence and complement each other's work. This will incorporate different sorts of accountability – some accountability being 'hard' (where it provides sanctions and redress for complaints) and some being 'soft' (where its power relies on its ability to persuade, advise and influence)."*<sup>43</sup>

However, recent decades have seen a drift away from a more balanced system towards a system dominated by 'hard' accountability. This drift was identified decades ago as the ideas of New Public Management were taking off in the UK. In his 1994 Demos report *The Audit Explosion*, Michael Power describes how:

*"A 'new public management' has taken shape in the last twenty years, influenced greatly by images of private sector administration. Public accountability has been reframed in relation to concepts such as goal definition, efficient resource allocation, financial performance and competition."*<sup>44</sup>

The dramatic changes witnessed in schools accountability are perhaps one of the best examples of the shift from soft to hard forms of accountability. Described in more detail in the case study below, the role of Ofsted - originally created in the 1980s as a form of informal advice and learning to ministers and schools - has shifted dramatically to a much tougher sanctions-based regime, in which ultimately teachers can lose their jobs and schools be closed.

43 The Centre for Governance and Scrutiny, *Accountability works!*, 2010. Available at: <https://www.cfgs.org.uk/wp-content/uploads/Accountability-works.pdf> (accessed 28 October 2024).

44 Michael Power, *The Audit Explosion*, Demos, 1996. Available at: <https://demos.co.uk/wp-content/uploads/files/theauditexplosion.pdf>

# CASE STUDY

## OFSTED'S SHIFT FROM ADVICE TO SANCTIONS

The Office for Standards in Education, Children's Services and Skills (Ofsted) was established in 1992 by the Education (Schools) Act to formalise the role of school inspections.

The introduction of Ofsted was part of a complete overhaul of the education system led by the Major government though had been pursued throughout the Thatcher years. The prioritisation of education policy under the Conservatives saw the introduction of a national curriculum in 1988.<sup>45</sup> The new body was designed to inspect every state school in a four cycle with published reports. As such, the role of inspections shifted from an advisory tool for policy makers and school staff to a mechanism for accountability and sanctions.<sup>46</sup> It was hoped that published reports would allow parents to make informed choices on schools which, in turn, would drive up school standards.

By 2010, the remit of Ofsted was expanded to inspect Local Authority children's services, residential children's homes, social care, adult learning and skills, and child care. To do so, Ofsted was encouraged to be more assertive.

Beyond the downsides of excessive hard accountability, it's also worth considering the virtues of soft accountability. In the Taskforce's vision paper, *Liberated Public Services: A new vision for citizens, professionals and policy makers*, we argued for greater effort to unlock the 'intrinsic motivation' of public service professionals. This is because there is an emerging consensus that unlocking intrinsic motivation is a better route to behaviour change.<sup>47</sup> Intrinsic motivation, as illustrated in Table Three, describes engaging in an activity for intrinsic purposes, for example because one finds it interesting, enjoyable or satisfying; engagement is not primarily driven because of the pursuit of an instrumental outcome. This distinction between different types of motivation was introduced by Deci and Ryan's work on Self-Determination Theory, developed in the 1980s.<sup>48</sup> As they describe:

*"Over three decades of research has shown the quality of experience and performance can be very different when one is behaving for intrinsic versus extrinsic reasons".<sup>49</sup>*

45 Dr Adrian Elliott, Twenty years inspecting English schools – Ofsted 1992-2012, Research and Information on State Education, 2012. Available at: <https://dera.ioe.ac.uk/id/eprint/38905/1/Twenty%20years%20inspecting%20English%20schools%20%E2%80%93%20Ofsted%201992-2012.pdf> (accessed 28 October 2024).

46 Sam Freedman, How could Ofsted and the Department for Education reform school inspections in England?, Institute for Government, 2023. Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/2023-12/ofsted-inspection-reform.pdf>

47 Harry Quilter-Pinner and Halima Khan, Great Government, IPPR, 2023.

48 Ryan, Richard M., and Edward L. Deci, Intrinsic and extrinsic motivations: Classic definitions and new directions, Contemporary educational psychology 25.1 (2000): 54-67.

49 Ryan, Richard M., and Edward L. Deci, Intrinsic and extrinsic motivations: Classic definitions and new directions, Contemporary educational psychology 25.1 (2000): 54-67.

