

DEMOS

# THE REFORM DIVIDEND

A ROADMAP TO LIBERATE  
PUBLIC SERVICES

BEN GLOVER

DECEMBER 2024



**FUTURE PUBLIC  
SERVICES TASKFORCE**  
DEMOS

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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 is the final output of Demos's Future Public Services Taskforce, which has been working to develop a new, cross-cutting public service reform strategy for central government.

In May 2024, the Taskforce published its vision for public service reform, *Liberated Public Services: A new vision for citizens, professionals and policy makers*. Since then we have completed analysis and policy development across five workstreams:

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

This roadmap presents the Taskforce's final policy recommendations to government, providing the foundations for the first government White Paper on cross-cutting public service reform since 2011, should the government choose to publish one.

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

The views expressed throughout the work of the Taskforce are those of Demos alone. 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.

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I have also benefited significantly from a number of visits to inform the development of this

paper. I would like to thank Wigan Council, AllChild (formerly West London Zone) and Platform in Cardiff for hosting inspiring, stimulating visits for me and colleagues. The work of the Taskforce rests on innovative local practice that is happening across the country. I am incredibly grateful to those working in public services have spared to assist me with this report and, more importantly, for the crucial work they do every day in challenging circumstances.

At Demos, I would like to thank the dedication and hard work of Andrew O'Brien, Polly Curtis, Andrew Phillips, Sumaya Akthar, Chloe Burke, Naema Malik and Aidan Garner. They all made the Taskforce possible and are the best colleagues one could wish for.

**Ben Glover**

**December 2024**

# EXECUTIVE SUMMARY

## **'DO NOTHING' IS NOT AN OPTION**

The crisis in public services is visible to everyone in Britain today. Waiting lists, crumbling buildings, exhausted professionals. The country cannot get back on track without a public services recovery. The government recognises this, with the Prime Minister Keir Starmer stating his intent on election night to "...repair our public services...". Without action, today's crisis will only deepen. To do nothing is simply not an option.

## **REFORM IS THE ONLY GAME IN TOWN**

Action could take two forms. The government could increase spending on public services.

Yet higher spending alone won't solve our public services crisis. This is because public service productivity remains 8.5% below its pre-pandemic levels and productivity was estimated to be 2.6% lower in the second quarter of 2024 compared with the same quarter in 2023, according to the ONS. Without increasing public sector productivity, we won't be able to realise the benefits of the significant investment outlined in the 2024 Autumn Budget.

Getting public sector productivity back to pre-pandemic levels requires a new model of service delivery. This must go hand in hand with the increased investment to which the government has committed. In new analysis we estimate that if public services were to be returned to their pre-pandemic productivity levels by 2033 this would deliver £41 billion in additional output per year – what we call the '**reform dividend**'.

## **WE NEED A NEW AGENDA**

Now is the time for the government to decide what type of reform agenda to pursue. There is a real opportunity to make change and move on from the 'choice and competition' approach of past reform agendas. Reforms inspired by 'new public management' have been subject to the law of diminishing returns. Markets have been harder to build and sustain in public services than expected and we've seen an over-reliance on targets. Today's public services struggle to tackle multifaceted challenges, such as long-term health conditions. A new reform agenda should recast these issues as symptoms rather than root causes. We need a **new vision** to respond to new challenges that reinvigorates exhausted workforces and breaks down delivery silos.



## LIBERATED PUBLIC SERVICES: A NEW VISION, ROOTED IN LOCAL EXPERIMENTATION

'Liberated public services' is that new vision. Inspired by Changing Futures Northumbria's pioneering development of the Liberated Method, this is the idea that the best way to improve outcomes for citizens is to give frontline professionals greater **flexibility and discretion** over the methods of public service delivery. This is in contrast to alternative approaches which seek to impose greater uniformity and control. The principles of 'liberated public services' are summarised in Table 1. Crucially, it is an **earned liberation**. There is an essential bargain at the heart of 'liberated public services': professionals gain more flexibility and autonomy, but this comes with greater responsibilities. It is liberated public services not libertarian public services. It is the freedom to do, not simply freedom from.

'Liberated public services' is the right approach for three primary reasons:

- **Complexity.** People's lives are complex, especially where many problems are prevalent. This means siloed public services can fail to be effective, as they often simplify people's everyday reality. We need to tailor and experiment to respond to this complexity. Empowering frontline professionals is the best way of achieving this.
- **Local variation.** In recent years we have become increasingly aware of the importance of place; what works in Worcester might not work in Wigan. This demands tailored, localised approaches to public service delivery. Enabling frontline professionals to engage and respond to their communities is one way of delivering on this aspiration.
- **Innovation** is the ultimate route for public service improvement and productivity gains. A standardised approach, with little flexibility for those on the ground, does not support innovation. Research has repeatedly shown that the best way to support innovation is to empower middle managers and frontline professionals.

**TABLE 1**  
SIX PRINCIPLES OF 'LIBERATED PUBLIC SERVICES'

THEME	FROM....	TO...
The world is...	Simple and linear	Complex and adaptive
Best practice is...	Universal	Place-specific
Professionals are...	Managed through compliance	Intrinsically motivated
Improvement happens through...	Rolling out a standard 'best' method	Local experimentation and innovation
The relationship actors have is...	Competitive	Collaborative
Citizens are seen by services as...	Problems to solve	Active partners in the co-production of services

Citizens should be the primary agent of change in their own lives, with support from public services and other sources where needed, and with opportunities to influence decisions that affect them, including the way in which public services are designed and delivered. Understanding citizen involvement from this perspective is an important corrective to top-down approaches to government in which people are seen as stakeholders to consult rather than citizens to involve.

These insights are being put into action across the country in councils, charities and other providers. The Liberated Method, developed by Changing Futures Northumbria in Gateshead, gives greater freedom to caseworkers as long as they follow two broad rules: 'stay legal' and 'do no harm'. This innovation has provided significant inspiration to the Taskforce. In Wigan, empowering frontline staff with greater autonomy has been at the heart of its decade-long approach to cast a new relationship with citizens, through its 'Wigan Deal'. In Kirklees, moving to strength-based support has transformed services, dramatically improving outcomes for individuals and reducing demand.

How can the efforts of innovators across the country be further supported? In this report we consider how central government can further support the development of 'liberated public services' in England across four themes: governance structures and duties; accountability mechanisms; funding models; and workforce development.

## **CHANGES TO GOVERNANCE STRUCTURES AND DUTIES**

### **Shift 1 - Rebuild the centre's strategic reform capacity**

Public service reform will only be successful if it is driven by the key institutions of the centre of government – HM Treasury, Cabinet Office and No 10 – working together. We have lacked a clear national public service reform agenda for over a decade and public services are fragmented across dozens of departments.

We therefore recommend that the government creates a **Public Service Reform Unit**, jointly housed in the Treasury and Cabinet Office. The Cabinet Office because traditionally this has been the department for coordinating cross-government working; the Treasury because it is vital to get this department to buy in to any radical reform agenda and because it would be sensible to use key Treasury mechanisms, for example Budgets and Spending Reviews, to support the new approach to public service reform. The Public Service Reform Unit should be empowered to set a clear, cross-departmental vision for public service reform, seeking to sit above traditional departmental silos and boundaries. It should involve expertise from outside of government including leaders of this movement.

This is not about recreating the structures or methods of, for example, the Delivery Unit. But it is about having a clear sense of direction and overcoming the fragmentation and lack of coherence in Whitehall with different public services siloed in different departments. Perhaps paradoxically, the liberation of public services has to be enabled by the centre of government and to do so it needs to be strengthened.

This Unit should produce a **cross-cutting public service reform White Paper**, to be published in 2025. This White Paper, led by the Public Service Reform Unit, should be co-created with both citizens and local decision makers, with the government's recently created Council of Nations and Regions a potentially useful forum for enabling this co-creation.

In summary, we recommend that:

- **Recommendation 1:** The government should create a *Public Service Reform Unit*, jointly housed in the Treasury and Cabinet Office, to enable the liberation of public services.
- **Recommendation 2:** The Unit should co-create and publish a cross-cutting public service reform White Paper in 2025.

## Shift 2 - A new wave of public service devolution to Combined Authorities

The governance of public services in England today features excessive centralism. Some services are commissioned and in some cases delivered by outposts of central government (for example, prisons and Jobcentres). Where services are commissioned locally (for example, adult social care), they are often tightly constrained by national legislation, guidance and monitoring. This brings significant challenges for the development of 'liberated public services', restricting the ability to develop place-based solutions sensitive to the local context.

This is compounded by institutional fragmentation and lack of coherence. At a local level, we see a patchwork of institutions, with a lack of clarity and shared responsibilities, reporting upwards to departments not across partners in the place. Plans to create consistent strategic geographies for public services will be set out soon, which should address the fact different public services have different sub-national footprints. Without addressing these concerns, liberation could lead to more fragmentation, as arguably seen with the academisation programme for schools.

In response to these challenges we suggest that Combined Authorities could help us to '**thread the needle**' of English governance, addressing the excessive centralism and lack of local coherence that characterises the system today. Devolution of powers to Combined Authorities started with economic and transport issues. We believe there is a strong case for the devolution of public services to be the next frontier of devolution to Combined Authorities in England.

We recommend the creation of **Public Service Reform Boards**, bringing together leaders of all relevant public services in the area covered by a Combined Authority. This could include, at a minimum: relevant Local Authority leaders; NHS Integrated Care Board (ICB) chairs; MultiAcademy Trust chief executives; Police and Crime Commissioners (PCCs); Department for Work and Pensions (DWP) representatives; the voluntary and community sector representatives; university leaders; prisons and probation; and relevant business representatives. Combined Authority Mayors, where they exist, would chair Public Service Reform Boards. These Boards should create Local Reform Plans, mirroring existing commitments on developing local growth plans.

These plans should be focussed on shifting the whole system to a more outcomes-oriented, strengths-based and person-centred way of working. This should include identifying opportunities for collaboration across the public sector and with civil society to create more holistic services, identifying barriers and enablers to greater prevention and considering how best to bring lived experience and user insight into the design as well as delivery of services. Local Reform Plans should be informed by deep engagement and co-design with families and households engaging with public services, civil society and public servants.

These Boards should be given a new '**right to request**' services currently commissioned and/or delivered by central government. We think there is a strong case to begin with the devolution of employment support, which Demos has previously argued for and which the government's Get Britain Working White Paper takes steps towards.<sup>1,2</sup> The plans for Jobcentre Plus and the National Careers Service to be brought together provides DWP an opportunity to demonstrate leadership in how devolving flexibilities to respond to local systems and needs can work. There may also be a strong argument for the devolution of justice services, particularly probation, given the fact that effective probation provision is likely to be highly reliant on effective join-up with other local public services.

We recognise that this will be a gradual process; large swathes of England are not yet covered by a devolution deal and many Combined Authorities are relatively immature in their development. In these places, there should be a consistent strategic geography for public service reform and support for local partners to become 'devolution ready'. That is why we call for a new, independent body – an **Office for Devolution (OfD)** accountable to Parliament not Whitehall, an '**OBR for devolution**' – to provide advice on the 'right to request' process, to provide additional scrutiny of the evolving role of Combined Authorities, and to hold the government to account on its devolution promises.

In summary, we recommend that:

- **Recommendation 3:** The government should establish *Public Service Reform Boards*, chaired by Combined Authority Mayors and housed in Combined Authorities.
- **Recommendation 4:** **Public Service Reform Boards** should produce Local Reform Plans, mirroring the government's proposed Local Growth Plans.
- **Recommendation 5:** The government should give Combined Authorities the 'right to request' public services that are currently delivered by central government departments and arm's-length bodies.
- **Recommendation 6:** The government should ensure that all areas of England are covered by Combined Authorities.
- **Recommendation 7:** The 'right to request' process should be overseen by a new *Office for Devolution (OfD)* accountable to Parliament.

## CHANGES TO ACCOUNTABILITY

### Shift 3 - Missions and 'minimum service standards'

In English public services, the approach to accountability too often doesn't measure what matters. As a result, public services have sometimes been distracted from their true purpose: improving the lives of citizens across the country. We believe that missions – ambitious, crosscutting, long-term goals – can help. 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 narrow service standard or target.

The government should work with Mayoral Combined Authorities to translate its national missions into '**metro missions**' for each local area, 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'. Combined Authorities 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 police forces.

At the same time, there is strong evidence that targets can help to set a floor on service standards in public services. '**Minimum service standards**' – genuinely minimum output-based measurements – should be set to provide a floor for public service standards, and local public services should be inspected in accordance with these standards. But it is essential that these standards are kept to an absolute minimum and that a much wider range of mission-based metrics, which instead focus on outcomes, are used to assess service performance locally. By setting a floor, we can raise the ceiling.

In summary, we recommend that:

- **Recommendation 8:** The government should translate its high-level missions into a number of 'mission metrics'.
- **Recommendation 9:** The government should work with Mayoral Combined Authorities to translate national 'mission metrics' into 'metro missions' for each local area, agreed through the Council of the Nations and Regions.
- **Recommendation 10:** Combined Authorities should translate their 'metro missions' into 'local missions' through a co-creation process with constituent local authorities and wider bodies, including the NHS, schools, police forces and citizens.
- **Recommendation 11:** The government should set 'minimum service standards' for public services, which are used by inspectorates to assess and to identify problems where they exist.

#### Shift 4 - Rebuild local accountability for public services

The loss of the Audit Commission has left a gaping hole in the accountability system for public services. While there were important issues with the Commission's operation, it is now widely acknowledged that we have lost an important part of the scrutiny and accountability infrastructure for public services. In November 2024, the National Audit Office was unable to sign off the Whole of Government Accounts for the first time in history, citing the severe local authority audit backlog, which commentators and experts have linked to the abolition of the Audit Commission

Given this context, the government should establish an **Audit and Learning Commission**. This should revive the local audit function previously provided by the Audit Commission, given the major challenges seen in the local audit market. It should also produce research and analysis of best practice in public service innovation to support reform across the country.

There is also a need to strengthen participatory and citizen-led scrutiny of Combined Authorities, particularly given the important role they are being entrusted with in our proposals.

We therefore recommend that:

- **Recommendation 12:** The government should establish an Audit and Learning Commission.
- **Recommendation 13:** A standing *Citizens' Panel* should be trialled in one Mayoral Combined Authority, with the aim of providing a new, locally democratic source of scrutiny.

## CHANGES TO FUNDING MODELS

### Shift 5 - Place-based budgets

The funding of public services too often occurs in a way that works against 'liberated public services'. Funding of public services is too short term; a challenge when it can take years, sometimes decades, to understand whether a public service innovation has been effective. That is the experience of Sure Start: a service innovation scrapped due in part to concerns about its effectiveness, before its full positive impact was known. Yet recent studies have revealed the programme was highly effective in many respects, for example leading to significant reductions in adolescent offending.<sup>1</sup>

Funding is also too siloed, with at least ten government departments involved in the funding of public services and many different local organisations receiving funding. Finally, highly inflexible, tightly-defined national funding makes it harder for local public services to act in an experimental fashion and makes everyday delivery harder than it should be for those on the ground. This compliance and control approach comes with significant transactional overheads and distribution costs.

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Policy makers and researchers have been aware of the challenges with how public services are funded for some time, particularly in relation to the siloed nature of funding. As a result, there have been countless initiatives at a central government level to address these. We believe these experiences reveal an important fact: delivering a new, more liberated model for public services funding cannot happen in Whitehall alone.

Usefully, policy makers have begun to consider this question through the introduction of single settlement budgets for Greater Manchester Combined Authority and the West Midlands Combined Authority. This new approach to funding settlements, which the Budget announced

<sup>1</sup> Carneiro, P. et al. The effect of Sure Start on youth misbehaviour, crime and contacts with children's social care. IFS, 2024. Available at: <https://ifs.org.uk/publications/effect-sure-start-youth-misbehaviour-crime-and-contacts-childrens-social-care>

would be extended to all MCAs meeting defined criteria, means that they will be treated like government departments, receiving for each spending review period a single funding settlement, reducing reporting requirements and giving local leaders greater flexibility over how funding is allocated.<sup>2</sup>

We believe that the government should go further and deliver **Total Place-style funding** for Public Service Reform Boards, once these bodies are established. We call this approach **Total Place+**, as it builds on the Total Place experiments of New Labour, but takes us further in terms of scale and ambition. Under our proposals, instead of setting budgets for public services through negotiations with different central government departments, the budget for the relevant Board would be set through negotiations with the Ministry of Housing, Communities and Local Government (MHCLG), with the Board itself being responsible for allocating the budget within their locality.

In summary, we recommend that:

- **Recommendation 14:** The government should develop proposals to move towards *Total Place+* funding focused on social outcomes: single pot funding for Public Service Reform Boards, newly-established bodies chaired by Combined Authority Leaders and bringing together all relevant public services in a sub-region.
- **Recommendation 15:** The government should make Combined Authority Chief Executives the Accounting Officers for their Public Service Reform Board, accountable to Parliament for public spending decisions related to *Total Place+* budgets, maintaining accountability for public spending.

## Shift 6 - 'Government as a foundation'

There remains an important role for central government to play in funding public services. In a liberated model this should focus on innovation. This is what central government does best today, through programmes such as the Changing Futures Programme, the Life Chances Fund and the Shared Outcomes Fund. National bodies and agencies continue to have an important role. Alongside their specific remits they should be asked to consider how they support the liberation of public services, for example through innovation funding. The intention to develop a social impact investment vehicle was a positive early announcement at Autumn Budget 2024.

We recommend that:

- **Recommendation 16:** The government should establish a *Service Experimentation and Innovation Fund* (SEIF) as a strategic co-commissioning fund within UK Research and Innovation (UKRI).
- **Recommendation 17:** The government should increase support for social investment, given the ability for social funding and outcomes-based commissioning to liberate the frontline and join up sectors to improve local public service outcomes.

<sup>2</sup> Henderson, D., Dalton, G. and Paun, A. Trailblazer devolution deals. Institute for Government, 2023. Available at: <https://www.instituteforgovernment.org.uk/explainer/trailblazer-devolution-deals>

## CHANGES TO THE WORKFORCE

### Shift 7 - A new 'respect agenda' for the workforce

The crisis in the public service workforce is perhaps the greatest challenge facing public services today. Record vacancies, an over-reliance on agency staff and a burnt-out, demoralised workforce are challenging conditions for building a new approach to public services which asks for more, not less, from professionals. It is crowding out their intrinsic motivation and passion for the core purpose of public services.

We think there is a strong case for a new, cross-cutting charter for public servants, spanning all public services. This charter would enshrine the autonomy of public sector workers and also set out new responsibilities (while protecting professional freedoms). The government should publish a **Respect Charter**, detailing the new rights and duties expected of public service workers. This should include proposals for a 'duty of candour'. It could also include, subject to further investigation, a 'principle to collaborate' with other public services and a 'principle to co-produce' public services with citizens.

This latter principle is particularly important. Citizens in traditional public services have little opportunity to influence them, which also means that public services have limited opportunity to learn from citizens. The dynamic in which citizens are passive recipients, 'done to' not 'done with', is still dominant. By failing to understand what citizens want and need, public services can waste precious resources as well as have a negative impact on people's lives. In contrast, by involving citizens in the design and delivery of public services, there is an opportunity to close the citizen gap, improve services and have wider positive impacts on democracy and civic life. Taking this approach requires building the capacity of both staff and citizens, as it requires different skills and mindsets to traditional consultation. Working in partnership with people who have been most marginalised will expand the state's capacity to work with all citizens. A 'principle to co-produce' could assist with this.

These new duties and principles could be supported by higher pay for public service workers, greater investment in their training and development, and a new team in the Public Service Reform Unit to better coordinate policy on the public service workforce within central government.

- **Recommendation 18:** The government should publish a *Respect Charter*, detailing the new rights and duties expected of public service workers, including proposals for a 'duty of candour' and subject to further investigation, a 'principle to collaborate' with other public services and a 'principle to co-produce' public services with citizens.
- **Recommendation 19:** The government should set a *Workforce Development Objective* – an objective for spending on public service workforce investment and training, as a proportion of overall public sector spending.
- **Recommendation 20:** The government should consider mechanisms to support a more stable, long-term approach to public sector pay, including a *Public Sector Pay Roadmap*.
- **Recommendation 21:** The government should establish a Public Service Workforce Commission, housed in the Public Service Reform Unit. This should provide public sector workforce forecasts, alongside research and advice on relevant policy areas (such as immigration, training, skills and public sector pay).



## TESTING LIBERATION

The changes outlined above would bring significant benefits and would to a significant degree liberate public services. Yet there is also a need to go further and test a more substantially liberated approach. We suggest this is achieved through a select number of Innovation Zones in which public services will be afforded significant new regulatory, legal and administrative freedoms that push the boundaries of this agenda. **Innovation Zones** will be overseen by Public Service Reform Boards, which by bringing all relevant public service leaders together will seek to ensure a high degree of place-based integration of public services. Progress and outcomes will need to be closely monitored, tracked and evaluated; our proposed Audit and Learning Commission will have an important role to play in this.

We therefore recommend that:

- **Recommendation 22:** The government should designate a number of *Innovation Zones* – a sub-national area, such as those covered currently by Combined Authority, in which public services are able to operate in a significantly ‘liberated’ fashion. This will require further work and testing, but may mean significant freedom to experiment.

**TABLE 2**  
A ROADMAP TO LIBERATE PUBLIC SERVICES

CHALLENGE	POLICY SHIFT	RECOMMENDATIONS
Governance of English public services is too centralised but also fragmented locally and nationally	<b>Shift 1</b> - Rebuild the centre’s strategic reform capacity	<p><b>Recommendation 1:</b> The government should create a <i>Public Service Reform Unit</i>, jointly housed in the Treasury and Cabinet Office, to enable the liberation of public services.</p> <p><b>Recommendation 2:</b> The Unit should co-create and publish a cross-cutting public service reform White Paper in 2025.</p>
	<b>Shift 2</b> - A new wave of public service devolution to Combined Authorities	<p><b>Recommendation 3:</b> The government should establish <i>Public Service Reform Boards</i>, chaired by Combined Authority Mayors and housed in Combined Authorities.</p> <p><b>Recommendation 4:</b> <i>Public Service Reform Boards</i> should produce Local Reform Plans, mirroring the government’s proposed Local Growth Plans.</p> <p><b>Recommendation 5:</b> The government should give Combined Authorities the ‘right to request’ public services that are currently delivered by central government departments and arm’s-length bodies.</p>

CHALLENGE	POLICY SHIFT	RECOMMENDATIONS
<b>Governance of English public services is too centralised but also fragmented locally and nationally</b>	<b>Shift 2</b> - A new wave of public service devolution to Combined Authorities	<p><b>Recommendation 6:</b> The government should ensure that all areas of England are covered by Combined Authorities.</p> <p><b>Recommendation 7:</b> The 'right to request' process should be overseen by a new <i>Office for Devolution</i> (OfD) accountable to Parliament.</p>
<b>Targets too often don't measure what matters</b>	<b>Shift 3</b> - Missions and 'minimum service standards'	<p><b>Recommendation 8:</b> The government should translate its high-level missions into a number of 'mission metrics'.</p> <p><b>Recommendation 9:</b> The government should work with Mayoral Combined Authorities to translate national 'mission metrics' into 'metro missions' for each local area, agreed through the Council for the Nations and Regions.</p> <p><b>Recommendation 10:</b> Combined Authorities should translate their 'metro missions' into 'local missions' through a co-creation process with constituent local authorities and wider bodies, including the NHS, schools, police forces and citizens.</p> <p><b>Recommendation 11:</b> The government should set 'minimum service standards' for public services, which are used by inspectorates to assess and to identify problems where they exist.</p>
<b>Accountability for services is too centralised</b>	<b>Shift 4</b> - Rebuild local accountability for public services	<p><b>Recommendation 12:</b> The government should establish an <i>Audit and Learning Commission</i>.</p> <p><b>Recommendation 13:</b> A standing <i>Citizens' Panel</i> should be trialled in one Mayoral Combined Authority, with the aim of providing a new, locally democratic source of scrutiny.</p>
<b>Funding is too short-term, siloed and inflexible</b>	<b>Shift 5</b> - Place-based budgets	<p><b>Recommendation 14:</b> The government should develop proposals to move towards <i>Total Place+</i> funding focused on social outcomes: single pot funding for Public Service Reform Boards, newly-established bodies chaired by Combined Authority Leaders and bringing together all relevant public services in a sub-region.</p> <p><b>Recommendation 15:</b> The government should make Combined Authority Chief Executives the Accounting Officers for their Public Service Reform Board, accountable to Parliament for public spending decisions related to <i>Total Place+</i> budgets, maintaining accountability for public spending.</p>

CHALLENGE	POLICY SHIFT	RECOMMENDATIONS
Funding is too short-term, siloed and inflexible	Shift 6 - 'Government as a foundation'	<p><b>Recommendation 16:</b> The government should establish a <i>Service Experimentation and Innovation Fund (SEIF)</i> as a strategic co-commissioning fund within UK Research and Innovation (UKRI).</p> <p><b>Recommendation 17:</b> The government should increase support for social investment, given the ability for social funding and outcomes-based commissioning to liberate the frontline and join up sectors to improve local public service outcomes.</p>
Workers are demoralised and exhausted, and there are too many vacancies as a result	Shift 7 - A new 'respect agenda' for the workforce	<p><b>Recommendation 18:</b> The government should publish a <i>Respect Charter</i>, detailing the new rights and duties expected of public service workers, including proposals for a 'duty of candour' and subject to further investigation, a 'principle to collaborate' with other public services and a 'principle to co-produce' public services with citizens.</p> <p><b>Recommendation 19:</b> The government should set a <i>Workforce Development Objective</i> – an objective for spending on public service workforce investment and training, as a proportion of overall public sector spending.</p> <p><b>Recommendation 20:</b> The government should consider mechanisms to support a more stable, long-term approach to public sector pay, including a <i>Public Sector Pay Roadmap</i>.</p> <p><b>Recommendation 21:</b> The government should establish a <i>Public Service Workforce Commission</i>, housed in the <i>Public Service Reform Unit</i>. This should provide public sector workforce forecasts, alongside research and advice on relevant policy areas (such as immigration, training, skills and public sector pay).</p>
Testing Liberation		<p><b>Recommendation 22:</b> The government should designate a number of <i>Innovation Zones</i> – a sub-national area, such as those covered currently by Combined Authority, in which public services are able to operate in a significantly 'liberated' fashion. This will require further work and testing, but may mean significant freedom to experiment.</p>

# INTRODUCTION

## 'DO NOTHING' IS NOT AN OPTION

When considering how to get public services back on track, you are quickly hit with an inconvenient truth: there are so many different crises facing public services today, understanding where to start is no easy task.