What's more, this research suggests that extrinsic attempts to shift behaviour can 'crowd out' the positive forces of intrinsic motivation.<sup>50</sup> This suggests that if appeals are made to public servants' intrinsic motivation, rather than always resorting to extrinsic techniques, then we can better motivate those working in public services.

**TABLE 3**  
EXTRINSIC VS INTRINSIC MOTIVATION

	EXTRINSIC MOTIVATION	INTRINSIC MOTIVATION
Definition	Engaging in an activity to obtain a separate consequence, e.g. a reward	Engaging in an activity because it is interesting and inherently satisfying
Theory	Public Choice Theory	Self-determination theory
Policy levers	Targets Monitoring Sanctions	Flexible working within frameworks 'Stay legal'

Source: Author's analysis

50 Harry Quilter-Pinner and Halima Khan, Great Government, IPPR, 2023.

# CHAPTER TWO

## A NEW APPROACH TO ACCOUNTABILITY

In the previous chapter we saw four issues with the current accountability regime, which has been partly inspired by the ideas of New Public Management. In this chapter we consider what can be done to begin to overcome them.

### **SHIFT ONE: MISSIONS + 'MINIMUM SERVICE STANDARDS'**

We argued in the Taskforce's Discussion Paper One for a new balance of public service responsibilities between national, regional and local areas, and a new 'devo rule' for public services. This rule states that local actors should have flexibility over the methods of service delivery, supporting the experimentation required to respond to complexity. At a national level, broad success criteria, for example missions, should be determined and local actors should be held to account for these. This can support the tailoring of services to the needs of different places.

**TABLE 4****A NEW BALANCE OF DUTIES BETWEEN CENTRAL GOVERNMENT, COMBINED AUTHORITIES AND OTHER LOCAL ACTORS**

<b>GOVERNING TIER</b>	<b>KEY DUTIES</b>	<b>KEY FUNCTIONS</b>	<b>PROPOSED CHANGES</b>
<b>Central government</b>	<p>Providing overall directionality for the system</p> <p>Providing the foundations for public sector innovation</p>	<p>Defines success and failure through data standards</p> <p>Provides stable funding to support innovation</p> <p>Provides stable workforce to support innovation</p> <p>Disseminating learning across the country</p> <p>Commission small number of services that need to be done nationally (e.g. criminal justice, some elements of policing etc)</p>	<p>Delegates responsibility for the commissioning and delivery of services</p> <p>Continues to focus on the workforce and providing funding</p> <p>A new focus on learning and innovation</p>
<b>Combined Authorities</b>	<p>Setting a strategic reform vision for region</p> <p>Strengthening collaboration across region</p> <p>Commissioning of services</p>	<p>Commission services where appropriate</p> <p>Brings together local institutions, with 'strategic commissioning' authority</p> <p>Disseminating learning</p>	<p>Gains responsibility for commissioning certain services</p> <p>Gains new duties for collaboration and reform coordination</p> <p>Supporting learning and innovation within region, and sharing lessons with national tier</p>
<b>Other local actors (e.g. councils, schools, ICBs)</b>	<p>Commissioning services</p> <p>Partnership with regional leaders</p>	<p>Commissions own services where it has existing duties</p> <p>Duties to collaborate with Combined Authorities</p>	<p>Commissioning and delivery duties remain the same, but with new duties to collaborate with regional government to ensure coordination and strengthen collaboration</p>

Source: Author's analysis

These changes will require a new approach to monitoring success and failure in public services. It's clear that metrics are needed to support this; it's reasonable for national policy makers to want to understand where things are working and where things are not working. However, these measures are too often focused on outputs. This means they fail to measure what matters. Shifting to measure person-centred, cross-cutting outcomes, would bring three benefits for 'liberated public services', described in Table Five.

**TABLE 5**  
HOW CROSS-CUTTING OUTCOMES SUPPORT 'LIBERATED PUBLIC SERVICES'

	PRINCIPLE ONE - MISSION-DRIVEN SERVICES	PRINCIPLE TWO - EXPERIMENTATION	PRINCIPLE THREE - COLLABORATION
Cross-cutting outcomes	Focusing on longer-term sources of value, beyond narrowly defined efficiency	Allow local decision makers to be flexible in terms of methods; hold them to account on outcomes	Helps break siloes by taking a person-centred, cross-cutting, cross-services lens

Source: Author's analysis

### What might a mission-driven approach to accountability look like?

In Table Six we describe how a government committed to missions may use these to drive reform and improvements through the public services ecosystem.