### OUTCOMES CRISIS

Public services should help to keep us happy, healthy and safe. Yet on a range of measures, their effectiveness is waning. In our essay *The Preventative State*, we explored how the current model of public services has become increasingly and unsustainably reactive: services delivered through public service siloes often focus on symptoms and are ineffective at addressing fundamental problems.<sup>3</sup>

Improvements in life expectancy have stalled and health inequalities are widening. After increasing for more than a century, improvements in life expectancy stalled in the decade prior to the Covid-19 pandemic.<sup>4</sup> In addition, for certain segments of the population, life expectancy has gone into reverse. Life expectancy among women living in the 10% most deprived areas of England fell between 2010-12 and 2016-18, with the North East experiencing the biggest falls.<sup>5</sup> In education, Institute for Fiscal Studies (IFS) analysis has found almost no change in the 'disadvantage gap' – the difference between disadvantaged and better-off pupils – at GCSE level in more than 20 years.<sup>6</sup>

Health outcomes are worse in poorer and more diverse parts of the country: in 2022, the Office for Health Improvement and Disparities reported that a 19-year gap in healthy life expectancy exists between England's most and least affluent areas.<sup>7</sup> Moreover, there is a crisis of public trust in the NHS to deliver essential services as public satisfaction with the NHS has reached its lowest point in decades, reflecting growing concerns over service quality, accessibility and outcomes.<sup>8</sup>

Similarly in education, public services are failing those most in need of support. Despite some

3 Curtis, P., Glover, B. and O'Brien, A. *The Preventative State: Rebuilding our local, social and civic foundations*. Demos, 2023. Available at: <https://demos.co.uk/research/the-preventative-state-rebuilding-our-local-social-and-civic-foundations>

4 Dunn, P., Ewbank, L. and Alderwick, H. *Nine major challenges facing health and care in England*. The Health Foundation, 2023. Available at: <https://www.health.org.uk/publications/long-reads/nine-major-challenges-facing-health-and-care-in-england>

5 Ibid.

6 Weale, S. *No improvement in school attainment gap in England for 20 years, report says*. The Guardian, 2022. Available at: <https://www.theguardian.com/education/2022/aug/16/no-improvement-in-school-attainment-gap-in-england-for-20-years-report-says>

7 Office for Health Improvement and Disparities. *Health disparities and health inequalities: applying All Our Health*. GOV.UK, 2022. Available at: <https://www.gov.uk/government/publications/health-disparities-and-health-inequalities-applying-all-our-health/health-disparities-and-health-inequalities-applying-all-our-health>

8 Office for National Statistics. *Measuring NHS experience and satisfaction across the UK*. 2024. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthcaresystem/articles/measuringnhsexperienceandsatisfactionacrosstheuk/2024-05-30>

reform and investment in 2014, educational attainment has failed to improve for children with special educational needs and disabilities (SEND) in the last decade.<sup>9</sup> In July 2022, a House of Commons Education Committee report into educational and employment outcomes for children in care found that only 7.2% of looked-after children (children in care) achieved a grade 5 'good pass' in English and mathematics GCSEs, compared to 40.1% of non-looked-after children. Furthermore, 41% of care leavers are not in education, employment or training (NEET) when they are aged 19-21; of those aged 27, only 22% are employed.<sup>10</sup> For care leavers who are employed, they can expect to earn less than their peers as on average there is a £6,000 annual pay gap between care-leavers and non-care leavers.<sup>11</sup>

## ESTATE CRISIS

Reviewing data at the end of 2022 and 2023, the public service estate was in its worst state for decades. Take the school estate. In September 2023, as schools returned from the summer break, up to 100 schools and colleges were forced to fully or partially close due to concerns about the safety of RAAC concrete used in buildings.<sup>12</sup> Multiple reports by HM Inspectorate of Prisons have found prisons to be cramped, squalid, overcrowded and unacceptable.<sup>13</sup> Damp cells, unscreened toilets and vermin are regularly found across the prison estate.<sup>14</sup> A survey of solicitors conducted by the Law Society found that 64% of respondents had experienced delays in cases being heard in the last year due to the state of court buildings.<sup>15</sup> The NAO has reported that £6.7 billion is needed to bring all school buildings up to a satisfactory condition, with an additional £7.1 billion required to ensure they are in good condition, according to the Department for Education's property data survey.<sup>16</sup>

Lord Darzi's NHS review highlighted a capital investment shortfall of £37 billion compared to peer countries, resulting in outdated equipment and crumbling infrastructure.<sup>17</sup> The 2021-22 Estates Returns Information Collection (ERIC), an annual reporting of NHS estate data and information, found an unresolved capital maintenance backlog of £10.2 billion; this has more than doubled in real terms over the course of a decade and almost half of the estate backlog is classified as high or significant risk.<sup>18,19</sup> This includes hospitals reliant on outdated facilities and equipment, which limits their ability to deliver effective services. Moreover, while the overall cost to eradicate the backlog increased by a further 13.6% in 2022-23, the cost to eradicate the high-risk backlog grew by over 30%, indicating that the ramifications of structural underinvestments in the NHS estate are becoming more expensive, complex, urgent and severe.<sup>20</sup> The ERIC definition of high risk is that it "must be addressed with urgent priority in order to prevent catastrophic failure, major disruption to clinical services or deficiencies in safety liable to cause serious injury and/or prosecution".<sup>21</sup>

9 LGA. Educational outcomes for SEND pupils have failed to improve over last decade despite costs trebling, new independent report reveals. 2024. Available at: <https://www.local.gov.uk/about/news/educational-outcomes-send-pupils-have-failed-improve-over-last-decade-despite-costs>

10 UK Parliament. "Host of indefensible system failings" damaging educational and employment outcomes for children in care. 2022. Available at: <https://committees.parliament.uk/work/1111/childrens-homes/news/171939/host-of-indefensible-system-failings-damaging-educational-and-employment-outcomes-for-children-in-care>

11 Ibid.

12 Robinson, J. RAAC crisis: Return of pandemic-style home learning for unsafe concrete schools should last 'days, not weeks'. Sky News, 2023. Available at: <https://news.sky.com/story/raac-crisis-return-of-pandemic-style-home-learning-for-unsafe-concrete-schools-should-last-days-not-weeks-12953794>

13 Beard, J. The prison estate in England and Wales. House of Commons Library, 2023. Available at: <https://commonslibrary.parliament.uk/research-briefings/sn05646>

14 Ibid.

15 The Law Society. Are our courts fit for purpose? 2022. Available at: <https://www.lawsociety.org.uk/topics/research/are-our-courts-fit-for-purpose>

16 National Audit Office. Capital funding for schools. 2017. Available at: <https://www.nao.org.uk/reports/capital-funding-for-schools>

17 Hughes, L. 'Dire' NHS report shows scale of Sir Keir Starmer's turnaround challenge. Financial Times, 2024. Available at: <https://www.ft.com/content/bc342fea-6e7c-4725-aed9-caeaedd890f1>

18 NHS England. Estates Returns Information Collection, Summary page and dataset for ERIC 2021/22. 2022. Available at: <https://digital.nhs.uk/data-and-information/publications/statistical/estates-returns-information-collection/england-2021-22>

19 Boccarini, G. What is the outlook for health funding? The Health Foundation, 2023. Available at: <https://www.health.org.uk/publications/long-reads/what-is-the-outlook-for-health-funding>

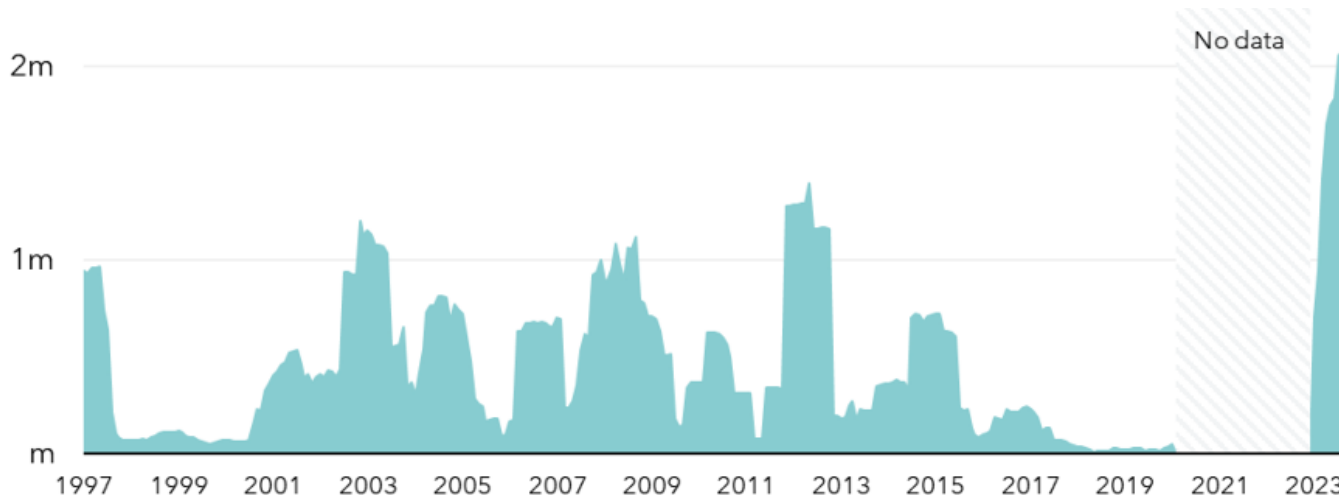
20 NHS England. Estates Returns Information Collection, Summary page and dataset for ERIC 2022/23. 2023. Available at: <https://digital.nhs.uk/data-and-information/publications/statistical/estates-returns-information-collection/england-2022-23>

21 Anandaciva, S. The deteriorating state of the NHS estate. The King's Fund, 2019. Available at: <https://www.kingsfund.org.uk/insight-and-analysis/blogs/deteriorating-state-nhs-estate>

## WORKFORCE CRISIS

We have also seen the return of crisis to public service workforces, on a scale not seen for decades. 2022 saw the highest level of strikes in any year since the 1980s, with these strikes concentrated in the public and transport sectors.<sup>22</sup>

**FIGURE 1**  
WORKING DAYS LOST DUE TO STRIKE ACTION IN THE PUBLIC SECTOR, PAST 12 MONTHS



Source: Office for National Statistics, *Working Days Lost due to strike action in the public sector - monthly ('000's)*, 14 November 2023, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/f8xz/lms>

Filling vacancies is a challenge now across a wide range of public services. Adult social care is currently experiencing 10% vacancies in its workforce and there are major shortages across a range of other sectors and services.<sup>23</sup> More broadly, a survey of public sector employers conducted by the CIPD finds half are reporting hard-to-fill vacancies.<sup>24</sup> As of 2024, 38% of all public sector workers are either actively considering leaving their job or have actually begun taking steps to do so.<sup>25</sup> These challenges are leading to a reliance on agency workers in many public services, in particular children's social care, where the use of agency children's social workers is at a record high of 18%.<sup>26</sup> This affects continuity of service and ultimately comes at a high cost to the state.

According to the 2022 NHS Staff Survey, four out of five employees feel there aren't enough staff in their organisation to do their job properly.<sup>27</sup> Nursing vacancies make up the greatest proportion of vacancies within secondary care as 7.8% of all nursing posts (32,738 roles) remain unfilled as of June 2024. More widely across secondary care in England, there were 10,745 vacancies in medical posts, making up 6.9% of all medical roles. In adult social care, the Local Government Association in 2022 reported that "retention rates are at an all time low".<sup>28</sup>

22 Cominetti, N., Slaughter, H. and Hamdan, N. Labour Market Outlook Q2 2023. Resolution Foundation, 2023. Available at: [www.resolutionfoundation.org/publications/labour-market-outlook-q2-2023](http://www.resolutionfoundation.org/publications/labour-market-outlook-q2-2023)

23 Samuel, M. Adult social care vacancy rate hits 10%. Community Care, 2022. Available at: <https://www.communitycare.co.uk/2022/04/08/adult-social-care-vacancy-rate-hits-10/>

24 Mayne, M. Half of public sector employers reporting hard-to-fill vacancies, CIPD research finds. People Management, 2023. Available at: <https://www.peoplemanagement.co.uk/article/1822812/half-public-sector-employers-reporting-hard-to-fill-vacancies-cipd-research-finds>

25 TUC. Nearly two-fifths of public sector workers have taken steps to leave their profession or are actively considering it. 2024. Available at: [www.tuc.org.uk/news/nearly-two-fifths-public-sector-workers-have-taken-steps-leave-their-profession-or-are](http://www.tuc.org.uk/news/nearly-two-fifths-public-sector-workers-have-taken-steps-leave-their-profession-or-are)

26 BASW. New national rules to curb over-reliance on costly agency social workers. 2023. Available at: <https://new.basw.co.uk/about-social-work/psw-magazine/articles/new-national-rules-curb-over-reliance-costly-agency-social>

27 NHS Staff Survey. National Results. NHS England, 2023. Available at: <https://www.nhsstaffsurveys.com/results/national-results>

28 The Local Government Association. Written evidence to the House of Lords Public Services Committee (FFF0012). 2022. Available at: <https://committees.parliament.uk/writtenevidence/106609/html>

There are also chronic issues with recruitment and retention in the state education sector. The overall teacher vacancy rate has doubled from its pre-pandemic level to reach 0.6% in 2024.<sup>29</sup> Robin Walker MP, chair of the Education Select Committee from 2022 to 2024, stated that, nationally, we “keep on missing targets for recruiting specialist teachers in nearly every subject – forcing more teachers to take on classes outside of their specialism and thereby undermining the quality of education children receive.”<sup>30</sup> This view is supported empirically as recruitment figures are even more damning for specific subjects, including in vital disciplines for the future in STEM and foreign languages. In 2021-22 the recruitment target for physics teachers was missed by 80%; in 2022-23, the target was missed by 83%.<sup>31</sup> Also in 2022-23, the number of foreign languages teachers recruited was 66% below target; in computing, it was missed by 64%.<sup>32</sup>

## THREE DECADES OF CRISIS

The public services landscape looks the most challenging for decades. What is perhaps most concerning is the combination of different problem types. We see a **public estate** crisis not seen since the 1990s. We see the same issues with **outcomes** that were highlighted by critics of New Labour’s public services programme; in particular with respect to failure to make progress on complex problems. And we see a new, deeply challenging **workforce crisis** that emerged during the 2010s. It’s clear that ‘do nothing’ is not an option. We need a new approach which breaks from recent policy approaches. In the next chapter we consider what that new approach might look like.

29 Cribb, J., Dominguez, M. and McKendrick, A. Pressures on public sector pay. IFS, 2024. Available at: <https://ifs.org.uk/publications/pressures-public-sector-pay>

30 UK Parliament. Education Committee publishes report on teacher recruitment, training and retention. 2024. Available at: <https://committees.parliament.uk/committee/203/education-committee/news/201461/education-committee-publishes-report-on-teacher-recruitment-training-and-retention>

31 Cumiskey, L. DfE slashes secondary teacher recruitment targets. Schools Week, 2024. Available at: <https://schoolsweek.co.uk/dfe-slashes-secondary-teacher-recruitment-targets>

32 UK Parliament. Education Committee publishes report on teacher recruitment, training and retention. 2024. Available at: <https://committees.parliament.uk/committee/203/education-committee/news/201461/education-committee-publishes-report-on-teacher-recruitment-training-and-retention>

# CHAPTER ONE

## TWO PATHS

We saw in the previous chapter that ‘do nothing’ is not an option. This leaves the government with two options for fixing public services.<sup>33</sup>

The first option is to increase spending on public services. This will go some way to alleviating the challenges seen in the previous chapter. In particular, cuts to capital funding have played a key role in the estate crisis seen across public services. According to Institute for Government analysis, no department exceeded 2007/08 capital spending levels between 2011/12 and 2017/18.<sup>34</sup> Yes, governments throughout history have tended to underinvest in capital spending, driven by the fact that the rewards accrue years or even decades into the future, rather than being seen in the short-term. But as the Institute for Government describes, “even by the low standard of previous governments, the 2010s were particularly bad”.<sup>35</sup> Assuming the money is spent wisely, more capital spending on infrastructure for public services will improve the public estate, as seen in the 2000s following higher capital spending levels.

33 Cutting services would be a third theoretical option, but we do not think this is remotely feasible, given the state that public services are in and the demand from the public to deliver rapid improvements.

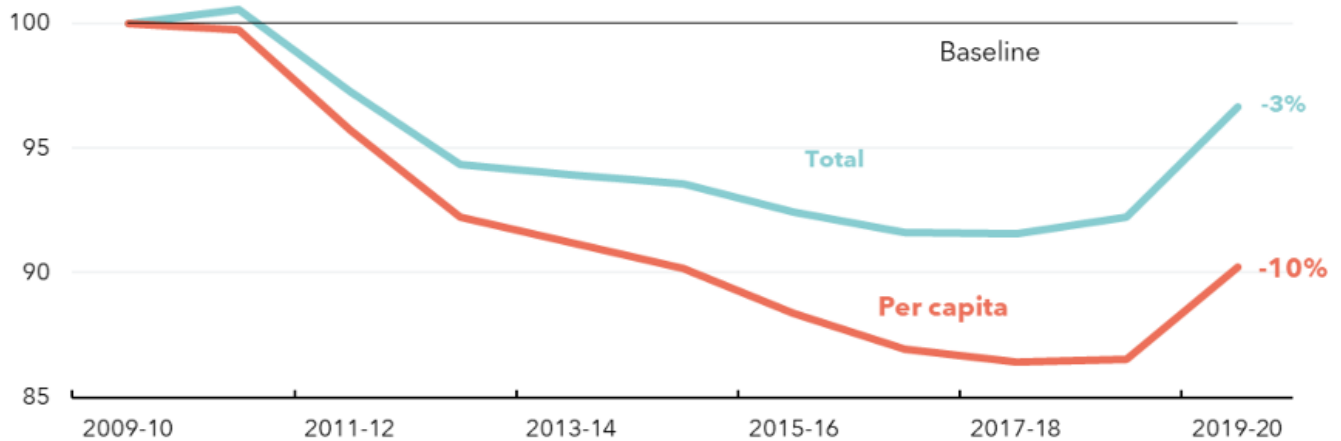
34 Hoddinott, S. Short-term policy making has trapped public services in a ‘doom loop’. Institute for Government, 2023. Available at: <https://www.instituteforgovernment.org.uk/comment/public-services-doom-loop>

35 Ibid.



**FIGURE 2**

CHANGE IN DEPARTMENTAL OPERATIONAL SPENDING, TOTAL AND PER CAPITA, 2009/10 = 100

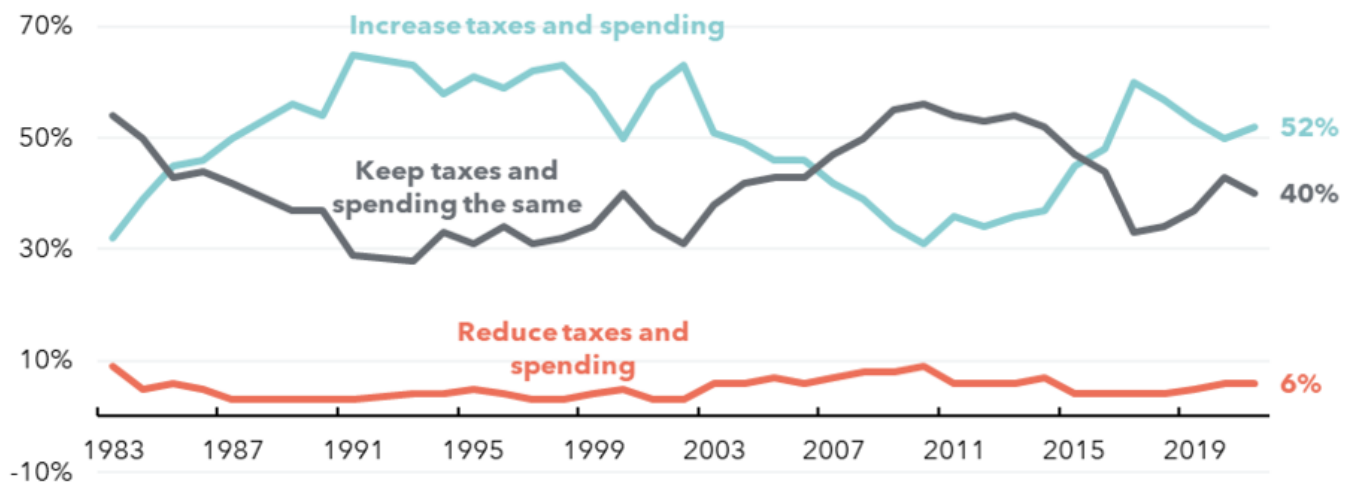


Source: Office for Budget Responsibility, *Economic and fiscal outlook – November 2022*, 16 November 2022, <https://obr.uk/efo/economic-and-fiscal-outlook-november-2022/>

Falls in satisfaction in public services are also likely related in part to spending cuts and squeezes. The National Centre for Social Research finds that attitudes towards taxation and spending are cyclical; when public spending rises on services, typically “people’s appetite for better public services is increasingly satisfied.”<sup>36</sup> This is certainly apparent in the UK today. Support for higher taxes and spending has been consistently the preferred position among the public since around 2016, a view which looks fairly settled and has survived major shocks such as the Covid-19 pandemic.

**FIGURE 3**

PUBLIC ATTITUDES TOWARDS TAXATION AND SPENDING ON HEALTH, EDUCATION AND SOCIAL BENEFITS

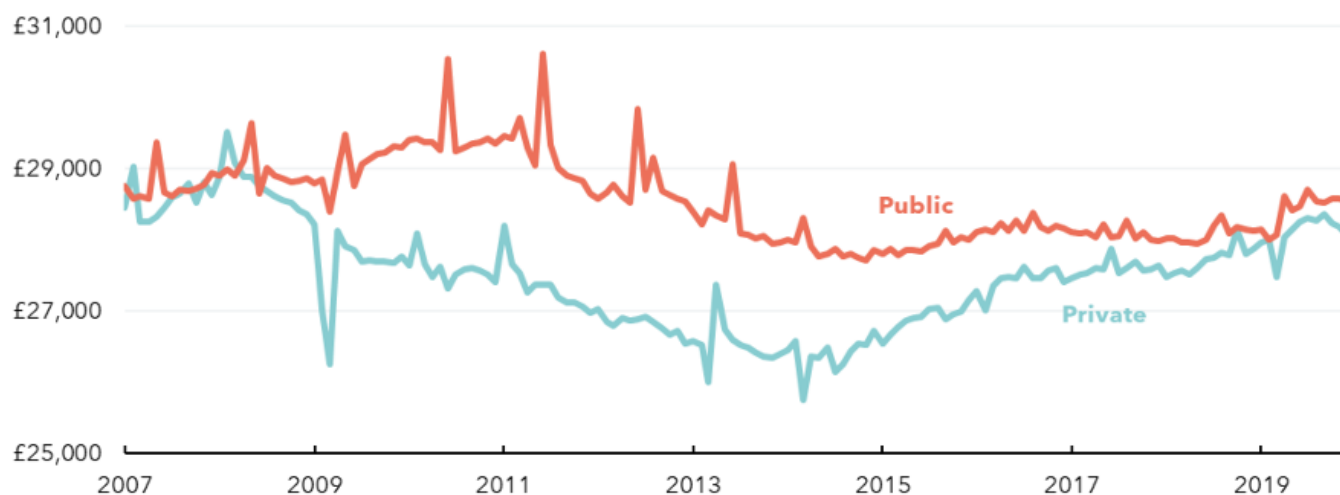


Source: National Centre for Social Research.

36 National Centre for Social Research. *British Social Attitudes 29 – key findings*. 2012. Available at: [https://web.archive.org/web/20201101173853/https://bsa.natcen.ac.uk/media/1138/bsa29\\_key\\_findings.pdf](https://web.archive.org/web/20201101173853/https://bsa.natcen.ac.uk/media/1138/bsa29_key_findings.pdf)

Finally, funding constraints have driven lower public sector pay. IFS data shows that public sector pay restraint has led to the gap between public and private sector wages being at its lowest level since the early 2000s.<sup>37</sup> This has exacerbated recruitment challenges in many key public services, as described by various Pay Review Bodies.<sup>38</sup>

**FIGURE 4**  
REAL MEAN EARNINGS THROUGHOUT YEAR, BY SECTOR, 2019 PRICES



Source: Office for National Statistics, EARN01: Average weekly earnings, 14 November 2023, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/averageweeklyearningsearn01>

Higher spending would appear to alleviate some of the challenges facing public services today, particularly in relation to capital spending. However, there are major limitations to using spending alone as a means of improving public services, as we consider below.

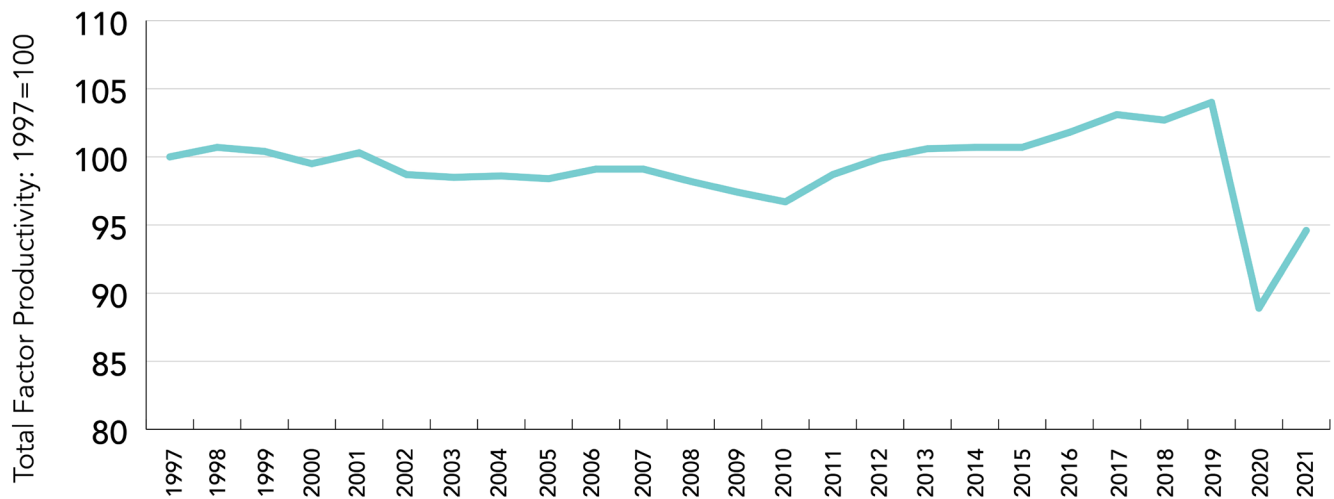
## THE LIMITS TO SPENDING

Additional spending for public services is failing to translate into higher performance, measured in terms of public service outputs. According to the Office for National Statistics (ONS), public service productivity grew by an average of only 0.2% per year between 1997 and 2019. It remains 6.4% below its pre-pandemic levels and in Quarter 1 of 2024 it dropped by 0.6% compared to the same quarter a year ago. Recent years have seen significant increases in public spending for certain public services, particularly the NHS, but this is failing to translate into higher public sector productivity, as illustrated by Figure 5. This means there is a very significant risk that higher spending will not lead to better outcomes.

37 Cribb, J., Davenport, A. and Zaranko, B. Public sector pay and employment: where are we now? IFS, 2023. Available at: <https://ifs.org.uk/publications/public-sector-pay-and-employment-where-are-we-now>

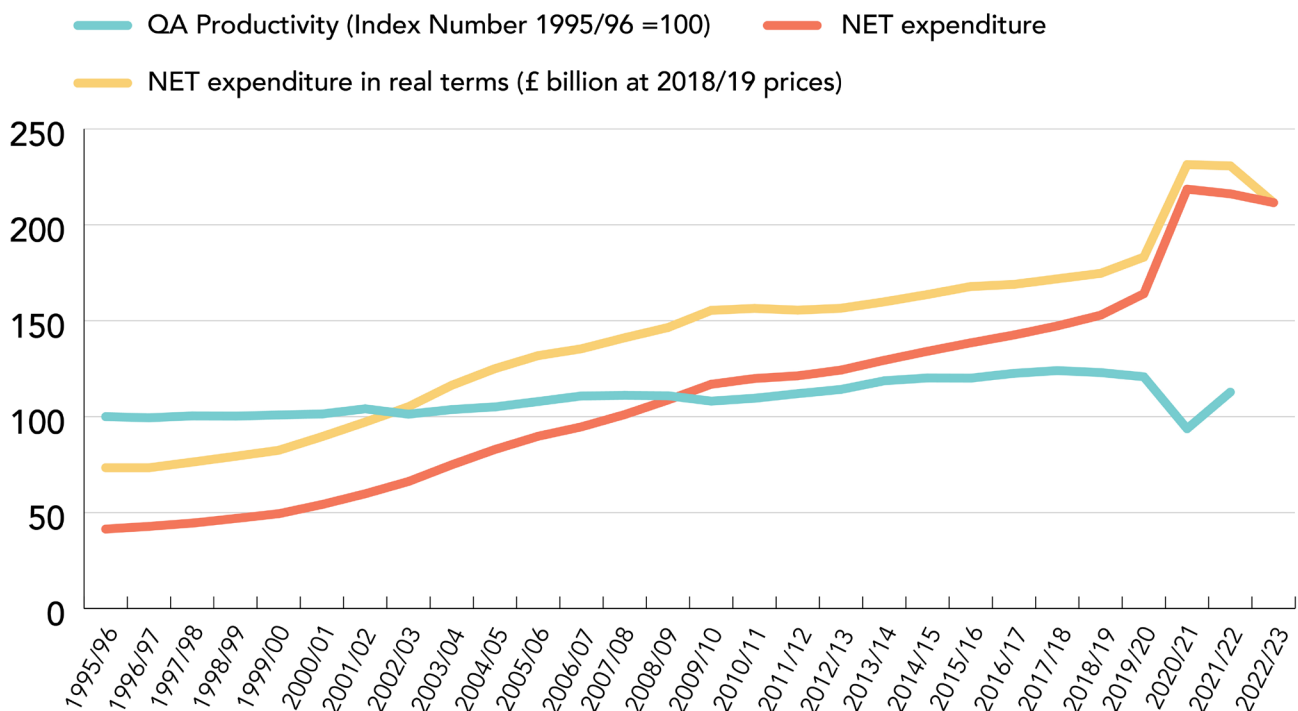
38 Ibid.

**FIGURE 5**  
UK PUBLIC SECTOR PRODUCTIVITY, 1997 TO 2021



Source: Office for National Statistics, Public service productivity, quarterly, UK: January to March 2024, 15 July 2024. Available at: <https://www.ons.gov.uk/economy/economicoutputandproductivity/publicservicesproductivity/bulletins/publicserviceproductivityquarterlyuk/januarytomarch2024>

**FIGURE 6**  
NHS PRODUCTIVITY VS. NHS SPENDING, 1996/97 TO 2022/23



Sources: Office for National Statistics, Public service productivity estimates: healthcare, England, 22 March 2024, <https://www.ons.gov.uk/economy/economicoutputandproductivity/publicservicesproductivity/datasets/publicserviceproductivityestimateshealthcareengland>; HM Treasury, Public Expenditure Statistical Analyses (PESA), 30 July 2024, <https://www.gov.uk/government/collections/public-expenditure-statistical-analyses-pesa>; HM Treasury, GDP deflators at market prices, and money GDP March 2024 (Quarterly National Accounts), 2 April 2024, <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts>.

## POLITICAL CONSTRAINTS

The government announced £40 billion of tax rises at the 2024 Autumn Budget – more than most commentators and analysts expected ahead of the event. This has paid for a significant increase in day-to-day spending for most government departments. Yet the government has repeatedly made clear that they intend for the Budget to be a one-off, with Rachel Reeves telling BBC News that “this is not the sort of Budget we would want to repeat...”.<sup>39</sup>

With additional, significant tax rises seemingly not on the table, what about economic growth? Indeed, Labour has argued consistently that it will increase economic growth and use the proceeds of growth to fund additional investment in public services. Rachel Reeves has repeatedly stated that “economic growth is the only way to sustainably improve our public services and our public finances...”.<sup>40</sup> Yet growth forecasts remain low, with the Treasury’s October 2024 survey of independent forecasts showing an average forecast of 1.0% for 2024 and 1.2% for 2025.<sup>41</sup>

### Public service reform: the only game in town

While additional spending on public services might seem simpler than reform, spending is no panacea. First, many of the issues facing public services today are as much about how we deliver and what we deliver, as *how much* we deliver. Second, another significant investment in public services appears unlikely in this Parliament. Given this, it’s quite clear that reform is the only game in town. In the next chapter we consider how the government should reform public services.

39 Wheeler, B. This is not a Budget we want to repeat, says Reeves. BBC News, 2024. Available at: <https://www.bbc.co.uk/news/articles/c86q31wlj39o>

40 House of Commons Hansard, 29 July 2024, cols 1039–40

41 Powell, A. Gross Domestic Product (GDP): Key Economic Indicators. House of Commons Library, 2024. Available at: <https://commonslibrary.parliament.uk/research-briefings/sn02783>

# CHAPTER TWO

## TWO REFORM MODELS

We saw in the previous chapter that reform is the only game in town when it comes to improving public services. In this chapter we consider which reform model the government should pursue.

First, the government could reboot ‘choice and competition’, seen by many as the last coherent and cohesive national reform agenda. Inspired by the ideas of ‘new public management’ (NPM), this approach injected markets and private sector managerialism into public services. Its policy prescriptions have been described as the ‘three Ms’: Markets, Managers and Measurement.<sup>42</sup> Through Margaret 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, these reforms have been subject to the law of diminishing returns. Targets can lead to widespread gaming.<sup>43</sup> Functional markets have been hard to create in public services.<sup>44</sup> NPM has proven ineffective at addressing more complex, multifaceted challenges (for example, family breakdown, long-term health conditions and homelessness), where presenting ‘problems’ are often symptoms, not root causes.<sup>45</sup> It has also led to unintended consequences, from demoralised, exhausted workforces to the deepening of service delivery silos.<sup>46</sup> We need a new vision to respond to new challenges.

42 Dalingwater, L. Post-New Public Management (NPM) and the Reconfiguration of Health Services in England. *Observatoire de la société britannique*, 2014. Available at: <https://doi.org/10.4000/osb.1714>

43 Bevan, G. and Hood, C. What’s measured is what matters: Targets and gaming in the English public health care system. *Public Administration* 84: 517-538, 2006. Available at: <https://doi.org/10.1111/j.1467-9299.2006.00600.x>

44 Greener, I. Markets in the public sector: when do they work, and what do we do when they don’t? *Policy & Politics* 36(1), 93-108, 2008. Available at: <https://doi.org/10.1332/030557308783431607>

45 Lowe, T., French, M., Hawkins, M., Hesselgreaves, H., & Wilson, R. (2021). New development: Responding to complexity in public services—the human learning systems approach. *Public Money & Management*, 41(7), 573–576. Available at: <https://doi.org/10.1080/09540962.2020.1832738>

46 House of Lords Public Services Committee. *Fit for the future? Rethinking the public services workforce*. UK Parliament, 2022. Available at: <https://committees.parliament.uk/publications/23110/documents/169292/default>

One answer has come in the form of a ‘techno-utopian’ approach to public service reform.<sup>47</sup> In recent months, excitement has bubbled in technology and policy circles about the promise of AI for remedying the ills of the UK’s over-stressed public services.<sup>48</sup> We agree that AI has potential for helping improve aspects of behind-the-scenes public service delivery. However we strongly caution against viewing AI as the only or even the primary route to fixing our public services.

First, the AI solutions themselves are imperfect which must be considered when rolling them out in potentially high-risk social applications. They are designed to “extract, amplify and push forward” patterns from the data which can be very useful for low-stakes, high-volume administrative tasks.<sup>49</sup> Yet in the higher-stakes domains that form the bedrock of our public services – such as health and social care, policing, and immigration – replicating and exacerbating discriminatory patterns can cause substantial harm.<sup>50</sup>

Second, the public services into which the AI tools are currently being introduced suffer deep structural problems – entrenched silos of disconnected care, an overemphasis on narrow targets rather than holistic outcomes, and insufficient ability to adapt and innovate to meet local needs. These are not strong foundations on which to build AI into public services. While our current situation presents a clear opportunity to rebuild in a way that makes the most of AI, rushing to layer AI remedies on top of a flawed structure is only a stopgap solution, an expensive sticking plaster that could ultimately reinforce the underlying issues at play, making fundamental reform down the line all the more difficult.

We need a new reform agenda. Not reheated ‘choice and competition’ nor a naive ‘techno-utopianism’.

## THE CASE FOR ‘LIBERATED PUBLIC SERVICES’

‘Liberated public services’ is that new vision. Inspired by Changing Futures Northumbria’s pioneering development of the Liberated Method, this is the idea that the best way to improve outcomes for citizens is to give frontline professionals greater **flexibility and discretion** over the methods of public service delivery. This is in contrast to alternative approaches which seek to impose greater uniformity and control. The principles of ‘liberated public services’ are summarised in Table 1. Crucially, it is an **earned liberation**. There is an essential bargain at the heart of ‘liberated public services’: professionals gain more flexibility and autonomy, but this comes with greater responsibilities. It is liberated public services not libertarian public services. It is the freedom to do, not simply freedom from.

It is inspired by, and rooted in, the work of many others. Since the global financial crisis, and partly inspired by austerity, a major relational movement has developed across the country. As we have detailed throughout the Taskforce, beyond Westminster, councils, charities and other providers have been iterating and experimenting with a new approach to public service delivery. Inspired by this, a wide array of researchers, policy institutes and think tanks have been developing a new model of service delivery: these include, but are not limited to, the Centre

47 Knight, S., Seger, E., and Glover, B. Tech that Liberates: A new vision for embedding AI in public service reform. Demos, 2024. Available at: <https://demos.co.uk/research/tech-that-liberates-a-new-vision-for-embedding-ai-in-public-service-reform>.

48 Rough, E., Clark, A. and Woodhouse, J. Debate on technology in public services. House of Commons Library, 2024. Available at: <https://commonslibrary.parliament.uk/research-briefings/cdp-2024-0115>

49 Vallor, S. The AI Mirror: How to Reclaim Our Humanity in an Age of Machine Thinking. Oxford University Press, 2024.

50 Digital Regulation Cooperation Forum. The benefits and harms of algorithms: a shared perspective from the four digital regulators. GOV. UK, 2022. Available at: <https://www.gov.uk/government/publications/findings-from-the-drcf-algorithmic-processing-workstream-spring-2022/the-benefits-and-harms-of-algorithms-a-shared-perspective-from-the-four-digital-regulators>

for Public Impact, Collaborate CIC,<sup>51</sup> the Institute for Public Policy Research,<sup>52</sup> Nesta<sup>53</sup> and New Local.<sup>54</sup> In universities and beyond, researchers such as Alex Fox, Hilary Cottam, Toby Lowe, Hannah Hesselgreaves, Chris Fox and Dan Honig have been developing detailed alternatives to ‘choice and competition’. The ideas are out there – they just need to be put into action.

**TABLE 1**  
SIX PRINCIPLES OF ‘LIBERATED PUBLIC SERVICES’

THEME	FROM....	TO...
<b>The world is...</b>	Simple and linear	Complex and adaptive
<b>Best practice is...</b>	Universal	Place-specific
<b>Professionals are...</b>	Managed through compliance	Intrinsically motivated
<b>Improvement happens through...</b>	Rolling out a standard ‘best’ method	Local experimentation and innovation
<b>The relationship actors have is...</b>	Competitive	Collaborative
<b>Citizens are seen by services as...</b>	Problems to solve	Active partners in the co-production of services

### From linearity to complexity

Systems theory and complexity studies have shown that economic and social systems are governed by complexity and adaptivity.<sup>55</sup> These systems are complex because the forces driving them are many and interconnected; they are adaptive because they change over time. Take obesity, mapped in Figure 7 by the UK’s Government Office for Science in 2007. ‘Systems thinking’, which seeks to apply the insights of systems theory to public policy, has in recent years gone mainstream; for example, the Civil Service’s Policy Profession has written extensively on the need for civil servants to consider how to ‘think like a system’ when designing policy.<sup>56</sup>

51 Collaborate. Human Learning Systems: Public service for the real world. 2021. Available at: <https://collaboratecic.com/insights-and-resources/new-human-learning-systems-ebook>

52 Quilter-Pinner, H. and Khan, H. Great government: Public service reform in the 2020s. IPPR, 2023. Available at: <https://www.ippr.org/articles/great-government>

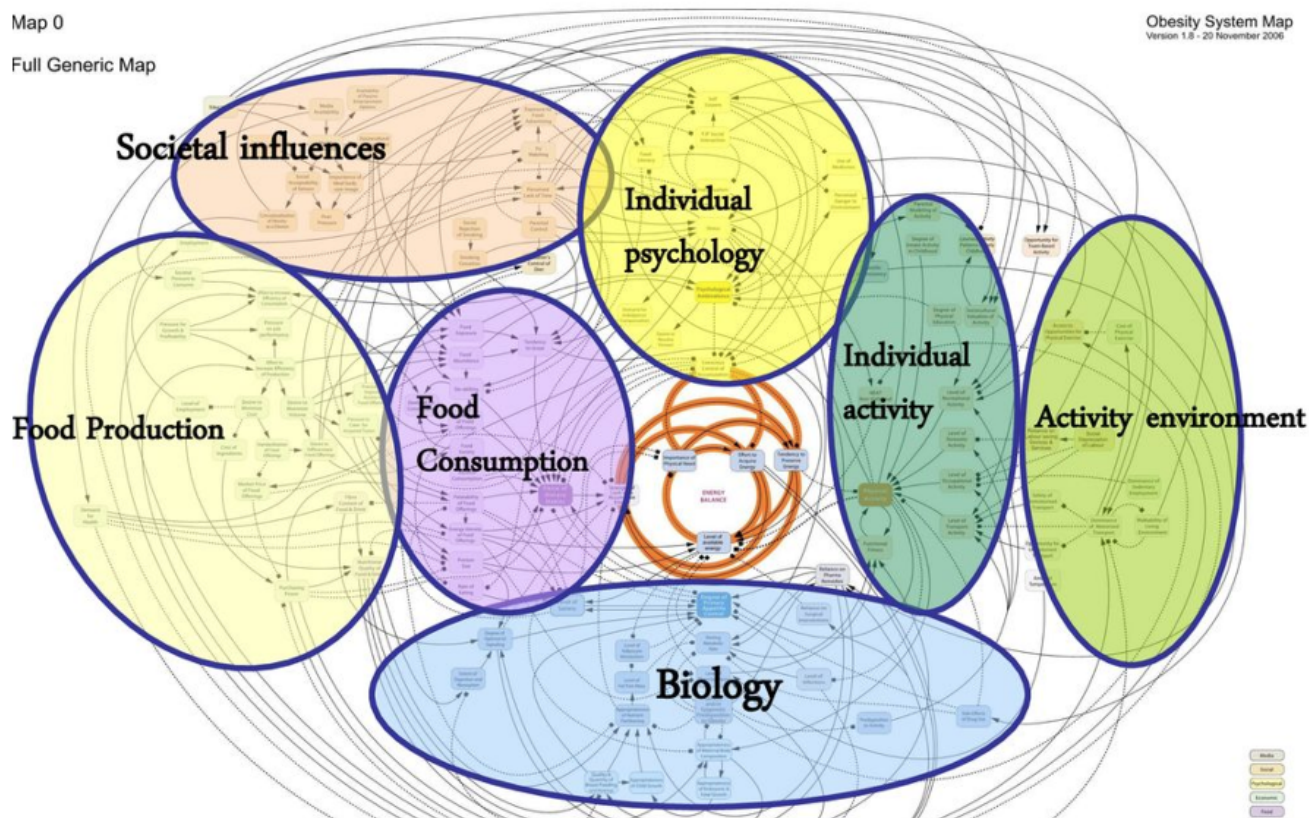
53 Wilson, R. et al. Good and bad help: How purpose and confidence transform lives. Nesta, 2018. Available at: <https://www.nesta.org.uk/report/good-and-bad-help-how-purpose-and-confidence-transform-lives>

54 New Local. Community Power. (no date). Available at: <https://www.newlocal.org.uk/research/community-power>

55 Chapman, J. System failure: Why governments must learn to think differently. Demos, 2004. Available at: <https://demos.co.uk/wpcontent/uploads/files/systemfailure2.pdf>

56 Policy Lab. Introducing a ‘Government as a System’ toolkit. GOV.UK, 2020. Available at: <https://openpolicy.blog.gov.uk/2020/03/06/introducing-a-government-as-a-system-toolkit>

**FIGURE 7**  
OBESITY SYSTEM MAP



Source: Government Office for Science, 2007

Yet NPM-style approaches typically work in a way counter to the insights of systems theory. NPM typically works by disaggregating problems into smaller component parts, inspired by a rationalistic, mechanistic worldview. This means seeing change as a linear process: x leads to y leads to z. This view of the world is fundamentally challenged by the insights of complexity theory and systems thinking. The desire to break out of some of these limitations of siloed thinking has driven recent public service reforms. For example, the creation of Integrated Care Systems (ICSs) is driven by a desire to integrate health and care systems along place-based lines.<sup>57</sup>

Inspired by this, we need to put learning and accountability for improving people's lives at the centre of public service delivery, through a new philosophy of experimentalism. Inspired by Charles F. Sabel's 'experimentalist governance', this responds to the challenges and demands of complexity.<sup>58</sup> Sabel argues for an approach which prioritises experimentation, since at different places and different points in time, different approaches will be more or less suitable. By freeing frontline professionals to experiment, 'liberated public services' provides an answer to the fact of complexity. The ideas of 'Human Learning Systems' have been seeking to put this 'complexity-aware' view of the world into practice, inspiring the development of the 'Liberated Method' by Changing Futures Northumbria, whose work has helped to inspire 'liberated public services'.<sup>59,60</sup>

57 Charles, A. Integrated care systems explained. The King's Fund, 2022. Available at: <https://www.kingsfund.org.uk/insight-and-analysis/long-reads/integrated-care-systems-explained>

58 Sabel, C. F. Experimentalist Governance. (no date). Available at: [https://charlessabel.com/papers/Sabel%20and%20Zeitlin%20handbook%20chapter%20final%20\(with%20abstract\).pdf](https://charlessabel.com/papers/Sabel%20and%20Zeitlin%20handbook%20chapter%20final%20(with%20abstract).pdf)

59 Human Learning Systems. Overview. (no date). Available at: <https://www.humanlearning.systems/overview>

60 Smith, M. The Liberated Method - Rethinking Public Service. Changing Futures Northumbria, 2023. Available at: <https://www.changingfuturesnorthumbria.co.uk/rethinking-public-service>



We will explore throughout this report how to deliver safe, accountable experimentation in public services.