**TABLE 6**  
MISSIONS AND THE TIERS OF GOVERNMENT IN ENGLAND

RELEVANT TIER	MISSION DUTIES
The centre (e.g. mission delivery boards)	<p><b>Held to account:</b> by Parliament, which scrutinises progress on national missions through new, cross-cutting 'Mission Committees'.</p> <p><b>Holds to account:</b> central government departments through cross-cutting 'mission metrics' which are used to drive Spending Review process and departmental allocations</p>
Central government departments	<p><b>Held to account:</b> by the centre, through reporting on 'mission metrics'</p> <p><b>Holds to account:</b> Combined Authorities through 'metro missions', agreed Combined Authorities/relevant tier of subnational government; work in partnership through the government's newly announced 'Nations and Regions Council' to determine and agree these</p>
Sub-national	<p><b>Held to account:</b> by central government departments, through reporting on 'mission metrics'</p> <p><b>Holds to account:</b> Translates 'metro missions' into missions for relevant parts of subregional public services ecosystem; 'metro missions' drive decision making, strategy and objectives of 'Public Service Reform Boards'</p>

Source: Author's analysis

At each stage, the setting of metrics should be achieved through a **genuine partnership** between both parties. For the relationship between the centre of government (HMT/CO/No10) and wider Whitehall departments, this is likely to be achieved through the Spending Review process. The Council of Nations and Regions, recently announced by the Deputy Prime Minister Angela Rayner,<sup>51</sup> provides a potential space for 'mission metrics' to be agreed between central government and MCAs.

Missions must also be **genuine missions**: long-term, ambitious, cross-cutting and deep outcomes-focused. How 'mission metrics' are used is also of critical importance. Again, if the metrics are used to mete out 'hard' accountability - sanctions and punishments, for example - we will see ourselves facing many of the issues that the existing system faces today. Instead, it's crucial that 'mission metrics' are supported by softer forms of accountability, with a strong focus on learning.

For example, if it appears that a region or local area is performing particularly poorly on a particular mission metric, this should open up avenues of investigation for future learning. "What is driving this?", "what can be done to mitigate it?", are appropriate questions for national policy makers to ask; not "who is responsible and how do we punish them?". Of course, there is still a really important role to be played by harder forms of accountability, as we will explore later in this chapter. But they shouldn't be the first response to signs of poor progress on mission metrics.

To deliver this, the government should seek to translate its high-level missions into a number of 'mission metrics'. These should be broad, cross-cutting outcomes. These mission metrics will only have real purchase if they are driven through that most powerful tool of government: the Spending Review process. Spending Reviews are how HM Treasury, the UK's finance department, allocates budgets to the central government departments. In July the government announced that the next multi-year spending review will conclude in spring 2025. We therefore recommend that:

**Policy Option One: The government should translate its high-level missions into a number of 'mission metrics' that are used to drive the upcoming multi-year Spending Review.** It is essential that these are genuine missions: ambitious, long-term, cross-cutting and outcomes-focused.

However, it's not enough to change how funding is allocated to central government departments; we must also transform the relationship between the national and local. The challenge is: how to align local actors around a small number of common missions, while giving them flexibility to determine how best to meet those missions? We believe that a small number of 'metro missions' - regional translations of national missions - could support this. These 'metro missions' could be agreed through the government's new Council for Nations and Regions. We therefore recommend that:

**Policy Option Two: The government should translate national 'mission metrics' into 'metro missions' for each Mayoral Combined Authority, agreed through the Council for the Nations and Regions.** MCAs should be held to account for progress towards these cross-cutting, long-term and ambitious 'metro missions'.

<sup>51</sup> Ministry of Housing, Communities and Local Government and The Rt Hon Angela Rayner MP, Deputy Prime Minister kickstarts new devolution revolution to boost local power, 2024. Available at: <https://www.gov.uk/government/news/deputy-prime-minister-kickstarts-new-devolution-revolution-to-boost-local-power> (accessed 28 October 2024).