### From universalism to local variation

NPM-style reforms sought to cast their approach as neutral and apolitical. As Christopher Hood describes in his seminal account of NPM, this approach:

“...claimed to be an ‘apolitical’ framework within which many different values could be pursued effectively. The claim was that different political priorities and circumstances could be accommodated by altering the ‘settings’ of the management system, without the need to rewrite the basic programme of NPM.”<sup>61</sup>

This vision for public services arose from the political conditions of the late 1980s and early 1990s: in particular, the idea that the big issues in politics and ethics had been resolved, and that there was one correct way of doing things and that this had triumphed above all. This is often called universalism: the idea that the same principles and answers apply everywhere. This gave reforms a very broad appeal, as Hood describes:

“This was indeed borne out, with NPM-style reforms enthusiastically implemented by a wide range of political parties globally, including from centre-left governments, as in New Zealand and the United Kingdom.”<sup>62</sup>

However, striving for universalism in public service delivery came with significant downsides. First, such visions can be dramatic oversimplifications. As James C. Scott describes in his influential account of failures of state planning, *Seeing Like a State*, such simplifications fail to reflect the nuance and complexity of reality. This means they collapse, unable to understand reality.<sup>63</sup> Second, top-down, centrally-imposed visions limit the ability for local variation in accordance with civil society, which varies in different places, and citizen needs, which can also be expected to vary significantly.

Inspired by these insights, ‘liberated public services’ puts a strong emphasis on devolution, as we will see throughout this report. Variation and difference means that what works in one place might not work elsewhere, both in terms of the individual and, separately, geography. As a result, there is a need to constantly experiment and to share learning between public services as it arises.

61 Hood, C. A public management for all seasons? *Public Administration*, 69: 3-19, 1991. Available at: <https://doi.org/10.1111/j.1467-9299.1991.tb00779.x>

62 Parker, S. and O’Leary, D. Re-imagining Government: Putting people at the heart of New Zealand’s public sector. Demos, 2006. Available at: <https://demos.co.uk/wp-content/uploads/files/Re-imagining%20-%20web%20.pdf>

63 Scott, J. C. *Seeing Like a State*. Yale University Press, 1993.

## From Public Choice Theory to intrinsic motivation

Our attention now turns to public service professionals and two competing accounts of their motivation. But what is motivation? As Ryan and Deci describe:

“To be motivated means *to be moved* to do something. A person who feels no impetus or inspiration to act is thus characterised as unmotivated, whereas someone who is energized or activated toward an end is considered motivated.”<sup>64</sup>

In addition, crucially there are not just different *amounts* of motivation, but also different kinds of motivation. As Ryan and Deci go on to describe, motivation can vary:

“...not only *in level* of motivation (i.e. how much motivation), but also in the *orientation* of that motivation (i.e., what type of motivation).”<sup>65</sup>

Given humans are central to public services, how to motivate them – and what works best – is critical. Theories of human motivation have real world consequences; systems and policies reflect the accounts of motivation held by the designers of those systems and policies.

NPM-style reforms typically sought to change behaviour and influence public service performance through *extrinsic motivation*. Extrinsic motivation describes a motivation to engage in an activity to obtain a separate consequence to the undertaking of the activity itself, for example a reward.

These policy changes were significantly inspired and influenced by Public Choice Theory. Public Choice Theory applied the tools and principles of neoclassical economics to the analysis of political behaviour. It argued that political behaviour – like economic behaviour – can be explained through the principles of selfish utility-maximisation. This is “politics without romance”, as James Buchanan – one of the founders of Public Choice Theory – memorably put it.<sup>66</sup> This inspired waves of public service reform, the idea being that because public servants’ interests are not necessarily aligned with the interests of the public, the behaviour of public servants must be constrained. Influenced by Public Choice Theory, politicians often talked of ‘producer interest’ needing to be constrained in public services. Indeed, attacking such ‘producer interest’ was central to former Prime Minister Tony Blair’s interpretation of the New Labour project:

“Even now, a large part of the political discourse in Britain assumes that the ‘true’ Labour party is one that puts trade unions before business; is indifferent to financial discipline; addicted to tax and spend; weak on issues of crime; irresponsible over state benefits for the unemployed or socially excluded; **backs the producer interest in public services**; and, give or take the odd exception, weak in defence and foreign policy. Since this government is plainly none of those things, ergo: we are not real Labour and are ‘unprincipled’.”<sup>67</sup>

64 Ryan, R. M., and Deci, E. L. Intrinsic and extrinsic motivations: Classic definitions and new directions. *Contemporary educational psychology* 25.1: 54-67, 2000. Available at: <https://doi.org/10.1006/ceps.1999.1020>

65 Ryan, R. M., and Deci, E. L. Intrinsic and extrinsic motivations: Classic definitions and new directions. *Contemporary educational psychology* 25.1: 54-67, 2000. Available at: <https://doi.org/10.1006/ceps.1999.1020>

66 Shughart II, W. F. Public Choice. *Econlib*, (no date). Available at: <https://www.econlib.org/library/Enc/PublicChoice.html>

67 Blair, T. Full text of Blair’s speech. *The Guardian*, 2002. Available at: <https://www.theguardian.com/politics/2002/mar/12/speeches.labour>

However, there is an emerging consensus that unlocking *intrinsic motivation* is a better route to behaviour change.<sup>68</sup> Intrinsic motivation, as illustrated in Table 4, describes engaging in an activity for *intrinsic purposes*, for example because one finds it interesting, enjoyable or satisfying; engagement is not primarily driven by 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>69</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>70</sup>

Furthermore, research suggests that extrinsic attempts to shift behaviour can ‘crowd out’ the positive forces of intrinsic motivation.<sup>71</sup> This suggests that if appeals are made to public servants’ intrinsic motivation, rather than always resorting to the extrinsic techniques of rewards and sanctions, then we can get more from and out of public servants. We will explore later in this report how such appeals could be made in practice.

**TABLE 4**  
EXTRINSIC VS. INTRINSIC MOTIVATION

	EXTRINSIC MOTIVATION	INTRINSIC MOTIVATION
<b>Definition</b>	Engaging in an activity to obtain a separate consequence, e.g. a reward	Engaging in an activity because it is interesting and inherently satisfying
<b>Theory</b>	Public Choice Theory	Self-Determination Theory
<b>Policy levers</b>	Targets Monitoring Sanctions	Flexible working within frameworks ‘Stay legal’ Accountability for improving people’s lives

Source: Author’s analysis; Di Domenico and Ryan (2017)<sup>72</sup>

68 Quilter-Pinner, H. and Khan, H. Great government: Public service reform in the 2020s. IPPR, 2023. Available at: <https://www.ippr.org/articles/great-government>

69 Ryan, R. M., and Deci, E. L. Intrinsic and extrinsic motivations: Classic definitions and new directions. *Contemporary educational psychology* 25.1: 54-67, 2000. Available at: <https://doi.org/10.1006/ceps.1999.1020>

70 Ryan, R. M., and Deci, E. L. Intrinsic and extrinsic motivations: Classic definitions and new directions. *Contemporary educational psychology* 25.1: 54-67, 2000. Available at: <https://doi.org/10.1006/ceps.1999.1020>

71 Quilter-Pinner, H. and Khan, H. Great government: Public service reform in the 2020s. IPPR, 2023. Available at: <https://www.ippr.org/articles/great-government>

72 Di Domenico, S. I. and Ryan, R. M. The Emerging Neuroscience of Intrinsic Motivation: A New Frontier in Self-Determination Research. *Front Hum Neurosci.* 2017 Mar 24;11:145. Available at: <https://doi.org/10.3389/fnhum.2017.00145>

## From competition to collaboration

Recent governments have introduced competition between different public service providers. However, the competition experiment in public services has failed to deliver. Creating 'true' competitive markets in public services has been extremely challenging. And even within procurement processes, in which monopoly rights are granted to a private provider for a time-limited period, getting a sufficient number of bidders has often proved challenging.<sup>73</sup>

The last major 'Market State' attempt to reform a public service in the UK was Andrew Lansley's 2012 NHS reforms. As the Health Foundation describes, "instead of 'choice and competition' being one of the ways the NHS was meant to operate, the Act's intention was that it should be pretty much the only way to run the NHS."<sup>74</sup> These changes had a short shelf life: many of the measures were overturned by the 2020 Health and Social Care Act. Partly in response to these challenges, there is growing interest in fostering collaboration, as opposed to competition, between providers of public services. Indeed, after policy divergence during the 2000s, in the 2010s England, Scotland, Wales and Northern Ireland all emphasised collaboration rather than competition in public services, for example between health services and social care services.<sup>75</sup>

## From standardisation to frontline innovation

'Liberated public services' create the space for innovation through two means. First, greater experimentation from public service professionals. But this experimentation must also be supported by *learning*, the second driver of innovation in liberated public services. As described by Demos Helsinki:

"Feedback loops...are critical for learning. In exchange for autonomy, stakeholders must commit to peer learning structures that enable accumulation of knowledge and instead of conventional reporting from lower parts of a system to a central actor, feedback loops can be created through structured dialogue and peer learning among the stakeholders, in which knowledge is accumulated and actions corrected in light of information from other parts of the system."<sup>76</sup>

This will require investment in knowledge capture systems – knowledge is hard to come by and without it we cannot deliver effective public services. We therefore need to invest in knowledge capture systems at a local level and find ways to store, interpret and disseminate that information to those that need it. There will be a variety of ways to achieve this: some person-to-person approaches, others more complex and systemic. We are inspired here by the development of 'Human Learning Systems', led by organisations including the Centre for Public Impact and Collaborate CIC.<sup>77</sup>

This will, of course, require a data revolution to underpin a new culture of learning; a crucial missing piece here is often the lack of shared data across different services today, causing an inability to learn, compare and contrast.

73 Competition & Markets Authority. Children's social care market study: Final report. GOV.UK, 2022. Available at: [https://assets.publishing.service.gov.uk/media/6228726cd3bf7f158c844f65/Final\\_report.pdf](https://assets.publishing.service.gov.uk/media/6228726cd3bf7f158c844f65/Final_report.pdf)

74 Timmins, N. Breaking with Lansley's Act. The Health Foundation, 2020. Available at: <https://www.health.org.uk/news-and-comment/blogs/breaking-with-lansley-s-act>

75 Atkins, G. et al. Devolved public services. Institute for Government, 2021. Available at: <https://www.instituteforgovernment.org.uk/report/devolved-public-services>

76 Annala, M. et al. Humble Government: How to Realize Ambitious Reforms Prudently. (no date). Available at: <https://tietokaytoon.fi/documents/1927382/2158283/Humble+Government.pdf>

77 Centre for Public Impact. Human Learning Systems. (no date). Available at: <https://www.centreforpublicimpact.org/partnering-for-learning/human-learning-systems>

## From citizens being problems to solve to active partners in the co-production of services

Citizens in traditional public services have little opportunity to influence them, which also means that public services have limited opportunity to learn from citizens. The dynamic in which citizens are passive recipients, 'done to' not 'done with', with weak accountability mechanisms, is still dominant. Indeed, public services currently fail a more basic test of whether or not they are understandable. Citizens often find public services opaque in terms of what is available and how decisions are made.

Interacting with traditional public services can even be negative and harmful. Citizens report feeling fear, shame and having their confidence undermined through interactions that are harsh, judgemental and which fail to account for their emotional and practical needs. Public services that fail to resolve issues can themselves generate further need through 'failure demand' that creates more problems and costs. Public services are not neutral at the moment: there are ways in which their interactions with citizens cause harm.

This analysis suggests that public services that are designed without citizen input are performing more poorly than they should be. By failing to understand what citizens want and need, public services can waste precious resources as well as have a negative impact on people's lives. In contrast, by involving citizens in the design and delivery of public services, there is an opportunity to close the citizen gap, improve services and have wider positive impacts on democracy and civic life.

Citizens should be the primary agent of change in their own lives, with support from public services and other sources where needed, and with opportunities to influence decisions that affect them, including the way in which public services are designed and delivered. Understanding citizen involvement from this perspective is an important corrective to top-down approaches to government in which people are seen as stakeholders to consult rather than citizens to involve.

Taking this approach requires building the capacity of both staff and citizens, as it requires different skills and mindsets to traditional consultation. Working in partnership with people who have been marginalised will expand the state's capacity to work with all citizens.

There are many different potential roles that citizens can play in liberated public services. The typology below sets out five core roles for citizens in public services. Each offers public services the opportunity for deeper understanding and fresh thinking on issues they are grappling with, and simultaneously each offers citizens the opportunity to improve public services (including those they may directly benefit from) and to develop skills and confidence.

**TABLE 5**  
**TYPOLOGY OF ROLES FOR CITIZENS IN LIBERATED PUBLIC SERVICES**

THE CITIZEN CAN:	WHY?	HOW?
<p><b>1. Negotiate the citizen-state covenant</b></p>	<p>To agree covenants or deals about the relationship between the state and services.</p>	<p><b>By acting as a citizen</b></p> <p>In deliberative processes, such as citizens’ assemblies, as a representative of wider citizenry.</p>
<p><b>2. Co-design new solutions</b></p>	<p>To make policy and public services more effective by improving their design.</p>	<p><b>By bringing expertise</b></p> <p>In design processes that incorporate citizen knowledge, experience and understanding, including citizen ideas, opinion and data.</p>
<p><b>3. Hold power-holders to account</b></p>	<p>To hold the state and other power-holders accountable for poor performance, gaps and failures in policy and public services.</p>	<p><b>By being an advocate</b></p> <p>In accountability mechanisms which enable citizens to advocate for improvements and influence decision-making. For example, empowered ombudsman and complaints processes.</p>
<p><b>4. Deliver services</b></p>	<p>To directly run and support public services.</p>	<p><b>By taking operational responsibility</b></p> <p>In organisational settings which empower citizens to deliver services with the support to do so, as volunteers in citizen-run services or alongside professionals. For example, community-run libraries.</p>
<p><b>5. Be a partner</b></p>	<p>To be supported to take an active role in your own decisions and choices - and support others to do the same.</p>	<p><b>By building your own agency and purpose</b></p> <p>In high-trust relationships which enable citizens to build the knowledge, skills and confidence to identify their own goals and take steps to achieve them, and to offer peer support to others.</p>

## **GROWING 'LIBERATED PUBLIC SERVICES'**

These insights are being put into action across the country in councils, social enterprises and other delivery organisations across the country. At Gateshead Council, the Changing Futures team have developed the 'Liberated Method', an approach which gives greater freedom to caseworkers as long as they follow two broad rules: stay legal and do no harm. In Wigan, empowering frontline staff with greater autonomy has been at the heart of its decade-long approach to cast a new relationship with citizens, through its 'Wigan Deal'. In Kirklees, moving to strength-based support has transformed services, dramatically improving outcomes for individuals and reducing demand.

Yet despite the brilliant efforts of innovators across the country, significant barriers limit the further development of 'liberated public services'. In the rest of this report we consider how policy makers should seek to overcome these for public services in England across four policy levers and themes that central government has significant power to influence:

- Governance structures and duties
- Accountability mechanisms
- Funding models
- Workforce development

# CHAPTER THREE

## A LIBERATED APPROACH TO GOVERNANCE STRUCTURES AND DUTIES

In this chapter we suggest two shifts for England's governance structures and duties:

- **Shift 1:** Rebuild the centre's strategic reform capacity
- **Shift 2:** A new wave of public service devolution to Combined Authorities

### SHIFT 1 - REBUILDING THE CENTRE'S STRATEGIC REFORM CAPACITY

Public service reform will only be successful if it is driven by the key institutions of the centre of government – HM Treasury, Cabinet Office and No. 10 – working in lockstep. That is the lesson of previous successful reform programmes. The last public service reform agenda which was successful on its own terms, in that it achieved some or many of its initial objectives, was New Labour's 'choice and competition' agenda. This was underpinned by a highly aligned centre of government. Through the use of Public Service Agreements, the Treasury crucially bought into a broader vision for public service reform, set out initially in the *Modernising Government* White Paper, which crucially came from both the Prime Minister and the Minister for the Cabinet Office. This ensured that the three key institutions of the centre all bought into the agenda. And dedicated units in the Cabinet Office – for example, Tony Blair's Delivery Unit and the Office of Public Services Reform – played an important role in driving this agenda.<sup>78</sup>

This lesson is also learned from less successful reform agendas, such as Levelling Up. Described by Boris Johnson, then Prime Minister, as a grand project "to break the link between geography and destiny so that no matter where you live you have access to the same opportunities",<sup>79</sup>

<sup>78</sup> Pope, T., Dalton, G. and Coggins, M. Subnational government in England: An international comparison. Institute for Government, 2022. Available at: <https://www.instituteforgovernment.org.uk/publication/subnational-government-england>

<sup>79</sup> GOV.UK. Government unveils levelling up plan that will transform UK. 2022. Available at: <https://www.gov.uk/government/news/government-unveils-levelling-up-plan-that-will-transform-uk>



the initiative has since been largely discarded with wide agreement that the agenda failed. As researchers have highlighted, one reason for its failure was a lack of Treasury buy-in; as Diamond et al. describe, “the Treasury response throughout 2022 has at best been lukewarm about levelling up, making clear that no additional money would be available.”<sup>80</sup> Michael Gove, then Secretary of State for Levelling Up, Housing and Communities, leading a ministry far from the heart of Whitehall, was left to push the agenda, to little lasting effect.<sup>81</sup>

However, the centre today is not as strong as it should be. While the Treasury has remained powerful, the capacity and capabilities of the Cabinet Office have weakened recently.<sup>82</sup> And there are no dedicated units actively looking at public service reform in the centre today. Beyond the centre, Whitehall remains highly fragmented. An often bewildering number of departments, agencies and regulators are responsible for strategy, policy and sometimes delivery of public services, creating confusion and an inability to think strategically.

Given these challenges we recommend that:

- **Recommendation 1: The government should create a *Public Service Reform Unit*, jointly housed in the Treasury and Cabinet Office, to enable the liberation of public services.**

This is not about recreating the structures or methods of, for example, the Delivery Unit. But it is about having a clear sense of direction and overcoming the fragmentation and lack of coherence in Whitehall with different public services siloed in different departments. Perhaps paradoxically, the liberation of public services has to be enabled by the centre of government and to do so it needs to be strengthened. As the New Labour government published a clear vision for its public service reform agenda through the *Modernising Government* White Paper, we recommend that:

- **Recommendation 2: The Unit should co-create and publish a cross-cutting public service reform White Paper in 2025.**

## **SHIFT 2 - A NEW WAVE OF PUBLIC SERVICE DEVOLUTION TO COMBINED AUTHORITIES**

It is widely acknowledged that the UK’s and England’s governance arrangements are among some of the most highly centralised among democratic countries.<sup>83</sup> This extends to public services, which are generally highly centralised in England, constraining the scope for local variation and experimentation. As the Institute for Government describes:

“The management of public services is often centralised in Whitehall. The NHS’s approach to pandemic recovery is a clear example. NHS England (NHSE) and the Department for Health and Social Care (DHSC) have designed policies – such as patient initiated follow up, virtual wards, and community diagnostic centres – which they then roll out to the entire country, often with little flexibility about how they should be implemented at a local level.”<sup>84</sup>

80 Diamond, P., Richards, D. and Sanders, A. Levelling Up the UK: If not the Conservatives, will Labour Learn the Lessons from Past Policy Failings? *The Political Quarterly*, 2023. Available at: <https://doi.org/10.1111/1467-923X.13234>

81 Diamond, P., Richards, D. and Sanders, A. Levelling Up the UK: If not the Conservatives, will Labour Learn the Lessons from Past Policy Failings? *The Political Quarterly*, 2023. Available at: <https://doi.org/10.1111/1467-923X.13234>

82 Urban, J., Thomas, A. and Clyne, R. Power with purpose: Final report of the Commission on the Centre of Government. Institute for Government, 2024. Available at: <https://www.instituteforgovernment.org.uk/publication/power-with-purpose-centre-commission>

83 House of Commons Public Administration and Constitutional Affairs Committee. *Governing England - Third Report of Session 2022–23*. UK Parliament, 2022. Available at: <https://committees.parliament.uk/publications/31418/documents/176171/default>

84 Hoddinott, S., Davies, N. and Kim, D. A preventative approach to public services. Institute for Government, 2024. Available at: <https://www.instituteforgovernment.org.uk/publication/preventative-approach-public-services>

In some services, government departments are responsible for the whole public service delivery chain, from policy to commissioning to delivery. This includes the provision of Jobcentres by the Department for Work and Pensions (DWP), with more than 600 offices across Great Britain. All these are run from Caxton Street, Westminster, not local decision makers. Proposals have emerged, including from Demos, to devolve more of the Jobcentre offer.<sup>85</sup> The government's *Get Britain Working* White Paper, published in November 2024, agrees with our central argument, stating: "Jobcentre Plus's approach is too centralised, has too little scope to tailor to local labour markets, and too often does not value enough collaboration with local partners."<sup>86</sup> The White Paper commits to putting "the principle of localism" at the centre of a new 'jobs and careers service', promising a "locally tailored and embedded service, designed to meet the different needs of local labour markets, local people and local employers".<sup>87</sup>

England is an outlier when compared to other similar countries. As described by the Institute for Government, France is still a highly centralised state like the UK, but schools and local public transport are run by local and regional government.<sup>88</sup> In Germany, the 16 federal states, known as the *Laender*, have expansive powers over health, education, policing and employment support (and taxation).<sup>89</sup>

Excessive centralism restricts the capacity and space for local actors to innovate and experiment. Top-down, centrally-imposed reform visions limit the ability for local variation in accordance with civil society, which varies in different places, and citizen needs, which also vary significantly; what works in Wigan might not work in Worcester. We need to empower local leaders with the ability to vary and adjust services in response to the local context, informed by best practices.