**Policy Option Three: Combined Authorities or equivalent should translate their 'metro missions' into 'local missions' through a co-creation process with constituent local authorities and wider bodies, including the NHS, schools and policing.**

Finally, we should consider how national institutions beyond central government can support this new approach, including Parliament. Select Committees, particularly in the House of Commons, are a powerful means of holding the government to account, with their importance and power increasing in recent decades, particularly due to their ability to effectively use the media to highlight issues and hold individuals accountable.

However, one long standing weakness of Select Committees is that with some honourable exceptions, such as the Public Accounts Committee, Commons Committees tend to mirror government departments and, as a result, the siloes which government departments too often find themselves working in. This reinforces all the challenges identified in the previous chapter with respect to the siloed operation of national policy making. Indeed, the Commons has much to learn from the Lords here, where Committees tend to be more broad and cross-cutting, spanning the work of multiple government departments, rather than focusing on one specific department. Given our analysis here, we believe that as soon as the government has published clear information and details of what it hopes to achieve through its five missions, we recommend that:

**Policy Option Four: Parliament should establish 'Mission Committees: House of Commons Select Committees dedicated to scrutiny of the government's missions.'**

**The need for 'minimum service levels'**

We have seen the strong case outlined above for holding local public services to account for cross-cutting outcomes, which we call 'mission metrics'. One of the challenges, however, is that it is difficult to determine the relationship between individual public services and specific outcomes; given the complexity of the social and economic environment that public services operate in, determining the exact causality between services and outcomes can be challenging. This is a perennial challenge in public services, particularly when we know that a relatively small proportion of public service activity affects the relevant outcome being targeted; for example health care spending is estimated to affect between 10-20% of health outcomes,<sup>52</sup> with similar statistics seen for schooling and its impact on educational outcomes.

In addition, taking health as an example, we know from decades of research that the social and economic determinants - the broad social and economic circumstances that affect our health - are crucial to shaping health outcomes. As the Health Foundation describes, the social determinants of health include "...our jobs and homes, our access to education, public transport and safe green spaces with clean air, and whether we experience poverty or discrimination."<sup>53</sup>

What is immediately clear is that many of these factors go far beyond public services. That's why we are particularly enthused about empowering Combined Authorities. While today they have little say or influence over public services, what they do enjoy is much control over what we can consider the social determinants of health through their focus on economic functions. For example, the more advanced Combined Authorities have policy responsibility for important aspects of public transport, including bus franchising, most famously in Greater Manchester's 'Bee Network'. They also consistently have strong duties relating to skills and employment; with the nature of work and pay associated with it a key social determinant of health.

<sup>52</sup> The Health Foundation, How do people estimate the contribution health care makes to our health?, 2024. Available at: <https://www.health.org.uk/news-and-comment/blogs/estimate-contribution-healthcare-to-health> (accessed 28 October 2024).

<sup>53</sup> Louise Marshall, An introduction to the building blocks of health, Health Foundation, 2024. Available at: <https://www.health.org.uk/publications/quick-guides/what-builds-good-health> (accessed 28 October 2024).

Despite this, we still need some other forms of accountability, beyond shared outcomes. Moving entirely to a system which only examines shared outcomes would leave significant accountability voids. Say a subnational region is performing highly on educational and health outcomes; its 'metro missions' from a national perspective are all heading in a positive direction. It's reasonable for us to want to expect some accountability and oversight for how those outcomes are being created; given the complexity found in social and economic environments, very good cross-cutting outcomes could be hiding in some areas poor practice. This thought experiment reveals that it's reasonable for us to expect some degree of minimum standard provision across public services, from which we would not tolerate deviation. Indeed, this is the conclusion of recent research examining the effectiveness of targets that we considered in the previous chapter; that they work at providing a floor but are poor at going above and beyond that.<sup>54</sup>

So we should use outputs to set a floor - 'minimum service standards' - which we expect public services to deliver at a minimum. With this analysis in mind, to attempt to deliver a minimum floor on services and to support the overall shift to a more liberated approach, we recommend that:

**Policy Option Five: The government should set 'minimum service standards' which are kept to a genuine minimum and used as a genuine backstop.** Over time the need for such standards may fall away if the mission-based approach to holding local public service leaders to account for outcomes is working effectively; but in the meantime this sort of support and assurance is likely to be required by both the public and politicians.