In local areas, there is a high degree of fragmentation, with a very large range of different commissioning and delivery bodies in operation. As Jack Newman and Mike Kenny describe:

"There has also been a recent trend towards the fragmentation of governance, so that responsibilities for policy making and service delivery are split between different bodies – some local, some national, some private and some public. This distinctive combination of hierarchy and fragmentation means that central government has been able to maintain control over the various local agencies, but has often struggled to marshal them in concert in response to particular policy problems."<sup>90</sup>

This fragmentation is compounded by incoherence, in particular the lack of alignment in geographical boundaries between different public services. This can hinder the development of joined-up public services and collaboration. This leads Newman and Kenny to argue that "there is a good case for considering whether England would benefit from having more 'general purpose geographies' as opposed to its multitude of task-specific agencies operating with an array of different, overlapping borders."<sup>91</sup>

85 Phillips, A. *Working Together: The case for universal employment support*. Demos, 2022. Available at: <https://demos.co.uk/research/working-together-the-case-for-universal-employment-support>

86 DWP, HMT and DfE. *Get Britain Working* White Paper. GOV.UK, 2024. Available at: <https://www.gov.uk/government/publications/get-britain-working-white-paper/get-britain-working-white-paper>

87 DWP, HMT and DfE. *Get Britain Working* White Paper. GOV.UK, 2024. Available at: <https://www.gov.uk/government/publications/get-britain-working-white-paper/get-britain-working-white-paper>

88 Pope, T., Dalton, G. and Coggins, M. *Subnational government in England: An international comparison*. Institute for Government, 2022. Available at: <https://www.instituteforgovernment.org.uk/publication/subnational-government-england>

89 Pope, T., Dalton, G. and Coggins, M. *Subnational government in England: An international comparison*. Institute for Government, 2022. Available at: <https://www.instituteforgovernment.org.uk/publication/subnational-government-england>

90 Kenny, M. and Newman, J. *Devolving English government*. Bennett Institute for Public Policy, 2023. Available at: <https://www.bennettinstitute.cam.ac.uk/publications/devolving-english-government>

91 Kenny, M. and Newman, J. *Devolving English government*. Bennett Institute for Public Policy, 2023. Available at: <https://www.bennettinstitute.cam.ac.uk/publications/devolving-english-government>

National fragmentation unhelpfully reinforces local fragmentation. In 2014, Philip Blond and Mark Morrin found that more than 50 different public institutions were operating in Greater Manchester, funded by more than 1,000 different funding lines with different criteria.<sup>92</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>93</sup> This clearly has major ramifications for the functioning of our democracy, which we consider later in this paper.

## The case for Combined Authorities

We believe that Combined Authorities can help us to ‘thread the needle’ of English governance: addressing excessive centralism, fragmentation and incoherence. To date, English devolution has focused on the transfer of largely economic functions, such as public transport, infrastructure and skills.<sup>94</sup> Yet we believe public services should be the next frontier of devolution to Combined Authorities in England, for three reasons.

**First, this goes with the grain of existing policy.** There is a broad degree of cross-party consensus on the need for greater devolution to Combined Authorities in England. 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 Levelling Up White Paper included a firm commitment to greater English devolution via the Combined Authority model, and Labour’s recent policy document *Power and Partnership: Labour’s Plan to Power Up Britain* largely aligned with this direction of travel.<sup>95</sup> While there are of course differences of emphasis and detail, there is a broad degree of cross-party consensus here.

**Second, geography.** The UK is an outlier compared to other similar countries, where the relevant ‘middle tier’ of local/regional government has a much greater role to play in public service commissioning and delivery.<sup>96</sup> There is a strong argument to be made that these international comparisons suggest that the geographical scale of Combined Authorities are better suited to public services than central government. A perennial challenge is that central government departments are far too large to work together effectively; and local authorities today often lack the capacity and capability for transformational work (and even if they were ‘re-funded’ this is likely to remain the case).

**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 the wrong direction, thereby driving demand for public services, then services will be overwhelmed; this is arguably the situation public services find themselves in today.

92 Blond, P. and Morrin, M. Devo Max – Devo Manc: Place-based public services. ResPublica, 2014. Available at: <https://www.respublica.org.uk/our-work/publications/devo-max-devo-manc-place-based-public-services>

93 Mulgan, G. Illegible power. 2024. Available at: <https://www.geoffmulgan.com/post/illegible-power>

94 Studdert, J. Subsidiarity, inclusivity and participation. IPPR Progressive Review 31: 56-62, 2024. Available at: <https://doi.org/10.1111/newe.12382>

95 The Labour Party. Power and Partnership. 2024. Available at: <https://labour.org.uk/wp-content/uploads/2024/03/Power-and-Partnership-%E2%80%93-Labours-Plan-to-Power-up-Britain.pdf>

96 Ibid.

# CASE STUDY

## LIVERPOOL CITY REGION COMBINED AUTHORITY DRIVING CHILDREN'S SOCIAL CARE REFORM

Juno CIC is a social enterprise<sup>97</sup> co-designed and co-developed with the Liverpool City Region Children's Commissioners and care-experienced young people.<sup>98</sup>

Juno offers an 'alternative social value model' for children's care, seeking to disrupt a market that is often dominated by for-profit organisations.<sup>99</sup> Within the Liverpool City Region, 89% of children's homes are operated by the private sector. Private residential homes have a greater percentage of 'inadequate' and 'requires improvement' homes than other providers despite averaging profits of 22.6%.<sup>100</sup> In addition, these homes often move vulnerable children away from their communities into ill-suited environments. Juno reports that 21% of children in care were moved over 20 miles away from their home, increasing by 62% in 2023.<sup>101</sup>

In the context of these failures, the Liverpool City Region Children's Commissioner Group co-designed and developed Juno with Capacity CIC. Local authorities have worked in collaboration to implement this new model of care, with monthly multi-agency Project Group meetings.<sup>102</sup> Juno has secured £2.675 million of start-up social investment. The Liverpool City Region has loaned £800,000 at a 5% interest rate over the next ten years.<sup>103</sup> The remainder of the investment has been drawn from a wide variety of funders such as Wirral Council, The National Lottery Fund, KPMG Foundation and Segelman Trust.<sup>104</sup>

Juno has found that offering high-quality residential homes, within the neighbourhoods children grew up in, enables them to grow up with higher wellbeing and means they are less likely to experience emotional distress. The team operates on the basis of relational care and trauma-informed practice to ensure it is children, rather than profits, at the heart of care provision. The enterprise has appointed the University of Central Lancashire (UCLan) as their Evaluation Partner, with the Children's Director at Capacity promising, "We want to be different, challenge ourselves and make the biggest difference we can."<sup>105</sup>

97 Capacity. Juno Evaluation Partner. 2022. Available at: <https://thisiscapacity.co.uk/wp-content/uploads/2022/03/Juno-EvaluationPartner-2022-V2.pdf>

98 Juno. The Landscape. (no date). Available at: <https://www.wearejuno.org/our-beginnings>

99 Liverpool City Region Combined Authority. Transformational £2.2m plan to open four children's homes that would take the profit out of the care system. 2022. Available at: <https://www.liverpoolcityregion-ca.gov.uk/news/transformational-2-2m-plan-to-open-four-childrens-homes-that-would-take-the-profit-out-of-the-care-system>

100 Capacity. Juno: Changing children's residential care for good. 2024. Available at: <https://thisiscapacity.co.uk/wp-content/uploads/2024/05/Capacity-Wrapped-Juno.pdf>

101 Juno. The Landscape. (no date). Available at: <https://www.wearejuno.org/our-beginnings>

102 Capacity. Juno: Changing children's residential care for good. 2024. Available at: <https://thisiscapacity.co.uk/wp-content/uploads/2024/05/Capacity-Wrapped-Juno.pdf>

103 Liverpool City Region Combined Authority. Transformational £2.2m plan to open four children's homes that would take the profit out of the care system. 2022. Available at: <https://www.liverpoolcityregion-ca.gov.uk/news/transformational-2-2m-plan-to-open-four-childrens-homes-that-would-take-the-profit-out-of-the-care-system>

104 University of Central Lancashire. New children's residential home gears up its team and partners with UCLan. 2022. Available at: <https://www.uclan.ac.uk/news/childrens-residential-project>

105 University of Central Lancashire. New children's residential home gears up its team and partners with UCLan. 2022. Available at: <https://www.uclan.ac.uk/news/childrens-residential-project>

## Public Service Reform Boards

### Membership

Public Service Reform Boards would bring together leaders of all relevant public services in the area covered by a Combined Authority. This would include relevant Local Authority leaders; NHS Integrated Care Board (ICB) chairs; Multi-Academy Trust (MAT) chief executives; Police and Crime Commissioners (PCCs); DWP representatives; voluntary and community sector (VCS) representatives; university leaders; prisons and probation; and relevant business representatives. Combined Authority Mayors, where they exist, would chair Public Service Reform Boards.

### Responsibilities

Public Service Reform Boards would have three main responsibilities:

- **Reform.** In recent decades, central government has often sought to ‘roll out’ one type of service delivery across the country. This fails because what works in Wigan might not work in Worcester, even if there are likely to be relevant learnings to be shared between these two places. Instead, Public Service Reform Boards should develop a reform vision for their locality, based on consultation and participation with residents, councils, charities and other constituent members. This adds up to a different approach to public service reform, respecting local practice and communities, building on the strengths that already exist among our citizens, workforce and supporting institutions. This requires us to conceive of public services as whole systems and reflecting that in their design. We also need to put a stronger focus on improving outcomes for citizens by ensuring services are strengths-based.
- **Collaboration.** We have seen throughout this paper the need for greater collaboration between different public services. However, we believe this will not work if it is led nationally. Recent policy history shows that attempts to join up local public services by central government are likely to fail. Despite what the Institute for Government describes as “countless” attempts to ‘join up’ government or to improve ‘whole of government’ operations, relatively limited progress has been made on this perennial challenge.<sup>106</sup> In what they describe as ‘initiativitis’, Gibson, van Lier and Carter identify at least 55 attempts to join up public services in the last 25 years by central government.<sup>107</sup>
- **Commissioning to improve outcomes for citizens.** In some service areas, government departments are responsible for the whole public services delivery chain, from policy to commissioning to delivery. We believe there are few good reasons for Whitehall departments to be responsible for commissioning services on the ground. Whitehall is too detached and remote from local practice for this to be effective. And the disconnection of central government agencies, for example Jobcentres or prisons, from local decision-making structures hinders the development of proper collaboration.

In practice, our analysis here has a relatively narrow scope as few public services are delivered by central government departments. NHS services are primarily commissioned by ICBs and delivered by GPs and hospitals. Schools are delivered by academies/Multi-Academy Trusts, or local authorities. Adult social care is commissioned by local authorities and delivered by a mix of organisations spanning the private and charity sectors.

<sup>106</sup> Davison, N. et al. Joining up public services around local, citizen needs: Perennial challenges and insights on how to tackle them. Institute for Government, 2015. Available at: <https://www.instituteforgovernment.org.uk/publication/report/joining-public-services-around-local-citizen-needs>

<sup>107</sup> Gibson, M., van Lier, F-A. and Carter, E. Tracing 25 years of ‘initiativitis’ in central government attempts to join up local public services in England. *Policy & Politics* 51(4), 695-717, 2023. Available at: <https://doi.org/10.1332/030557321X16837266852569>

This leaves, primarily, two areas of services: those relating to the criminal justice system and the social security system. We have already seen the positive effects of English devolution on some of these. For example, some of the DWP’s employment support programmes have been devolved in parts of England, such as Manchester and London.

## Functions

These responsibilities would be delivered through a series of new functions:

- **Local Reform Plans.** The new Labour government has asked local leaders in England to develop ‘Local Growth Plans’, which “identify economic clusters and set out their plans to build on local advantages...”.<sup>108</sup> Public Service Reform Boards would be required to produce ‘Local Reform Plans’, on a ten-year basis.
- **‘Strategic commissioning’ powers.** The constituent bodies of the Public Service Reform Board would be required to have regard to the Local Reform Plans, with the Board becoming a ‘strategic commissioner’.
- **Commissioning services.** See above discussion.

**TABLE 6**  
SUMMARY OF PROPOSED ‘PUBLIC SERVICE REFORM BOARDS’

<b>Membership</b>	<ul style="list-style-type: none"> <li>• Combined Authority Mayor (if relevant) – chair of Board</li> <li>• Leaders of the local authorities which are constituent members of the Combined Authority</li> <li>• NHS ICB chairs</li> <li>• MAT chief executives</li> <li>• Police</li> <li>• University leaders</li> <li>• DWP representative</li> <li>• VCS representative</li> <li>• Business representative</li> <li>• Citizens</li> </ul>
<b>Governance</b>	Consensus among Board members
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>• Reform</li> <li>• Collaboration</li> <li>• Commissioning for shared outcomes</li> </ul>

108 Webb, C. Here are 18 things to know about Labour’s vision for local government. Local Government Chronicle, 2024. Available at: <https://www.lgcplus.com/politics/devolution-and-economic-growth/here-are-18-things-to-know-about-labours-vision-for-local-government-28-03-2024>

<b>Functions</b>	Producing Local Reform Plans to set area’s reform vision and target outcomes  Distributing funding for the shared reform vision and target outcomes through TotalPlace+ (see below)
<b>Legal grounding</b>	Over time, PSRBs could become ‘strategic commissioners’
<b>Legal basis</b>	Housed in Combined Authority

We recommend that:

- **Recommendation 3:** The government should establish *Public Service Reform Boards*, chaired by Combined Authority Mayors and housed in Combined Authorities.
- **Recommendation 4:** *Public Service Reform Boards* should produce *Local Reform Plans*, mirroring the government’s proposed Local Growth Plans.

# CASE STUDY

## GREATER MANCHESTER COMBINED AUTHORITY DRIVING COLLABORATION ACROSS ITS BOROUGHES

The Greater Manchester Model of Unified Public Services is a 2019 white paper published by the Combined Authority. The paper seeks to build on the underlying principles of Greater Manchester's devolution deal to create an operational model that overhauls the silos public services currently work in.<sup>109</sup> This Model underpins Greater Manchester's Strategy for 2021 to 2031.<sup>110</sup>

The Model of Unified Public Services seeks to deliver the benefits of devolution by integrating public services and tackling the outdated silos of national government. The existing approach fails to tackle the root causes of problems, offering fragmented and superficial solutions from a limited number of options.<sup>111</sup> The Model organises resources around 'neighbourhoods' with populations of 30,000-50,000 residents, instead of using individual policy areas.<sup>112</sup> Each neighbourhood is served by an integrated place-based team with professionals co-located from different public services.<sup>113</sup>

The Model has six key features, summarised below:<sup>114</sup>

1. **Geographic alignment** – Neighbourhood level integrated delivery
2. **Leadership and accountability** – Integrated leadership, accountability, performance and governance structures.
3. **One workforce** – The look and feel of one public workforce
4. **Shared financial resource** – Pooled budget across public service, health and care organisations
5. **Programme policy and delivery** – Shared knowledge and expertise is pooled to inform decision making, designed to work towards a common goal of integrated public service delivery
6. **Tackling barriers and delivering on devolution** – A Greater Manchester conversation around policy that allows localities to identify issues that act as a barrier to effective services or deeper integration

109 Greater Manchester Combined Authority. The Greater Manchester Model. 2019. Available at: [https://www.greatermanchester-ca.gov.uk/media/2302/gtr\\_mcr\\_model1\\_web.pdf](https://www.greatermanchester-ca.gov.uk/media/2302/gtr_mcr_model1_web.pdf)

110 Greater Manchester Combined Authority. Greater Manchester Strategy 2021-2031. 2021. Available at: <https://aboutgreatermanchester.com/media/jlslgbys/greater-manchester-strategy-our-plan.pdf>

111 Greater Manchester Combined Authority. The Greater Manchester Model. 2019. Available at: [https://www.greatermanchester-ca.gov.uk/media/2302/gtr\\_mcr\\_model1\\_web.pdf](https://www.greatermanchester-ca.gov.uk/media/2302/gtr_mcr_model1_web.pdf)

112 Greater Manchester Combined Authority. The Greater Manchester Model: Further, Faster. (no date). Available at: <https://www.greatermanchester-ca.gov.uk/media/1676/greater-manchester-model.pdf>

113 Greater Manchester Combined Authority. The Greater Manchester Model: Further, Faster. (no date). Available at: <https://www.greatermanchester-ca.gov.uk/media/1676/greater-manchester-model.pdf>

114 Greater Manchester Combined Authority. The Greater Manchester Model. 2019. Available at: [https://www.greatermanchester-ca.gov.uk/media/2302/gtr\\_mcr\\_model1\\_web.pdf](https://www.greatermanchester-ca.gov.uk/media/2302/gtr_mcr_model1_web.pdf)



For example, a resident in Oldham complained about used nappies piling up in their neighbour's garden. The old approach would be issuing a notice or a fine – dealing with the problem but ignoring the cause. Under the Greater Manchester Model, an integrated place-based team made up of a police community support officer, a housing officer, an environmental health officer, a health visitor, a community safety advisor, from Greater Manchester Fire and Rescue Service, and the Council's Access Oldham service pooled their knowledge and expertise to formulate a multi-agency analysis of the situation. Consequently, the team were able to identify a much wider problem made up of safeguarding concerns, community tensions, rogue landlords and organised crime.<sup>115</sup>

We think there is a strong case to begin the process of devolution to Combined Authorities with the devolution of Jobcentres, for which Demos has previously argued.<sup>116</sup> For example, elements of the DWP's back to work programmes have been devolved to local areas in England. Reflecting on the lessons learned, the House of Commons Work and Pensions Select Committee recently concluded that:

“...we found that increased devolution of employment support services could help improve employment outcomes for individuals, benefit local businesses and communities, and in doing so contribute to the Government's wider levelling up agenda. We also found that a more devolved model of employment support, separate from the administration of benefits, could improve trust between claimants and services.”<sup>117</sup>

There may also be a strong argument for the devolution of justice services, particularly probation, given the fact that effective probation provision is likely to be highly reliant on effective alignment with other local public services around identified shared outcomes. We therefore recommend that:

- **Recommendation 5: The government should give Combined Authorities the 'right to request' public services that are currently delivered by central government departments and arm's-length bodies.**

115 Greater Manchester Combined Authority. The Greater Manchester Model. 2019. Available at: [https://www.greatermanchester-ca.gov.uk/media/2302/gtr\\_mcr\\_model1\\_web.pdf](https://www.greatermanchester-ca.gov.uk/media/2302/gtr_mcr_model1_web.pdf)

116 Phillips, A. Working Together: The case for universal employment support. Demos, 2022. Available at: <https://demos.co.uk/research/working-together-the-case-for-universal-employment-support>

117 House of Commons Work and Pensions Committee. Devolution of employment support. UK Parliament, 2024. Available at: <https://committees.parliament.uk/work/8303/devolution-of-employment-support>

# CASE STUDY

## SUCCESSFUL PUBLIC SERVICE DEVOLUTION – WORKING WELL: WORK AND HEALTH PROGRAMME

Working Well: Work and Health (WWWH) is a programme of employment and health support that provides personalised and holistic support to address barriers to sustained employment.<sup>118</sup> The programme was developed in response to the failures of national policy in addressing the consistently high levels of unemployment in Greater Manchester.

Following a successful 2014 pilot, the Greater Manchester Combined Authority commissioned the alliance partnership InWorkGM in 2018, made up of Ingeus, the Growth Company and Pluss, to deliver the programme as part of the Combined Authority's employment and health offer.<sup>119</sup> Together, these bodies deliver tailored skills and specialist health, well-being and disability support for those furthest away from the labour market.

For example, people with learning disabilities and severe mental ill health have the lowest rate of employment in Greater Manchester. Although people in these groups would like to work, they have historically lacked the appropriate employment support from DWP. The 'Working Well: Specialist Employment Service (SES)' offers an alternative to the standard employment service model designed to 'train and place' rather than 'place then train'. By prioritising employer engagement over job readiness, people with learning disabilities and severe mental health issues are supported into sustainable employment.

The 'Working Well' programme has had over 70,000 participants.<sup>120</sup> By March 2023, the programme had supported 43% of its participants into employment, with a vast majority stating they viewed their new role as 'ideal' or 'a step to a better future'.<sup>121</sup>

118 SQW. Working Well: Work and Health Programme & Job Entry: Targeted Support (JETS) Evaluation - 2023 Annual Report. Greater Manchester Combined Authority, 2023. Available at: <https://www.greatermanchester-ca.gov.uk/media/9083/working-well-whp-plus-jets-annual-report-2023.pdf>

119 SQW. Working Well: Work and Health Programme & Job Entry: Targeted Support (JETS) Evaluation - 2023 Annual Report. Greater Manchester Combined Authority, 2023. Available at: <https://www.greatermanchester-ca.gov.uk/media/9083/working-well-whp-plus-jets-annual-report-2023.pdf>

120 Greater Manchester Combined Authority. Working Well. (no date). Available at: <https://www.greatermanchester-ca.gov.uk/what-we-do/work-and-skills/working-well>

121 SQW. Working Well: Work and Health Programme & Job Entry: Targeted Support (JETS) Evaluation - 2023 Annual Report. Greater Manchester Combined Authority, 2023. Available at: <https://www.greatermanchester-ca.gov.uk/media/9083/working-well-whp-plus-jets-annual-report-2023.pdf>

Finally, while we are enthusiastic about the potential for Combined Authorities to play a new and important role in public services in England, we are well aware that only 60% of England's population is covered by a devolution deal today.<sup>122</sup> The new Labour government has indicated it is keen to take steps quickly to address this, with the Deputy Prime Minister Angela Rayner writing to leaders in areas not currently covered by a devolution deal to kickstart proposals for further development. We support this ambition and therefore recommend that:

- **Recommendation 6: The government should ensure that all areas of England are covered by Combined Authorities.**

This is not to denigrate the brilliant work done in local authorities across the country, which has indeed been the inspiration for 'liberated public services'. Local authorities will remain central to the commissioning and delivery of public services. Our proposals are designed to support the devolution of those services currently commissioned by Whitehall to an appropriate geography, and to promote collaboration between local authorities and other public services in place.

## Office for Devolution

In the devolution of public services, there is a need to consider possible risks. In many parts of England, Combined Authorities are relatively new institutions, with their capabilities and capacities still in development. At the same time, the country is far behind where it should be in terms of progress towards English devolution. We need to break through this impasse. We believe an 'Office for Devolution' (OfD) could assist here. Its purpose would be to support the responsible, sustainable and phased devolution of powers from central government to regional and local leaders in England. It would achieve this by:

- Publishing independent assessments of the overall direction of travel in an annual '**English Devolution Tracker**'. This would help to hold the government to account if progress is not being made.
- Provide independent advice whenever a Combined Authority triggers a 'right to request' process. Though ultimately decision-making authority would rest with the relevant government department, this independent advice would assist decision makers and help challenge the centralising instincts of central government.
- Publish Combined Authority **deep dives** annually, evaluated in terms of capacity, capabilities, skills, areas for development, key learnings and outcomes. This would help local areas understand what they need to be 'liberation ready' and would help national leaders have confidence to support greater public service devolution.

Moreover, we hope that the OfD could also help develop a more grown-up and less confrontational relationship between local areas, who often want more powers, and central government departments, who are often opposed. If the OfD is able to become a respected, authoritative voice, like the OBR, then we believe its independent assessments may help to detoxify some of the present debates between local and national leaders.

- **Recommendation 7: The 'right to request' process should be overseen by a new Office for Devolution (OfD) accountable to Parliament.**

<sup>122</sup> Department for Levelling Up, Housing and Communities. 60% of England now covered by historic devolution deals. GOV.UK, 2024. Available at: <https://www.gov.uk/government/news/60-per-cent-of-england-now-covered-by-historic-devolution-deals>

**TABLE 7**  
SUMMARY OF PROPOSED 'OFFICE FOR DEVOLUTION' (OFD)

ORGANISATION FEATURE	DESCRIPTION
<b>Organisational form</b>	Non-departmental public body
<b>Purpose</b>	To support the responsible, sustainable and phased devolution of powers from central government to regional and local leaders in England
<b>Accountable to</b>	House of Commons Public Administration and Constitutional Affairs Committee
<b>Form</b>	Small organisation with ~50 employees
<b>Leadership and organisational structure</b>	English Devolution Advisory Committee, composed of seven leading academics, ex-public sector leaders and other relevant experts
<b>Outputs</b>	<p>Annual 'English Devolution Tracker': an evaluation of progress towards government objectives regarding devolution</p> <p>Published advice when a Combined Authority triggers a 'right to request' process</p> <p>Annual deep dives on Combined Authorities</p>
<b>Funded by</b>	Cabinet Office

# CHAPTER FOUR

## A LIBERATED APPROACH TO ACCOUNTABILITY

In this chapter we suggest two shifts for accountability mechanisms in public services:

- **Shift 3** – Missions and ‘minimum service standards’
- **Shift 4** – Rebuild local accountability for public services

### **SHIFT 3 - MISSIONS AND ‘MINIMUM SERVICE STANDARDS’**

Alongside the use of market-based techniques, such as the introduction of quasi-markets, new public management (NPM) 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, in the 2000s the government used “command and control” in managing public services, particularly the NHS:

“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>123</sup>

Proponents of new public management often realised that quasi-market mechanisms would either be impossible to build in 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.

<sup>123</sup> Propper, C. et al. Did ‘targets and terror’ reduce waiting times in England for hospital care? The B.E. Journal of Economic Analysis & Policy 8 (1), 2008. Available at: <https://doi.org/10.2202/1935-1682.1863>

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>124</sup> These ideas reached their high-water mark during the New Labour government. In opposition, Blair talked tough on targets, telling Labour's last party conference before taking office that "there will be defined targets set and kept to."<sup>125</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>126</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>127</sup>

Proposed by Ed Balls, special adviser to the Chancellor, days before the 1998 Comprehensive Spending Review, they were originally devised as a means of replacing Output and Performance Analyses (OPAs). The hope was that PSAs would be a more measurable tool through which government departments would be set targets aligned with the five key election pledges.

600 PSAs 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 (PMDU) 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>128</sup>

For example, a PSA sought to cut NHS waiting lists by 100,000 over the lifetime of the Parliament and to deliver a reduction in average waiting times; a target achieved.<sup>129</sup>

124 Davies, N., Atkins, G. and Sodhi, S. Using targets to improve public services. Institute for Government, 2021. Available at: <https://www.instituteforgovernment.org.uk/publication/report/using-targets-improve-public-services>

125 Ibid.

126 Cm 4181, December 1998, quoted in Gay, O. Public Service Agreements. House of Commons Library, 2005. Available at: <https://researchbriefings.files.parliament.uk/documents/SN03826/SN03826.pdf>

127 HM Government. Comprehensive Spending Review: Public Service Agreements 1999-2002. The Stationery Office, 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)

128 Panchamia, N. and Thomas, P. Public Service Agreements and the Prime Minister's Delivery Unit. Institute for Government, (no date). Available at: <https://www.instituteforgovernment.org.uk/sites/default/files/case%20study%20psas.pdf>

129 HM Government. Comprehensive Spending Review: Public Service Agreements 1999-2002. The Stationery Office, 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)

Research shows that the use of targets in public services often leads to gaming: the artificial manipulation of behaviour to hit a particular objective.<sup>130</sup> Given the attention that this issue has already received in the media<sup>131</sup> and in policy<sup>132</sup> and academic literature,<sup>133</sup> we do not focus on it here. Instead, we examine two challenges for the development of ‘liberated public services’ that arise from a target-heavy accountability regime.

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 enabling greater experimentation among 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 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>134</sup>

Second, siloed targets reinforce silos 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 silos. 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 PSAs in 1998, the government recognised the need to make sure “that government departments and agencies work far more closely and imaginatively together.”<sup>135</sup> Yet in reality – and with some honourable exceptions, such as Sure Start – the vast majority of PSAs were held by individual government departments and, as a result, reflected their siloed nature.<sup>136</sup>

130 Bevan, G. Improving public services through ambitious targets and tough sanctions for failure. The London School of Economics, 2014. Available at: <https://www.lse.ac.uk/Research/Assets/impact-pdf/public-services-targets-sanctions.pdf>

131 Cooney, C. 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>

132 Davies, N., Atkins, G. and Sodhi, S. Using targets to improve public services. Institute for Government, 2021. Available at: <https://www.instituteforgovernment.org.uk/publication/report/using-targets-improve-public-services>

133 Hood, C. Gaming in Targetworld: The Targets Approach to Managing British Public Services. Public Administration Review Vol. 66, No. 4, pp. 515-521, 2006. Available at: <https://doi.org/10.1111/j.1540-6210.2006.00612.x>

134 Ham, C. 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)

135 HM Government. Comprehensive Spending Review: Public Service Agreements 1999-2002. The Stationery Office, 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)

136 Ibid.

# CASE STUDY

## MID STAFFORDSHIRE NHS TRUST

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>137</sup>

Stafford Hospital was run by the Mid Staffordshire NHS Foundation Trust, semi-independent of the Department of 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>138</sup>

Subsequent reviews have highlighted a litany of care failings, spanning from inadequately trained staff, ignoring patient's calls for toilet use and leaving them in soiled bedding, food and drink being left out of reach, and generally low levels of hygiene.<sup>139</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>140</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>141</sup>

Metrics are needed to support the improvement of public services; it's reasonable for national policy makers to want to know 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 8.

**TABLE 8**  
HOW CROSS-CUTTING OUTCOMES SUPPORT 'LIBERATED PUBLIC SERVICES'

	PRINCIPLE ONE – MISSION-DRIVEN SERVICES	PRINCIPLE TWO – EXPERIMENTATION	PRINCIPLE THREE – COLLABORATION
<b>Cross-cutting outcomes</b>	Focus 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 for outcomes	Helps break silos by taking a person-centred, cross-cutting, cross-services lens

Source: Author's analysis

137 Campbell, D. 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>

138 Ibid.

139 Ibid.

140 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>

141 Trigg, N. Stafford Hospital: the scandal that shames the NHS. BBC News, 2013. Available at: <https://www.bbc.co.uk/news/health-21244190>



In English public services, the approach to accountability too often doesn't measure what matters. As a result, public services have sometimes been distracted from their true purpose: improving the lives of citizens across the country. We believe that missions – ambitious, crosscutting, long-term goals – can help. 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 narrow service standard or target.

In Table 9 we describe how a government committed to missions may use these to drive reform and improvements through the public services ecosystem.

**TABLE 9**  
MISSIONS AND THE TIERS OF GOVERNMENT IN ENGLAND

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

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 (HM Treasury, Cabinet Office and No. 10) and wider Whitehall departments, this is likely to be achieved through the Spending Review process. The Council of the Nations and Regions, recently announced by the Deputy Prime Minister Angela Rayner, provides a potential space for 'metro missions' to be agreed between central government and MCAs.<sup>142</sup>

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

142 MHCLG. Deputy Prime Minister kickstarts new devolution revolution to boost local power. GOV.UK, 2024. Available at: <https://www.gov.uk/government/news/deputy-prime-minister-kickstarts-new-devolution-revolution-to-boost-local-power>

For example, if it appears that a region or local area is performing poorly on a particular ‘metro mission’, this should open up avenues of investigation for future learning. ‘What is driving this?’ or ‘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 an important role for 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.

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 allocates budgets to central government departments. In July the government announced that the next multi-year spending review will conclude in spring 2025. We therefore recommend that:

- **Recommendation 8: The government should translate its high-level missions into a number of ‘mission metrics’.**

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 here is: what is the best way of aligning 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 of the Nations and Regions. We therefore recommend that:

- **Recommendation 9: The government should work with Mayoral Combined Authorities to translate national ‘mission metrics’ into ‘metro missions’ for each local area, agreed through the Council of the Nations and Regions.**
- **Recommendation 10: Combined Authorities should translate their ‘metro missions’ into ‘local missions’ through a co-creation process with constituent local authorities and wider bodies, including the NHS, schools, police forces and citizens.**

We have seen the strong case outlined above for holding Combined Authorities to account for cross-cutting outcomes, which we call ‘mission metrics’. One challenge, however, is the difficulty in determining 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 difficult. 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>143</sup>

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>144</sup>

143 Kelle, H. et al. How do people estimate the contribution health care makes to our health? The Health Foundation, 2024. Available at: <https://www.health.org.uk/news-and-comment/blogs/estimate-contribution-healthcare-to-health>

144 Marshall, L. An introduction to the building blocks of health. The Health Foundation, 2024. Available at: <https://www.health.org.uk/publications/quick-guides/what-builds-good-health>

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, they do have some control over what we can consider the social determinants of health through their economic functions. For example, the more advanced Combined Authorities have policy responsibility for important aspects of public transport, including bus franchising, most famously Greater Manchester's 'Bee Network'. They also hold policy functions relating to skills and employment, with the nature of work and pay associated with it a key social determinant of health.

However 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. Imagine a region is performing highly on education and health outcomes; its 'metro missions' from a national perspective are all heading in a positive direction. It is nonetheless right 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 poor practice in some areas. 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 research examining the effectiveness of targets that we considered in the previous chapter. Although targets do not necessarily help public services improve and innovate, there is strong evidence that targets are good at providing a 'floor' in public service standards, something which we believe that the public and politicians are right to expect.<sup>145</sup> This is clear from academic analysis of the different paths taken with respect to targets and league tables since devolution in Scotland, Wales and Northern Ireland in 1999.

Since devolution, England, Scotland, Wales and Northern Ireland 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 weakening targets and reducing the publication of data about public service performance has led to worse performance in some public services.

In a comparison of the performance of schools in Wales and England, Bevan and Wilson examine the decision to adopt alternative approaches to accountability in Wales post-devolution in 1999.<sup>146</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 – there was consistency in terms of the national curriculum, the school inspection regime and examinations regimes – this policy provides a good opportunity for understanding the effects of such a change. Bevan and Wilson conclude that "...before the change performance in Wales was improving more than in England, but afterwards this was reversed."<sup>147</sup>

It is important to note that while this change had no effect on the performance of the top quartile of schools in Wales, 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>148</sup> This suggests that targets used in this manner are a good way of preventing bad

<sup>145</sup> Davies, N., Atkins, G. and Sodhi, S. Using targets to improve public services. Institute for Government, 2021. Available at: <https://www.instituteforgovernment.org.uk/publication/report/using-targets-improve-public-services>

<sup>146</sup> Bevan, G. and Wilson, D. 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. Available at: <https://doi.org/10.1080/09540962.2013.799801>

<sup>147</sup> Ibid.

<sup>148</sup> Ibid.

practice, but are less effective at supporting performance improvement from average to good or from good to exceptional.<sup>149</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:

- **Recommendation 11:** The government should set ‘minimum service standards’ for public services, which are used by inspectorates to assess and to identify problems where they exist.

## SHIFT 4 - REBUILDING LOCAL ACCOUNTABILITY FOR PUBLIC SERVICES

We should also consider the implications for 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>150</sup> This was the high point of government concerns about what was at the time the so-called ‘loony left’ councils, particularly Liverpool and Lambeth.

The Audit Commission’s 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>151</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 time the government decided to abolish it in 2010, 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:

“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>152</sup>

Since Timmins and Gash’s study, the size of the gap left by the Audit Commission’s abolition has only grown 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>153</sup> Rob Whiteman, former Chief Executive of CIPFA, argued that these issues relate to the abolition of the Audit Commission, stating: “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

149 Davies, N., Atkins, G. and Sodhi, S. Using targets to improve public services. Institute for Government, 2021. Available at: <https://www.instituteforgovernment.org.uk/publication/report/using-targets-improve-public-services>

150 Timmins, N. and Gash, T. Dying to Improve. Institute for Government, 2014. Available at: <https://www.instituteforgovernment.org.uk/publication/report/dying-improve>

151 Timmins, N. and Gash, T. Dying to Improve. Institute for Government, 2014. Available at: <https://www.instituteforgovernment.org.uk/publication/report/dying-improve>

152 Timmins, N. and Gash, T. Dying to Improve. Institute for Government, 2014. Available at: <https://www.instituteforgovernment.org.uk/publication/report/dying-improve>

153 Goodier, M. and Butler, P. 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>

reform that has done so much damage.”<sup>154</sup> In November 2024, the National Audit Office was unable to sign off the Whole of Government Accounts for the first time in history, citing the severe local authority audit backlog.<sup>155</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:

- **Recommendation 12: The government should establish an Audit and Learning Commission.**

**TABLE 10**  
SUMMARY OF PROPOSED ‘AUDIT AND LEARNING COMMISSION’

ORGANISATION FEATURE	DESCRIPTION
<b>Organisational form</b>	Independent public corporation (e.g. the Audit Commission, the BBC)
<b>Purpose</b>	To improve the efficacy of public services by strengthening scrutiny of local public services and disseminating learning through the public services ecosystem
<b>Functions</b>	Providing the local audit function previously delivered by the Audit Commission  Providing research and analysis of best practice in public service innovation to support reform across the country
<b>Form</b>	Medium-sized organisation with ~150 employees
<b>Outputs</b>	Audit reports  Learning and Innovation reports
<b>Funded by</b>	Combination of central government grants and audit fees

We have argued throughout the Taskforce that Combined Authorities should play a bigger role in England’s public services, focusing on reform and collaboration. But we have also seen 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

154 Goodier, M. and Butler, P. 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>

155 National Audit Office. Spending watchdog disclaims government’s accounts for the first time. 2024. Available at: <https://www.nao.org.uk/press-releases/spending-watchdog-disclaims-governments-accounts-for-the-first-time>

greatly weakened local media, and the public is for the most part only able to have a voice every four years in elections.”<sup>156</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.”<sup>157</sup>

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 *Citizens’ White Paper*, participatory processes have a range of benefits, including improving policy making, building greater legitimacy for solutions and improving trust in government.<sup>158</sup> Inspired by these ideas, we recommend that:

- **Recommendation 13: A standing *Citizens’ Panel* should be trialled in one Mayoral Combined Authority, with the aim of providing a new, locally democratic source of scrutiny.**

156 Kenny, M. and Newman, J. *Devolving English government*. Bennett Institute for Public Policy, 2023. Available at: <https://www.bennettinstitute.cam.ac.uk/publications/devolving-english-government>

157 Ibid.

158 Levin, M. et al. *Citizens’ White Paper*. Demos, 2024. Available at: <https://demos.co.uk/research/citizens-white-paper>

# CHAPTER FIVE

## A LIBERATED APPROACH TO FUNDING PUBLIC SERVICES

In this chapter we detail two shifts that ‘liberated public services’ demands of our current approach to funding England’s public services:

- **Shift 5** – Place-based budgets
- **Shift 6** – ‘Government as a foundation’

### SHIFT 5 - PLACE-BASED BUDGETS

#### Short-term funding

British policy making suffers from chronic short-termism. Indeed, Labour put the need to “end sticking plaster politics” at the heart of its election campaign, with a pledge to deliver “mission-driven government”.<sup>159</sup> Similar challenges also affect public services. As the Institute for Government describes:

“Policy makers have repeatedly prioritised short-term issues in public services at the expense of difficult decisions that would benefit services in the long run. Public services, and the public they serve, are now experiencing the consequences of that short-term thinking.”<sup>160</sup>

Some drivers of short-termism are unresolvable; for example, elections are always likely to shorten the time horizon of policy makers in a democracy.<sup>161</sup> But some drivers are bugs not features. The short-term nature of funding for many public services appears excessively short even for a democracy.

159 The Labour Party. 5 Missions for a Better Britain. 2023. Available at: <https://labour.org.uk/wp-content/uploads/2023/02/5-Missions-for-a-Better-Britain.pdf>

160 Hoddinott, S. Short-term policy making has trapped public services in a ‘doom loop’. Institute for Government, 2023. Available at: <https://www.instituteforgovernment.org.uk/comment/public-services-doom-loop>

161 The Health Foundation. Overcoming short-termism in policymaking after COVID-19. 2020. Available at: <https://www.health.org.uk/news-and-comment/newsletter-features/overcoming-short-termism-in-policymaking-after-covid-19>

Fiscal frameworks and short-termism give the Treasury and politicians strong incentives to opt for cuts to capital spending. Between 2013/14 and 2019/20, faced with pressures on day-to-day spending, £3.9 billion was transferred from planned capital spending to meeting NHS running costs. In 2017/18, 18% of the NHS capital budget was used to cover shortfalls in day-to-day spending. It is easier to cut investment projects than to take unpopular decisions to reduce funding for core public services or to increase taxes. Lord Darzi's recent review of the NHS for the Health Secretary describes how:

"The NHS has been starved of capital and the capital budget was repeatedly raided to plug holes in day-to-day spending. The result has been crumbling buildings that hit productivity – services were disrupted at 13 hospitals a day in 2022-23. The backlog maintenance bill now stands at more than £11.6 billion and a lack of capital means that there are too many outdated scanners, too little automation, and parts of the NHS are yet to enter the digital era."<sup>162</sup>

We have also seen prevention budgets drawn on in tough times. Though prevention spending isn't tracked and measured in the same way as capital spending, examining specific areas of prevention spending in public services paints a picture of short-term decision making.

Take two specific examples. First, the public health grant, which funds preventative health work undertaken by local authorities, such as smoking cessation, sexual health services and drug and alcohol services.<sup>163</sup> Between 2015-16 and 2024-25, the public health grant was cut by 28% in real terms per person.<sup>164</sup> Second, early intervention spending on children, encompassing a range of activities including early years and family support.<sup>165</sup> Analysis conducted by Action for Children finds that nine in ten local authorities cut early intervention spending in children's social care between 2015-16 and 2019-20 in England, with overall spending on early intervention falling 21% in real terms.<sup>166</sup>

Similar issues are seen across different elements of the public services landscape. First, in local government funding there are major issues with short-termism. One of the most obvious causes of this is that councils must work within single-year budgets, limiting their ability to plan effectively for the future as they have little certainty or stability in their financial planning. This short-term funding approach creates a reactive budgeting environment, undermining long-term planning and preventative spending. When senior local government figures were asked what would have a positive impact on council finances, 97% wanted multi-year financial settlements to replace the annual budgets that result in harmfully excessive short-termism.<sup>167</sup> This lack of certainty has major knock-on effects for service delivery in local areas, wasting time, effort and money. The new government has committed to replacing annual budgets with a multi-year model but it remains to be seen how far into the future local authorities will be able to budget following the changes.<sup>168</sup>

162 The Rt Hon. Professor the Lord Darzi of Denham. Independent Investigation of the National Health Service in England. GOV.UK, 2024. Available at: <https://assets.publishing.service.gov.uk/media/66f42ae630536cb92748271f/Lord-Darzi-Independent-Investigation-of-the-National-Health-Service-in-England-Updated-25-September.pdf>

163 Finch, D., Gazzillo, A. and Vriend, M. Investing in the public health grant. The Health Foundation, 2024. Available at: <https://www.health.org.uk/news-and-comment/charts-and-infographics/public-health-grant-what-it-is-and-why-greater-investment-is-needed>

164 Patel, N. et al. Options for restoring the public health grant. The Health Foundation, 2024. Available at: <https://www.health.org.uk/publications/long-reads/options-for-restoring-the-public-health-grant>

165 Action for Children. Too little, too late: early help and early intervention spending in England. 2022. Available at: [https://media.actionforchildren.org.uk/documents/Too\\_Little\\_Too\\_Late\\_Report\\_Final.pdf](https://media.actionforchildren.org.uk/documents/Too_Little_Too_Late_Report_Final.pdf)

166 Ibid.

167 Stride, G. and Woods, M. The State of Local Government Finance in England. Local Government Information Unit, 2024. Available at: <https://lgiu.org/wp-content/uploads/2024/02/State-of-Local-Government-Finance-in-England-2024.pdf>

168 The Labour Party. Change: Labour Party Manifesto 2024. 2024. Available at: <https://labour.org.uk/wp-content/uploads/2024/06/Change-Labour-Party-Manifesto-2024-large-print.pdf>



The Institute for Government gathered evidence from interviewees in local authorities who reported that the bulk of council “attention and funding is consumed by firefighting acute demand” at the expense of preventative services; this ends up being far more costly in the long run and with poorer outcomes.<sup>169</sup> Statutory spending on adult social care and children’s social care is taking up an ever-increasing proportion of council budgets – from 53% in 2009/10 to 67% in 2022/23 – squeezing out expenditure on discretionary, preventative services and ultimately leading to greater and more severe demand in the long run across other aspects of the public sector.<sup>170</sup> For instance, forced cuts to Sure Start children’s centres across England has had a negative impact on health and educational outcomes.<sup>171</sup> Short-termism in local government funding is damaging for the whole public sector, creating more expensive and more structurally problematic issues in the NHS, schools and criminal justice system.<sup>172</sup>

The NHS budget is primarily determined through central government spending reviews, which typically set funding levels for a limited period, often three years. This restricts regional NHS bodies from making sustained investments in place-based preventative care, staff training and infrastructure development. While nominal funding may increase, the real-terms growth often fails to meet the rising costs associated with an ageing population and increased demand for services.

Similarly, state-funded schools are allocated funding on an annual basis, through a centralised National Funding Formula that determines each school’s total budget for the day-to-day running costs of a school, such as teacher pay, energy bills, minor maintenance and materials. The unpredictability of annual funding can force schools into an unproductive cycle of crisis management, where they prioritise maintaining operational budgets over investing in sustainable educational initiatives. Similarly to local authorities, cuts to budgets force schools to make difficult decisions based on immediate financial constraints, leading to cuts in programmes such as extracurricular activities and support services that have long-term benefits for physical and mental well-being. Moreover, minor maintenance work can be deferred in order to keep up with immediately pressing needs, creating long-term infrastructure issues that are more expensive to address later on. In 2021, a Department for Education report estimated the total maintenance backlog for schools in England had reached £11 billion.<sup>173</sup>

The Home Office allocates funds based on an out of date funding formula that is incongruous with contemporary demands of police, being introduced in 2006 and partially relying on data from the 2001 Census. Moreover, the emphasis on specific performance targets, such as response times and crime statistics, pushes police departments to allocate resources towards immediate results rather than long-term community engagement. This focus can lead to the implementation of short-term initiatives that address current issues but do not contribute to sustainable improvements in community safety.

## Siloed funding

Throughout the Taskforce we have argued for greater joining up of public services and for better collaboration between different arms of the state. Since the environments in which public services are operating are often governed by complexity, a siloed approach will fail, given

169 Hoddinott, S. et al. Fixing public services: Priorities for the new Labour government. Institute for Government, 2024. Available at: <https://www.instituteforgovernment.org.uk/publication/fixing-public-services-labour-government>

170 Hoddinott, S. et al. Fixing public services: Priorities for the new Labour government. Institute for Government, 2024. Available at: <https://www.instituteforgovernment.org.uk/publication/fixing-public-services-labour-government>

171 Hoddinott, S., Davies, N. and Kim, D. A preventative approach to public services. Institute for Government, 2024. Available at: <https://www.instituteforgovernment.org.uk/publication/preventative-approach-public-services>

172 Localis. Moving through the gears. 2023. Available at: [https://www.localis.org.uk/wp-content/uploads/2023/02/053\\_MovingThroughTheGears\\_AWK.pdf](https://www.localis.org.uk/wp-content/uploads/2023/02/053_MovingThroughTheGears_AWK.pdf)

173 Adams, R. Repair bill for schools in England doubles to over £11bn, finds survey. The Guardian, 2021. Available at: <https://www.theguardian.com/education/2021/may/27/repair-bill-for-schools-in-england-doubles-to-over-11bn-finds-survey>

the interconnected nature of social and economic forces. Joining up services is also about improving the experience for the citizen: engaging in numerous services that do not themselves engage with one another can be a profoundly disappointing experience. Sadly, this is too often the case when it comes to the funding of public services in England, where we see high degrees of national and local fragmentation. This results in worse outcomes for citizens because services are dealing with symptoms individually instead of complex root causes. It also wastes money, time and effort for local actors and delivery organisations.