## **SHIFT TWO - REBUILDING SUBREGIONAL AND LOCAL ACCOUNTABILITY NETWORKS**

We argued in the previous chapter that Combined Authorities should play a bigger role in England's public services, focusing on reform and collaboration. We also saw the need for greater mechanisms of accountability for Combined Authorities. As Kenny and Newman argue:

"Currently, MCAs are scrutinised in different ways by a variety of actors, including council leaders, local partners, the press and formal scrutiny bodies, such as overview and scrutiny committees. But this system of oversight is patchy at best. Formal MCA scrutiny committees tend to be poorly attended, there is little sustained coverage from greatly weakened local media, and the public is for the most part only able to have a voice every four years in elections."<sup>55</sup>

Kenny and Newman go on to conclude that:

"If English devolution is to develop further and wider, more attention needs to be paid to devising processes – for instance, local public accounts committees – that enable local people and stakeholders to better hold leaders to account."

Greater participatory scrutiny, in which local citizens are put at the heart of holding MCAs to account, may assist this process. As Demos recently argued in our *Citizen's White Paper*,

54 Nick Davies, Graham Atkins and Sukh Sodhi, *Using targets to improve public services*, Institute for Government, 2021. Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/publications/targets-public-services.pdf> (accessed 28 October 2024).

55 Jack Newman and Michael Kenny, *Devolving English Government*, Institute for Government, 2023. Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/2023-04/devolving-english-government.pdf>

participatory processes have a range of benefits, including improving policy making, building greater legitimacy for solutions and improving trust in government.<sup>56</sup> Inspired by these ideas, we recommend that:

**Policy Option Six: A standing Citizens' Panel should be trialled in one Mayoral Combined Authority, with the aim of providing a new, locally democratic source of scrutiny.** This would supplement and strengthen existing oversight and scrutiny functions for MCAs.

Alongside stronger scrutiny processes, we also need to consider how Combined Authorities themselves can exert greater accountability and control over their local public service ecosystems. We argued in Discussion Paper One for Combined Authorities to have two main functions: driving reform locally and strengthening local collaboration. Given the patchwork we saw described in the previous chapter, with many different bodies responsible, we believe there is a need to centre the Combined Authority in this. We therefore recommend, in line with Discussion Paper One, that:

**Policy Option Seven: The government should establish 'Public Service Reform Boards', chaired by Combined Authority Mayors and housed in Combined Authorities.** Chaired by a Combined Authority Mayor, these boards would bring together the relevant council leaders of the combined authority, alongside other key public sector leaders. This would be likely to include the NHS Integrated Care Board Chair, relevant Multi-Academy Trust leaders and representatives from civil society involved in public service delivery. Over time, these 'Public Service Reform Boards' could become 'Strategic Commissioners', whereby all public services in their geography have to refer to the strategy of the relevant 'Public Service Reform Board'. This will require changes to public service geographies, which we will consider in the Taskforce's final report.

We should also consider the accountability in public services of the loss of the Audit Commission. Michael Heseltine, then Environment Secretary, established the body in response to widely held concerns about the quality of public services and the performance of local authorities.<sup>57</sup> This was the highpoint of government concerns about so-called 'loony left' councils, particularly Liverpool and Lambeth.

Its job was to assess the "economy, efficiency and effectiveness" with which government funding was being spent; to 'follow the money' in the title of the Commission's official biography.<sup>58</sup> It achieved this through its primary function of providing independent auditors for a range of local public service bodies. It also conducted research and published influential studies which shaped the direction of government policy.

While there were many important issues with how the Commission was operating by the end, it is now fairly widely acknowledged that we have lost an important part of the scrutiny and accountability infrastructure for public services. As Timmins and Gash conclude in their study for the Institute for Government of the reasons behind the Audit Commission's abolition:

56 Miriam Levin et al, Citizens' White Paper, Demos, 2024. Available at: [https://demos.co.uk/wp-content/uploads/2024/07/Citizens-White-Paper-July-2024\\_final.pdf](https://demos.co.uk/wp-content/uploads/2024/07/Citizens-White-Paper-July-2024_final.pdf) (accessed 29 October 2024).