## **Nationally siloed funding**

There remains significant fragmentation of funding within and between government departments. This is in part a reflection of the siloed nature of the structure of Whitehall departments – twenty different departments which often work on shared issues without sufficient collaboration. A recent study by Grant Thornton and Ipsos for the Ministry of Housing, Communities and Local Government (MHCLG) found that:

“Different departments provided multiple awards in the sample policy area. For example, DESNZ and DLUHC both providing business support grants; DLUHC and DHSC providing support in relation to homelessness and rough sleeping; and DESNZ and DCMS providing funding in relation to net-zero and energy efficiency.”<sup>174</sup>

This challenge – how can we get different government departments to work together? – is well-known. New Labour developed its ‘joined-up’ government agenda.<sup>175</sup> More recently the Johnson government’s ‘levelling up’ agenda attempted some degree of joined-up working between departments. Indeed, researchers have gone as far as describing the many attempts to enable joined up working as ‘initiativitis’, identifying at least 55 occasions in the last twenty five years when central government has sought to join up local public services.

While there have been some successes on these fronts, sadly these are largely exceptions to the rule, such as the Shared Outcomes Fund (see case study). A National Audit Office study of joined-up government concludes that “...there is little incentive for departments to invest in programmes which deliver benefit elsewhere in government.”<sup>176</sup> Despite many attempts to increase the number of joint submissions to spending reviews, which would encourage joined-up working, at the last comprehensive spending review just 38 joint submissions were made, with most bids remaining along departmental lines.<sup>177</sup>

174 Grant Thornton and Ipsos. Partnerships for People and Place Programme. DLUHC, 2023. Available at: [https://assets.publishing.service.gov.uk/media/66156c4f2138736672031ba8/Partnerships\\_for\\_People\\_and\\_Place\\_Programme\\_learning\\_and\\_evaluation\\_report.pdf](https://assets.publishing.service.gov.uk/media/66156c4f2138736672031ba8/Partnerships_for_People_and_Place_Programme_learning_and_evaluation_report.pdf)

175 Hood, C. The Idea of Joined-Up Government: A Historical Perspective. In Bogdanor, V. (ed.), *Joined-Up Government*, Oxford University Press, 2005. Available at: <https://doi.org/10.5871/bacad/9780197263334.003.0002>

176 National Audit Office. *Cross-government working: lessons learned*. 2023. Available at: <https://www.nao.org.uk/insights/cross-government-working-lessons-learned>

177 Bartrum, O., Paxton, B. and Clyne, R. *How to run the next multi-year spending review*. Institute for Government, 2024. Available at: <https://www.instituteforgovernment.org.uk/publication/how-run-next-multi-year-spending-review>

# CASE STUDY

## SHARED OUTCOMES FUND

The Shared Outcomes Fund (SOF) was launched in 2019 to support cross-departmental projects that address complex, systematic issues by encouraging various branches of government to work together on pilot projects, with a focus on long-term impact, evaluation and breaking down operational silos across the public sector. The SOF funded over 60 pilot projects addressing a variety of policy challenges such as homelessness, criminal justice and healthcare integration.

One of the key strengths of the SOF was its ability to stimulate innovative problem-solving. Projects like the installation of broadband cables through water mains, and the coordinated effort to reduce drug use by linking law enforcement, health services and prisons, demonstrated the value of cross-departmental working.

However, a significant problem was its inflexible and short term nature, along with the lack of incentives for departments to collaborate, as civil servants are often judged on the success of their own departments rather than joint outcomes.<sup>178</sup> In 2024, the Treasury recognised that it would have to work from the top down to encourage departments to submit joint bids as the current incentives were insufficient. Departments naturally are focused on their own priorities and – especially given austerity – are predisposed to utilising their departmental funding on their own objectives rather than those of another department. While it is true that cross-departmental collaboration can create better outcomes for each participating department's objectives, it is difficult for civil servants to see this in advance; the incentives point them towards focusing on their own policy initiatives before worrying about others in Whitehall.

Furthermore, data-sharing issues and capacity constraints limited the scalability of some SOF projects. Evaluations showed that while some pilots were successful in improving outcomes in specific areas, others struggled to demonstrate measurable long-term impact due to these structural barriers.<sup>179</sup>

The principal lesson from the SOF is that cross-governmental working does not come naturally to departments and government bodies. Even when policy priorities align, strong incentives are necessary to encourage the pursuit of collaborative policy making and delivery across government.

<sup>178</sup> Institute for Government. How to improve collaboration across government. 2020. Available at: [https://www.instituteforgovernment.org.uk/sites/default/files/improve\\_collaboration\\_across\\_government.pdf](https://www.instituteforgovernment.org.uk/sites/default/files/improve_collaboration_across_government.pdf)

<sup>179</sup> House of Commons Committee of Public Accounts. Cross-government working. 2024. Available at: <https://publications.parliament.uk/pa/cm5804/cmselect/cmpublicacc/75/report.html>

## Locally siloed funding

While funding for public services is allocated by different bodies nationally, locally this problem is compounded by different organisations receiving funding for different public services across different geographical areas. This is clear from Table 11, which identifies some of the common local agencies or institutions in receipt of funding for public services. What is clear is that there is remarkably little alignment in terms of responsible organisation or geography. This presents further challenges for joined-up public services.

**TABLE 11**  
PUBLIC SERVICES AND FUNDING AGENCIES

SERVICE	WHO IS FUNDING ALLOCATED TO?
Public health	Upper tier local authorities
Schools	Schools and local authorities
NHS	Integrated Care Systems (ICSs)
Police	Police Force Areas (PFAs)

Source: Institute for Fiscal Studies, *How much public spending does each area receive? 2023*

To make matters worse, national and local fragmentation reinforce one another, making an already messy and complex picture even more so. Analysis conducted by Grant Thornton and Ipsos, which examined total grant awards from central government departments into Durham, found a picture of staggering complexity: 229 grants to 1,278 recipients.<sup>180</sup>

Fragmentation harms collaboration, which we have seen is crucial for delivering ‘liberated public services’. Budgets organised around vertical delivery silos make working together across those silos more challenging. This in turn harms prevention, given that preventative activity in one service area often delivers savings beyond that service area. It also negatively affects citizens’ experiences of public services; people fall through the cracks and services fail to interact in a helpful way.

It also robs public services of scale and directionality. Directionality is the idea that changes are being made in the direction of addressing a wider societal challenge, for example reducing health inequalities or tackling climate change. NPM’s narrow focus on efficiency means it was often ‘blind’ to such ambitions, assuming that market forces will lead us towards a better world without the need for state-driven direction setting.

We have argued throughout the Taskforce for a greater focus on directionality, yet small and fragmented funding pots can deprive public services of this by making it harder to achieve common objectives and by robbing the system of the scale required to shift the dial on long-standing social and economic challenges. A consequence of so much fragmentation is that the system as a whole is delivering less than the sum of its parts. A recent research report, which examined funding flows for local public services, found that:

<sup>180</sup> Grant Thornton and Ipsos. Partnerships for People and Place Programme. DLUHC, 2023. Available at: [https://assets.publishing.service.gov.uk/media/66156c4f2138736672031ba8/Partnerships\\_for\\_People\\_and\\_Place\\_Programme\\_learning\\_and\\_evaluation\\_report.pdf](https://assets.publishing.service.gov.uk/media/66156c4f2138736672031ba8/Partnerships_for_People_and_Place_Programme_learning_and_evaluation_report.pdf)

“Across the 13 pilot [geographical] areas 70% of the grants received by all bodies were less than £100,000. The picture is less extreme when looking only at grants awarded to the local authority. However, in one year a single authority is administering over one hundred – and in some cases close to two hundred – individual grants of which around a third (33%) are less than £100,000.”<sup>181</sup>

This leads to significant waste. It also adds unnecessary cost and complexity to the system, resulting in higher administrative costs, potentially depriving frontline public services of much-needed funding. In an examination of funding sources, Grant Thornton and Ipsos identify that:

“...the complexity of funding streams can be a barrier to effective strategy or policy implementation. It also results in significant time investment for local authorities to navigate overlapping streams and meet multiple reporting requirements.”<sup>182</sup>

### Inflexible funding

The ringfencing of various central government grants to local authorities is intended to ensure that vital services such as social care, education and public health initiatives receive necessary support. However, despite having the clearest picture of specific local trends and needs, ringfencing significantly limits local authorities’ discretion in allocating funds. For instance, if a local authority receives a substantial grant for adult social care, it may be unable to shift funds to address pressing public health or housing challenges, leading to gaps in service provision.

At the start of the 2010s, a large part of council funding came through the Revenue Support Grant (RSG), which was largely unringfenced and gave local authorities a greater degree of discretion over spending. This allowed local authorities to distribute funds based on the local needs and priorities that they could identify on the ground as opposed to spending being based on national targets or algorithmically determined central government estimates of what local people need. However, by 2019/20, the unringfenced RSG had significantly declined, making up just 5% of councils’ core spending power, compared to around half at the beginning of the decade. In contrast, by 2020, ringfenced grants, particularly those targeting social care and public health, accounted for a much larger share of local authority funding.<sup>183</sup>

Similarly, between 2015 and 2019, the number of small (around a quarter were worth under £1m), purpose-specific and typically ringfenced grants exploded, with councils receiving 448 individual grants annually, compared to only 61 in 2013/14.<sup>184</sup> Many of these were highly conditional, tying councils’ hands in terms of spending and leading to “an increasingly fragmented and reactive use of public funding”, according to the Local Government Association.<sup>185</sup> Moreover, this increased centralisation and decreased flexibility in funding is a growing trend. In 2024/25, grant funding which is ringfenced for social care accounts for 14% of councils’ core spending power and the majority of total local authority grant funding.<sup>186</sup>

The Partnerships for People and Place (PfPP) programme brought together 11 central government departments and arm’s-length bodies with 13 local authorities for a two-year pilot

181 Grant Thornton and Ipsos. Partnerships for People and Place Programme. DLUHC, 2023. Available at: [https://assets.publishing.service.gov.uk/media/66156c4f2138736672031ba8/Partnerships\\_for\\_People\\_and\\_Place\\_Programme\\_learning\\_and\\_evaluation\\_report.pdf](https://assets.publishing.service.gov.uk/media/66156c4f2138736672031ba8/Partnerships_for_People_and_Place_Programme_learning_and_evaluation_report.pdf)

182 Ibid.

183 Ogden, K. and Phillips, D. What is the outlook for English councils’ funding? Institute for Fiscal Studies, 2024. Available at: <https://ifs.org.uk/publications/what-outlook-english-councils-funding>

184 LGA. “Fragmented” short-term government grants poor value for money, councils warn. 2020. Available at: <https://www.local.gov.uk/about/news/fragmented-short-term-government-grants-poor-value-money-councils-warn>

185 Ibid.

186 Ogden, K. and Phillips, D. What is the outlook for English councils’ funding? Institute for Fiscal Studies, 2024. Available at: <https://ifs.org.uk/publications/what-outlook-english-councils-funding>

of a new approach to designing and delivering public policy in which the local authorities had the scope and resources to identify hyperlocal policy challenges that could benefit from improved central and local government coordination.<sup>187</sup> The aim was to directly challenge the current model of ringfenced funding for certain services – examining whether granting wider discretion to local authorities would produce better outcomes for citizens.

The conclusions of the PfPP programme were that inflexible funding models are a significant barrier to achieving system change and genuine impact. There was consensus across central government partners that it would be beneficial to combine funding streams for a wide variety of locally administered programmes including on substance misuse, housing and regeneration, green infrastructure, career pathways and funding for 14-19 year olds, fuel poverty and energy efficiency, community safety and crime, and adult learning and skills. Finally, the challenges outlined above with respect to highly annualised budgets only worsen the picture with respect to flexibility of funding.

### Towards 'liberated funding'

The short-term nature of funding restricts the ability for experimentation and creativity, because the benefits of innovation can take time to appear. We need a longer-term and more patient approach to funding public services. We've also seen that funding pots are often siloed or fragmented. At a national level, there is far too little coordination and join-up between different government departments and sometimes even within government departments. This demands a more integrated approach to budgets. Finally, we have seen that budgets are too often inflexible and ringfenced. Putting this right will require a more flexible, outcomes-focused approach to funding.

**TABLE 12**  
THREE FEATURES OF LIBERATED FUNDING

	DESCRIPTION	RATIONALE FOR 'LIBERATED PUBLIC SERVICES'
<b>Long-term funding</b>	Move away from short-term funding models (e.g. annual budgets) towards multi-year funding. Relatedly, flexible budgets (see below) can support longer-term decision making, for example ability to adjust budgets between financial years.	Supports experimentation and prevention: benefits from innovation often only appear in the medium to long term, leading to innovative practices or programmes being abolished early.  Supports public service efficacy by enabling longer-term planning.
<b>Joined-up funding</b>	Move from nationally siloed budgets funding a messy patchwork of local agencies and institutions, to joined-up, outcomes and place-based budgets.	Supports collaboration: crucial for liberated public services to be effective.

187 Grant Thornton and Ipsos. Partnerships for People and Place Programme. DLUHC, 2023. Available at: [https://assets.publishing.service.gov.uk/media/66156c4f2138736672031ba8/Partnerships\\_for\\_People\\_and\\_Place\\_Programme\\_learning\\_and\\_evaluation\\_report.pdf](https://assets.publishing.service.gov.uk/media/66156c4f2138736672031ba8/Partnerships_for_People_and_Place_Programme_learning_and_evaluation_report.pdf)

	DESCRIPTION	RATIONALE FOR 'LIBERATED PUBLIC SERVICES'
<b>Flexible funding</b>	Move from tightly defined, strictly annualised, ringfenced budgets to more flexible budgets following outcomes.	Supports experimentation: giving local policy makers and practitioners more discretion over how funds are spent can spur innovation.

Source: Author's analysis

## Place-based budgets are essential to delivering a liberated approach to funding

Most of the challenges identified here are not new. Policy makers and researchers have been aware of the challenges with how public services are funded for some time, particularly in relation to the siloed nature of funding. Numerous central government initiatives attempting to join up public services have not been successful.<sup>188</sup>

We believe these experiences reveal an important fact: delivering a new, liberated model for public service funding cannot happen in Whitehall alone. Attempts to build flexible, joined-up and long-term funding pots nationally seem doomed to fail. To explain why, we consider the features of liberated funding in turn and ask: can these features ever be delivered by nationally-held funding?

### Joined-up funding

Whitehall appears poor at delivering joined-up funding between different government departments. The Institute for Government, in a review of the different attempts between 1997-2015 to join up local public services, concluded that these attempts "...failed to translate into system-wide change and collaboration between organisations still remains rare."<sup>189</sup>

This shouldn't be surprising. Whitehall departments have existed sometimes for centuries, with cultures shaped over a long time period and therefore hard to change. As former Cabinet Secretary Mark Sedwill notes, "Whitehall structures would be familiar to Gladstone."<sup>190</sup> Cultures and behaviour built over decades are hard enough to shift, let alone those built over centuries.

In a recent analysis of the challenges to reforming Whitehall, the Reform think tank identifies two important barriers. First, departmental fiefdoms. Despite many attempts to change this over the years, "from policy development through delivery to accountability, the department is the primary unit".<sup>191</sup> This is compounded by a second barrier: an underpowered Cabinet Office. This means that the centre of government, beyond the Treasury, has lost its ability to set a direction for reform; a major concern when previous periods of successful public service reform were driven by dedicated units in the Cabinet Office, for example Blair's Delivery Unit and the Office of Public Services Reform.

188 Gibson, M., van Lier, F-A. and Carter, E. Tracing 25 years of 'initiativitis' in central government attempts to join up local public services in England. *Policy & Politics* 51(4), 695-717, 2023. Available at: <https://doi.org/10.1332/030557321X16837266852569>

189 Davison, N. et al. Joining up public services around local, citizen needs: Perennial challenges and insights on how to tackle them. Institute for Government, 2015. Available at: <https://www.instituteforgovernment.org.uk/publication/report/joining-public-services-around-local-citizen-needs>

190 Pickles, C. and Sweetland, J. Breaking Down the Barriers. Reform, 2023. Available at: [https://reform.uk/wp-content/uploads/2023/08/Barriers\\_Final.pdf](https://reform.uk/wp-content/uploads/2023/08/Barriers_Final.pdf)

191 Ibid.

## Flexible funding

We have seen the need for a more flexible approach to funding, in which outcomes or missions are targeted, rather than outputs or activities, which can restrict the scope for experimentation at the frontline. Again, we think funding directed by central government departments is unlikely to enable a more flexible approach.

If central government departments are 'on the line' for when things go wrong, there is a greater temptation to restrict and ringfence funding. We believe that the emergence of Combined Authorities in England provides the opportunity to delegate some formal accountability and risk holding around financing, which we explore in the next chapter.

## Total Place+

In 13 pilots across England, Total Place sought to understand how public services could be better delivered locally, crucially through eliminating waste and duplication, encouraging more joined-up working and focusing on prevention. While the pilots have much to commend them, we believe the time is right for a bolder direction now; to move from pilot to policy.

# CASE STUDY

## TOTAL PLACE

Conceptually, Total Place is the idea of mapping all public spending in a specific town, city, region or administrative area, identifying how public money is spent across services and agencies; getting services to work together and with local communities to establish priorities; identifying how well local priorities and needs are being met; and setting out how public money could be better used to those ends.

The national programme involved 13 pilot areas and aimed to understand how places could provide better, lower-cost public services by eliminating the duplication of work and by breaking down silos among local authorities and partners in the public, private and third sectors. Each pilot area was led by local politicians and senior managers and chose its own focus based on local needs with the goal of using public spending more flexibly to better align with the needs of the community.

As well as joining up services, Total Place emphasised proactive, early intervention services (such as early years care and support for former offenders) with the aim of avoiding reactive crisis-management costs. Overall, the Secretary of State at the time, John Denham, predicted that a shift towards Total Place could save the UK up to £20 billion within ten years.



The design of Total Place encompassed three complementary strands. First, the programme focused on mapping how much money was spent on what, and how effective that spending was in producing favourable outcomes. The cultural strand was concentrated on identifying and rectifying the system's cultural barriers that inhibited smooth communication and collaboration among multi-agency partners. Finally there was an emphasis on citizen insight and collecting feedback from local communities to shape priorities and boost community engagement and empowerment.

Many of the key arguments have been won and well-evidenced, both in the Total Place pilots and in other programmes since. But crucially, the governance of England looks dramatically different to when the Total Place pilots were introduced as a result of the emergence of Combined Authorities as a new 'middle tier' for English government. We have argued throughout the Taskforce for Combined Authorities to play a bigger role in public services. So the appropriate question today for policy makers is not 'Should Total Place pilots be re-run?' but 'What do the principles of Total Place look like for an era of Combined Authorities?'

Usefully, policy makers have already begun to consider this question through the introduction of single settlement budgets for Greater Manchester and West Midlands Combined Authorities (GMCA and WMCA). This new approach to funding settlements means that they will be treated like government departments, receiving for each spending review period a single funding settlement, reducing reporting requirements and giving local leaders greater flexibility over how funding is allocated.<sup>192</sup>

We believe that the government should explore Total Place-style funding for 'Public Service Reform Boards', once established. Instead of budgets being set separately by negotiations with different central government departments, the budget for the relevant Board would be set through negotiations with MHCLG, with the Board itself being responsible for allocating the budget within their geography. We therefore recommend that:

- **Recommendation 14: The government should develop proposals to move towards Total Place+ funding focused on social outcomes: single pot funding for Public Service Reform Boards, newly-established bodies chaired by Combined Authority Leaders and bringing together all relevant public services in a sub-region.**

*Total Place+* could bring a number of significant benefits for the development of 'liberated public services'.

**First, scale.** We are aware that *Total Place+* style single budgets would be significant. This is deliberate: we think that the fragmentation of funding pots is a real challenge and that we need to take steps to address this. Powerful, large and joined-up local budgets could go some way to addressing this.

**Second, integration of economic and social policy, unlocking prevention.** Throughout the Taskforce we have heard strong arguments for the need to seek to achieve this. *Total Place+*

<sup>192</sup> Henderson, D., Dalton G. and Paun, A. Trailblazer devolution deals. Institute for Government, 2023. Available at: <https://www.instituteforgovernment.org.uk/explainer/trailblazer-devolution-deals>

budgets could begin to effectively join up economic policy and public services. To date, Combined Authorities' duties have mainly focused on economic functions, such as infrastructure and public transport. The creation of Public Service Reform Boards would begin to see policy join between these two previously discrete areas. *Total Place+* budgets would provide the final piece of the puzzle: the ability to move financial resources between economic functions and public services. This would unlock the ability to deliver 'true prevention' by considering the impact of public policy in the round and ensuring that all the benefits (and costs) of different interventions accrue to one budget holder.

**Third, accountability.** The introduction of quasi-markets has driven the complexity of public services locally, 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>193</sup>

This 'patchwork quilt' can make it hard, often very hard, for different parts of the system to hold each other accountable, and even harder for citizens to know whom to hold accountable. By putting significant budgetary power in Public Service Reform Boards – chaired by directly elected Mayors – we hope to boost local accountability, while recognising additional steps are needed to strengthen MCA accountability (see below). This isn't about the state delivering everything itself; we should continue to procure and/or strategically co-commission goods from the right external provider, whether that's state, private or civil society. But it is about local leaders providing a greater sense of directionality over local public services spending, based on local priorities and local needs.

Having considered the benefits, we must also outline the wider changes required to move towards this new approach, which we recognise is a very significant change and would require accompanying reforms to make it feasible.

First, it would likely require a new approach to budgetary accountability. We recognise that this change would put significant responsibility in the hands of Public Service Reform Boards and it is therefore appropriate that this comes with new accountability requirements.

Departmental Permanent Secretaries, the most senior civil servants in central government departments, are Accounting Officers, accountable to Parliament for public spending. We believe that with this significant devolution of budgetary powers now is the time to consider proposals for local leaders to become Accounting Officers. This would provide more scrutiny and challenge, from Parliament, for how Public Service Reform Boards make budgetary decisions; an appropriate additional oversight given the new powers they would be accruing. We therefore recommend that:

- **Recommendation 15: The government should make Combined Authority Chief Executives the Accounting Officers for their Public Service Reform Board, accountable to Parliament for public spending decisions related to *Total Place+* budgets, maintaining accountability for public spending.**

<sup>193</sup> Elliott, I. et al. The Fragmentation of Public Administration: Differentiated and Decentred Governance in the (Dis)United Kingdom. *Public Administration*, 100(1), 98–115, 2022. Available at: <https://doi.org/10.1111/padm.12803>

## SHIFT 6 - 'GOVERNMENT AS A FOUNDATION'

While we believe more funding decisions should be taken locally, there is still a really important role for central government to play in supporting 'liberated public services', particularly in respect to innovation and prevention. Currently, there are significant barriers to effectively funding holistic, innovative and preventative services – notably siloed, fragmented funding and short-term, annualised budgets. Total Place + funding will help to overcome these barriers, but central government still has an important role to play, building on the learnings from the successes of the Shared Outcomes Fund and Life Chances Fund which pooled funding across central government or co-commissioned services with local government.

Liberating public services will be a gradual process, with some areas able to move much faster than others. Central government can and should help to stimulate innovation and support the shift to holistic and preventative delivery in parallel to preparing Combined Authorities for liberation and while other areas move towards becoming Combined Authorities.

And even once liberated public services have been established across Combined Authorities, central government should still support innovation and investment in prevention. This is largely due to the fiscal firepower of central government remaining much greater than local areas, pending any significant fiscal devolution, which appears unlikely for the foreseeable future.

Where government has acted as a foundation for innovation and social investment, the results have been impressive:

## CASE STUDY

### CHANGING FUTURES PROGRAMME

The Changing Futures programme is a 4-year, £77 million programme (funded through £55.4 million from the government's Shared Outcomes Fund with £21.6 million in aligned funding from the National Lottery Community Fund).

The programme began work in local areas in July 2021 and will continue until the end of March 2025. It aims to deliver improvements at the individual, service and system level:<sup>194</sup>

- to stabilise and then improve the life situation of adults who face multiple disadvantage
- to transform local services to provide a person-centred approach and to reduce crisis demand
- to test a different approach to funding (enabled through intentions of the Shared Outcomes Fund and partnership with The National Lottery Fund), accountability and engagement between local commissioners and services, and between central government and local areas

The program's funding model is based on the principles of partnership between central government and local areas; a whole person approach - treating people as individuals and sharing accountability and ownership of support across the system; usage of data to inform future policy and programs; and collaborating with people who have lived experience.