57 Nicholas Timmins and Tom Gash, Dying to Improve, Institute for Government, 2014. Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/publications/Dying%20to%20Improve%20-%20web.pdf> (accessed 29 October 2024).

58 Nicholas Timmins and Tom Gash, Dying to Improve, Institute for Government, 2014. Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/publications/Dying%20to%20Improve%20-%20web.pdf> (accessed 29 October 2024).

“Over the succeeding 25 years, the commission had played a key part in raising the quality of local government. It also had a significant impact in other areas of public life – in, for example, the health, police, probation and fire services.”<sup>59</sup>

Since Timmins and Gash’s study, the size of the gap left by the Audit Commission’s departure has grown only larger. In November 2023, reports suggested that 99% of English councils did not have their financial accounts signed off by the deadline that year, with more than 900 sets of accounts for councils and other public bodies having not been audited since 2017.<sup>60</sup> Rob Whiteman, former Chief Executive CIPFA, argued that these issues relate to the abolition of the Audit Commission, stating that “Before the abolition of the Audit Commission, all local authority accounts were signed off on time and had been for decades. It’s hard to think of a public service reform that has done so much damage.”<sup>61</sup>

Beyond its audit duties, the Audit Commission also played a valuable role undertaking research and providing informal advice to policy makers and public servants. Its studies were highly regarded and frequently affected government policy, for example on community care. Given our above analysis, we therefore recommend that:

**Policy Option Eight: The government should establish an Audit and Learning Commission.** This would provide two main functions, balancing both hard and soft forms of accountability. First, reviving the local audit function previously provided by the Audit Commission, given the major challenges seen in the local audit market. Second, providing research and analysis of best practice in public service innovation to support reform across the country; again, the Audit Commission used to carry out.

### **SHIFT THREE - BUILDING A LEARNING AND INNOVATION CULTURE**

How can inspection and audit regimes focus more on inspiring and supporting learning and innovation? There may be a role to play for considering whether inspectorates should ensure a core minimum is being provided (see ‘minimum service standards’) but over and above that, inspectorates should be seeking to support innovation as a learning partner.

**Policy Option Nine: The government should undertake a review of public service regulators and inspectorates to identify how they can better support learning and innovation.** The Health Secretary Wes Streeting has commissioned a review of the Care Quality Commission and extending this to other regulators should be considered.

In the Taskforce’s first Discussion Paper we called for the reform role within the English public services ecosystem to be driven by Combined Authorities. It is our contention that softer forms of accountability are more likely to happen and be effective at the subnational level. We therefore recommend that:

**Policy Option Ten: The ‘reform’ role for Combined Authorities, as defined in the Taskforce’s first Discussion Paper, should put a strong focus on learning and innovation.**

<sup>59</sup> Nicholas Timmins and Tom Gash, *Dying to Improve*, Institute for Government, 2014. Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/publications/Dying%20to%20Improve%20-%20web.pdf> (accessed 29 October 2024).

<sup>60</sup> Michael Goodier and Patrick Butler, *Just 1% of English councils published audited accounts by deadline*, *The Guardian*, 2024. Available at: <https://www.theguardian.com/society/2023/nov/06/just-1-of-english-councils-published-audited-accounts-by-deadline> (accessed 29 October 2024).

<sup>61</sup> Michael Goodier and Patrick Butler, *Just 1% of English councils published audited accounts by deadline*, *The Guardian*, 2024. Available at: <https://www.theguardian.com/society/2023/nov/06/just-1-of-english-councils-published-audited-accounts-by-deadline> (accessed 29 October 2024).

# CONCLUSION

In this paper we have argued for three key shifts to deliver a new approach to accountability. A new approach to performance management that uses targets where appropriate but relies more on broad, cross-cutting, long-term missions. The rebuilding of local and regional accountability networks. And a new focus on learning and innovation, instead of always resorting to sanctions and punishments.

Making these shifts will require a careful balancing act. Not ridding the system of the improvements delivered under New Public Management, but instead dialling back some of its harsher elements and unlocking a new, more liberated approach to accountability.

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PUBLISHED BY DEMOS DECEMBER 2024

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15 WHITEHALL, LONDON, SW1A 2DD

T: 020 3878 3955

HELLO@DEMOS.CO.UK

WWW.DEMOS.CO.UK