Changing Futures not only aims to provide direct support but also serves as a testing ground for innovative multi-agency collaboration models. The core objectives include breaking down barriers within and across services and developing scalable service-delivery frameworks. With the long-term goals of improving the way that local services work; informing new services, government programmes, and policy; helping staff provide fair and accessible services; and promoting equality and diversity.

Prior research and government evaluations had identified that individuals with multiple disadvantages were underserved due to fragmented and siloed service provision. Traditional service delivery was focussed on attending to single-issue needs and was uncoordinated with other services - increasing risk and decreasing long-term efficacy.

Funding is distributed by MHCLG and The National Lottery Community Fund to the local partnerships across England, who design and deliver services tailored to local needs. Local authorities, health providers, criminal justice agencies and voluntary sector organisations formed the core of the partnerships, reflecting the shift towards localised decision-making and service customisation. The model aims to encourage the integration of statutory and non-statutory services to meet interconnected needs.

The hybrid funding model, incorporating government and National Lottery Community Fund resources, created the space for holistic person-centred approaches that may be less feasible under single departmental funding.

The Changing Futures programme demonstrates what can be achieved when government acts as a foundation for innovation. Yet there is no central, cross-government body focused on supporting public service innovation. While there are many innovation agencies in the UK, few if any focus on public services. UK Research and Innovation (UKRI) focuses primarily on business-led innovation, thus excluding public services from most of its remit. We therefore recommend that:

- **Recommendation 16: The government should establish a *Service Experimentation and Innovation Fund (SEIF)* - within UKRI.**

In 2000, then Chancellor of the Exchequer Gordon Brown launched the Commission on Social Investment, stating that: "I want to see more investment in the UK in social enterprises – projects which have social objectives, and not simply profit-orientated."<sup>195</sup> This kickstarted a revolution in social financing and paved the way for the creation of Big Society Capital, now Better Society Capital, in 2012.

This led to the development of Social Outcomes Partnerships - a more effective way of designing, funding and delivering personalised, holistic, and preventative services than the traditional 'pay for inputs' model.<sup>196</sup> Social Outcomes Partnerships are most effective where people are facing complex and multi-faceted challenges – the situations which the traditional model of public service delivery has consistently failed to achieve lasting results.

<sup>195</sup> Guardian, Cash Drive for deprived areas, 10 February 2021; quoted in <https://www.socialenterprise.org.uk/app/uploads/2022/07/Reclaiming-the-Future-Commission-on-Social-Investment-Report.pdf>

<sup>196</sup> Government Outcomes Lab (GO Lab) (2024): "The Evolution of Social Outcomes Partnerships in the UK: Distilling fifteen years of experience from Peterborough to Kirklees". Available at: <https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/peterborough-to-kirklees/>

Instead of tying delivery to specified activities, regardless of whether they are effective, in this model commissioners – such as central or local government – release funding only when meaningful, long-term milestones and outcomes are achieved. Pooled funding from social investors is used to provide the flexible working capital<sup>197</sup> for partnerships of community delivery organisations. The greater collaboration, flexibility and clear accountability for improving people’s lives, enabled by Social Outcomes Partnerships, is a practical way to support and implement the Liberated Model of Public Services.<sup>198</sup>

## CASE STUDY

### LIFE CHANCES FUND

In 2016, the Department for Digital, Culture, Media and Sport (DCMS) entrusted the National Lottery Community Fund to establish the nine-year long Life Chances Fund (LCF). This is a £70 million (originally £80 million) fund<sup>199</sup> committed to supporting the people who face the biggest obstacles to leading happy and productive lives by supporting the delivery of outcomes-based commissioning through the use of social outcomes partnerships and approaches.<sup>200</sup> The LCF aims to tackle issues around six key themes: drug and alcohol dependency, children’s services, early years, young people, older people’s services, and healthy lives.<sup>201</sup>

At the core of the LCF was a recognition that for these wicked social problems the traditional approach to commissioning public services was insufficient; if we want to improve the lives of people facing complex, interconnected challenges, we can’t rely on piecemeal, standardised solutions. Instead, we need a more targeted, more holistic approach. The LCF was used to fund Social Outcomes Partnerships<sup>202</sup> – formerly known as Social Impact Bonds – for innovative locally commissioned services to develop and test just that.

Social Outcomes Partnerships are designed with the complexity of wicked problems in mind. They switch the focus of commissioning from controlling inputs and specifying activities to achieving meaningful, long-term outcomes, without specifying the means to achieve them. Social Outcomes Partnerships offer a more effective and better value way to address and prevent the most complex challenges to public services because they enable greater collaboration in design, flexibility in delivery and clear accountability. This liberation of front-line professionals enables the innovation and person-centred, strengths-based partnerships with people to make lasting change in their lives, and the results have been impressive:

197 Government Outcomes Lab (GO Lab) (2024): “The Evolution of Social Outcomes Partnerships in the UK: Distilling fifteen years of experience from Peterborough to Kirklees”. WHAT IS THE ROLE OF SOCIALLY MOTIVATED INVESTMENT IN SOCIAL OUTCOMES PARTNERSHIPS?, pg. 44, Available at: <https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/peterborough-to-kirklees/>

198 Bridges Outcomes Partnerships (2023): “People-powered Partnerships, learnings from delivery”. Available at: [https://bridgesoutcomespartnerships.org/wp-content/uploads/2024/03/BOP\\_People-powered-Partnerships\\_website.pdf](https://bridgesoutcomespartnerships.org/wp-content/uploads/2024/03/BOP_People-powered-Partnerships_website.pdf)

199 Department for Culture, Media & Sport. Life Chances Fund intermediate evaluation: data release. 2023. Available at: <https://www.gov.uk/government/publications/life-chances-fund-interim-evaluation-data-set/life-chances-fund-intermediate-evaluation-data-release>

200 FitzGerald, C., Hameed, T., Rosenbach, F., Macdonald, J. R., Outes Velarde, J. and Dixon, R. An Introduction to Life Chances Fund projects and their early adaptations to Covid-19: Life Chances Fund Evaluation Interim Report. DCMS, 2021. Available at: [https://assets.publishing.service.gov.uk/media/62054280e90e077f7ca77850/An\\_introduction\\_to\\_Life\\_Chances\\_Fund\\_projects\\_and\\_their\\_early\\_adaptations\\_to\\_Covid-19\\_-\\_full\\_report.pdf](https://assets.publishing.service.gov.uk/media/62054280e90e077f7ca77850/An_introduction_to_Life_Chances_Fund_projects_and_their_early_adaptations_to_Covid-19_-_full_report.pdf)

201 Government Outcomes Lab. Guidance for Life Chances Fund projects. Available at: <https://golab.bsg.ox.ac.uk/toolkit/technical-guidance/our-role-supporting-life-chances-fund-projects/>

202 Government Outcomes Lab (GO Lab) (2024): “The Evolution of Social Outcomes Partnerships in the UK: Distilling fifteen years of experience from Peterborough to Kirklees”. Available at: <https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/peterborough-to-kirklees/>

- The Kirklees Better Outcomes Partnership (KBOP), partly funded through the LCF, uses a strengths-based approach to preventing homelessness. This commissioning method enabled has **reduced the repeat usage rate from 30% to only 8.5%**, strongly indicating that participants increased their resilience and independence. Compared to pre-project estimates, **KBOP supports more than double the participants at a 39% lower average cost per participant** for commissioners.
- In London and East Anglia, outcomes-based family therapy partly funding by the LCF delivered an average **25% better outcomes for 80% more families at 20%-50% lower cost per family** keeping more children safely out of care. The Stronger Families programme has cumulatively saved the equivalent of 1,000 years of days in care.<sup>203</sup>
- **The Skill Mill** provides transformational support to over 200 young ex-offenders across seven local authorities - Leeds, Rochdale, Birmingham, Durham, Nottingham, Croydon and Surrey. The winner of two Queen's Awards, the reconviction rate of people they support is just 8% compared to a counterfactual of 72% for young offenders with 11+ convictions. 75% progress to further employment, education or training, transforming their prospects.
- **AllChild** (formerly West London Zone) mobilises private, public, and voluntary services to co-design support programmes delivered in-school through their Link Workers – putting a single trusted relationship at the heart of delivery and joining up fragmented local systems 'around the child'. The results are significant - 95% of school leaders say AllChild has changed the trajectory of children at risk; 80% of children move out of risk in social-emotional health; half move out of persistent absenteeism. Independent analysis demonstrates that AllChild generates an estimated average of £81,000 in financial savings and wider economic benefits per child – e.g. from reduced demand for higher-tier services.

The LCF also recognised the role that Social Outcomes Partnerships can play in supporting local voluntary and community organisations to bid for and delivery public sector contracts. As well as the greater focus on outcomes, the focus on partnership working is crucial to place-based services. The in-depth insight into a place's assets, needs and priorities which community organisations bring is crucial to achieving real, lasting change.

The LCF has been successful in developing deep delivery learnings across a range of issue areas along with learnings for designing and implementing Social Outcomes Partnerships. We look forward to the final evaluation being published and for these learnings to inform further such funds to stimulate collaboration and innovation in public services.

Throughout the Taskforce, and indeed this paper, we have argued that frontline flexibility and autonomy is required to unlock innovation, the key enabling force of public service improvement under 'liberated public services'. Social investment in public services and outcomes co-commissioning enables that flexibility, with local delivery consortia working with more freedom with regard to delivery approaches while working towards agreed shared outcomes.

We welcome Social Impact Investment Vehicle recently announced and are encouraged by its potential to co-commission and enable further improved outcomes for people and communities and better value for money.

Expanding the use of Social Outcomes Partnerships can radically improve the effectiveness of existing budgets for day-to-day delivery of public services. We therefore recommend that:

- **Recommendation 17: The government should increase support for social investment, given the ability for social funding and outcomes-based commissioning to liberate the frontline and join-up sectors to improve local public service outcomes.**

# CHAPTER SIX

## A LIBERATED PUBLIC SERVICE WORKFORCE

In this chapter we detail one major shift that ‘liberated public services’ demands of our approach to the public service workforce:

- **Shift 7** – A new ‘respect agenda’ for the workforce

### THE NEED FOR A NEW WORKFORCE PARADIGM

The workforce crisis is perhaps the biggest challenge facing public services today. The renewal of public services cannot happen without a workforce recovery. Symptoms include record vacancies across public services, the high use of agency staff and a demoralised workforce. This adds up to a vicious cycle for public services, with each of these symptoms feeding one another. Ending this cycle has to be a priority for policy makers. This will require taking tough action on the causes of this vicious cycle:

- **Pay stagnation.** According to Institute for Fiscal Studies analysis, real terms pay in the public sector fell by 2.5% on average between 2010 and 2023, while average private sector pay grew by 3.9%. This, however, disguises much bigger falls in wages in some public sector professions. During this period, doctors saw their pay fall by 14.6% in real terms and teachers by 9% in real terms. This is one reason why we welcome the government’s announcement in July 2024 that teachers and doctors will receive significant, above inflation pay rises.
- **Lack of recognition.** Too often frontline public service workers feel under-recognised and undervalued for the exceptional contributions they make. In 2022, 64% of NHS staff said that they felt undervalued by the government or their employer.<sup>204</sup>

<sup>204</sup> The News Line. An inflation-busting pay rise is needed to keep key NHS staff from quitting their vital role! 2022. Available at: <https://wrp.org.uk/features/an-inflation-busting-pay-rise-is-needed-to-keep-key-nhs-staff-from-quitting-their-vital-role>



- **Lack of autonomy.** The influence of new public management thinking on public services in recent decades has constrained the freedom and autonomy of frontline workers. Experiencing a lack of autonomy entrenches a feeling of distrust as frontline staff, who ultimately know and understand the most pressing and immediate functions and needs of their role and their workplace, feel that the discretion for them to perform their job to the best of their ability is hampered by managerial direction and government priorities that are not necessarily aligned with the reality of the situation at the frontline. Disempowerment makes workers feel less valued, less trusted and less important, leading to familiar workforce retention struggles.
- **Excess demand for public services.** Public services demand has become more acute in the last 15 years: the financial crisis, austerity, Covid-19 and a cost of living crisis have all contributed to the public relying more on public services and more intensely on acute services. Rising demand, without commensurate increases in public service capacity, only makes it more challenging for public service workers.

Short-sighted policy decisions, particularly in relation to public sector pay, have contributed to today's crisis in the public service workforce. But they were also caused by an overly negative view of public service workers, inspired by the ideas of new public management and a broader ideological environment which sought to denigrate the state. It's clear that we need a new way of thinking about the public services workforce. Should this involve going back to the previous, pre-new public management paradigm, generally referred to as 'traditional public administration'?<sup>205</sup> This approach has its roots in Woodrow Wilson's ideas, who argued that the administration of the state should be separated from political decision making:

“. . . administration lies outside the proper sphere of politics. Administrative questions are not political questions. Although politics sets the tasks for administration, it should not be suffered to manipulate its offices.”<sup>206</sup>

This was a system of managing the state and workers around the apolitical nature of public servants and public services workers; a strong emphasis on hierarchy and rules; and a strong focus on bureaucracy.<sup>207</sup> For two reasons, it is not possible or desirable to return to this paradigm.

First, it isn't possible to return to an old paradigm from which we have already transitioned away. The social and economic conditions that supported 'traditional public administration' – a deferential public; high economic growth to support expansive, highly trained public bureaucracies; a strong sense of national purpose – no longer exist to the same extent they did in the past.

Second, new public management arose for good reasons. Public sector bureaucracies were too often unresponsive to the public's demands and preferences. The public was expected to be highly deferential to bureaucrats and professionals, often driven by wider power dynamics (of class, race, gender etc.). Hence the application of consumerist principles to public administration; ideas typically associated today with the free market right, but with their roots in the work of progressive thinker Michael Young.<sup>208</sup>

205 Rhodes, R. A. W. Recovering the 'Craft' of Public Administration in Westminster Government. *Public Administration Review*, 2015. Available at: [www.psa.ac.uk/sites/default/files/conference/papers/2015/Craft%20of%20PA\\_0.pdf](http://www.psa.ac.uk/sites/default/files/conference/papers/2015/Craft%20of%20PA_0.pdf)

206 Pfiffner, J. Traditional Public Administration versus The New Public Management: Accountability versus Efficiency, 2004. Available at: [https://pfiffner.gmu.edu/files/pdfs/Book\\_Chapters/NewPublicMgt.doc.pdf](https://pfiffner.gmu.edu/files/pdfs/Book_Chapters/NewPublicMgt.doc.pdf)

207 James Pfiffner, Traditional Public Administration versus The New Public Management: Accountability versus Efficiency. Duncker & Humbolt, 2004. Available at: [https://pfiffner.gmu.edu/files/pdfs/Book\\_Chapters/NewPublicMgt.doc.pdf](https://pfiffner.gmu.edu/files/pdfs/Book_Chapters/NewPublicMgt.doc.pdf)

208 The Young Foundation. 'On the side of the consumer': upholding Young's commitment to fairness. (no date). Available at: <https://www.youngfoundation.org/insights/features/on-the-side-of-the-consumer-upholding-youngs-commitment-to-fairness>

It's clear that we need a new approach, fit for the 2020s and beyond, which keeps what works from new public management but responds to the challenges that have been plain to see throughout this report.

## **SHIFT 7 - A NEW 'RESPECT AGENDA' FOR THE WORKFORCE**

### **Greater autonomy for workers**

We have argued throughout the Taskforce for more freedom for frontline workers. Why?

#### **Liberate the workforce to unlock innovation**

Innovation as a key improvement driver, with innovation often overlooked by new public management. The assumed universality of NPM principles left little room for experimentation, which is problematic as experimentation is the driver of innovation. A universality also led to significant drivers for 'replicability'.

That's why we have argued for a more 'experimental' approach within public services, inspired by Charles Sabel's 'experimentalist governance'. This responds to the challenges and demands of complexity. Sabel argues for an approach which prioritises experimentation, since at different places and different points in time, different approaches will be more or less suitable. Such an approach has to be supported with new freedoms for public service workers, because public service innovation so often comes from the frontline. As Geoff Mulgan describes:

"One of the few quantitative studies of public innovation, by the Canadian academic Sanford Borins, suggested that most public innovations are initiated by middle management or frontline staff (he also suggested that most are internally driven rather than initiated in response to crisis or political pressure)."<sup>209</sup>

209 Mulgan, G. Ready or not? Taking innovation in the public sector seriously. Nesta, 2007. Available at: [https://media.nesta.org.uk/documents/ready\\_or\\_not.pdf](https://media.nesta.org.uk/documents/ready_or_not.pdf)

# CASE STUDY

## FRONTLINE INNOVATION IN THE NHS DURING COVID-19

An example of increased autonomy and discretion for frontline workers leading to successful innovations occurred within the NHS during the Covid-19 pandemic.<sup>210</sup> As the crisis escalated, the traditional top-down management approach faced limitations, prompting the Department of Health and Social Care to loosen centralised control and empower local organisations and frontline staff to facilitate rapid, context-specific decision-making and adapt health care delivery to meet the surge in demand and varying patient needs.<sup>211</sup> The result was a period of intense innovation driven by health care workers who leveraged their clinical expertise and firsthand knowledge of patient care.<sup>212</sup>

One of the standout innovations was the establishment of ‘virtual wards’ where health care providers could monitor patients remotely, minimising the need for hospital admissions and optimising bed capacity. This approach, initially spearheaded by local teams, showcased how frontline workers’ autonomy allowed them to implement technology-driven solutions effectively.<sup>213</sup> Nurses and doctors played critical roles in designing protocols for remote patient assessment, follow-up, and escalation pathways that were both clinically sound and operationally feasible. The success of virtual wards relied heavily on the trust placed in health care professionals to devise systems that worked in real time, highlighting how discretion can catalyse adaptive innovation and more effective policy solutions.

In addition to a lack of discretion, workforce pressures in terms of vacancies, morale and burnout infringes on frontline staff’s innovative capacity.<sup>214</sup> Liberating public services does not involve giving carte blanche autonomy to frontline workers; this is not what happened during Covid-19. Clear performance targets – setting outcomes – remained under centralised control for parliamentary accountability and managerial purposes, while operational decision making – the practical means by which outcomes are reached – was devolved to the local level and to frontline staff.<sup>215</sup>

210 Mannion, R., Konteh, F. H. and Jacobs, R. Impact of Covid-19 in mental health trusts. *Journal of Health Services Research & Policy* 28:2, 119-127, 2022. Available at: <https://doi.org/10.1177/13558196221116298>

211 Exworthy, M. et al. Decentralisation and Performance: Autonomy and Incentives in Local Health Economies. NCCSDO, 2010. Available at: <https://researchonline.lshtm.ac.uk/id/eprint/18627>

212 Sagan, A. et al. Health systems resilience during Covid-19: lessons for building back better. *European Observatory on Health Systems and Policies*, World Health Organization, 2021. Available at: <https://eurohealthobservatory.who.int/publications/i/health-systems-resilience-during-covid-19-lessons-for-building-back-better>

213 Mannion, R. et al. The power of autonomy and resilience in healthcare delivery. *British Medical Journal*, 2023. Available at: <https://doi.org/10.1136/bmj-2022-073331>

214 Palmer, B. What should a health and social care workforce strategy look like? *British Medical Journal*, 2022. Available at: <https://doi.org/10.1136/bmj.o1906>

215 Mannion, R. et al. The power of autonomy and resilience in healthcare delivery. *British Medical Journal*, 2023. Available at: <https://doi.org/10.1136/bmj-2022-073331>

## **Liberate the workforce to improve outcomes through tailored delivery**

A liberated agenda for the public sector workforce is not just about experimentation and innovation. It's also about freeing our professionals to improve day-to-day delivery. In particular, giving more autonomy to frontline workers can unlock a greater focus on strengths-based approaches, which emphasise people's self-determination and strengths. As Alex Fox describes:

"A strengths-based approach to care, support and inclusion says let's look first at what people can do with their skills and their resources – and what can the people around them do in their relationships and their communities. People need to be seen as more than just their care needs – they need to be experts and in charge of their own lives."<sup>216</sup>

Freeing professionals from unnecessary and burdensome regulation, reporting requirements and rigid service specifications can create greater space for strengths-based working. And in turn, a greater focus on strengths-based working can give professionals more space "...to explore diverse outcomes, showcasing their innovativeness beyond basic needs."<sup>217</sup>

## **Liberate the workforce to unlock 'intrinsic motivation'**

New public management-style reforms sought to change behaviour and influence service change through 'extrinsic motivation'. Extrinsic motivation describes a motivation to engage in an activity to obtain a separate consequence to the undertaking of the activity itself, for example a reward.

These policy changes were significantly inspired and influenced by Public Choice Theory. Public Choice Theory applied the tools and principles of neoclassical economics to the analysis of political behaviour. It argued that political behaviour – like economic behaviour – can be explained through the principles of selfish utility-maximisation. This is "politics without romance", as James Buchanan – one of the founders of Public Choice Theory – memorably put it.<sup>218</sup> This inspired waves of public service reform, the idea being that because public servants' interests are not necessarily aligned with the interests of the public, the behaviour of such public servants must be constrained. In Julian Le Grand's classic description, public servants began to be seen more as 'knaves' motivated by their own selfish desires, rather than 'knights' motivated by a higher sense of purpose beyond self-interest.

Politicians often talked of 'producer interest' needing to be constrained in public services. Indeed, attacking such 'producer interest' was central to former Prime Minister Tony Blair's interpretation of the New Labour project:

"Even now, a large part of the political discourse in Britain assumes that the 'true' Labour party is one that puts trade unions before business; is indifferent to financial discipline; addicted to tax and spend; weak on issues of crime; irresponsible over state benefits for the unemployed or socially excluded; backs the producer interest in public services; and, give or take the odd exception, weak in defence and foreign policy. Since this government is plainly none of those things, ergo: we are not real Labour and are 'unprincipled'."<sup>219</sup>

216 Procedures Online. Strengths based approach. (no date). Available at: [https://www.proceduresonline.com/jersey/adults/files/strengths\\_based\\_approach.pdf](https://www.proceduresonline.com/jersey/adults/files/strengths_based_approach.pdf)

217 Gellen, S. and Fox, C. The Impact of Strengths-Based Working on Long-Term Housing Outcomes: A Qualitative Comparative Analysis. *Social Work Research*, Volume 48, Issue 3, pp. 189–200, 2024. Available at: <https://doi.org/10.1093/swr/svae015>

218 Shughart II, W. F. Public Choice. *Econlib*, (no date). Available at: <https://www.econlib.org/library/Enc/PublicChoice.html>

219 Blair, T. Full text of Blair's speech. *The Guardian*, 2002. Available at: <https://www.theguardian.com/politics/2002/mar/12/speeches.labour>

However, there is an emerging academic consensus that unlocking ‘intrinsic motivation’ is a better route to achieving sustainable behaviour change.<sup>220</sup> Intrinsic motivation, as illustrated in Table 13, describes engaging in an activity for *intrinsic purposes*, for example because one finds it interesting, enjoyable or satisfying; engagement is not primarily driven by 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>221</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>222</sup>

**TABLE 13**  
EXTRINSIC VS INTRINSIC MOTIVATION

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

Source: Author’s analysis; Di Domenico and Ryan (2017)<sup>223</sup>

220 Quilter-Pinner, H. and Khan, H. Great government: Public service reform in the 2020s. IPPR, 2023. Available at: <https://www.ippr.org/articles/great-government>

221 Ryan, R. M., and Deci, E. L. Intrinsic and extrinsic motivations: Classic definitions and new directions. *Contemporary educational psychology* 25.1: 54-67, 2000. Available at: <https://doi.org/10.1006/ceps.1999.1020>

222 Ryan, R. M., and Deci, E. L. Intrinsic and extrinsic motivations: Classic definitions and new directions. *Contemporary educational psychology* 25.1: 54-67, 2000. Available at: <https://doi.org/10.1006/ceps.1999.1020>

223 Di Domenico, S. I. and Ryan, R. M. The Emerging Neuroscience of Intrinsic Motivation: A New Frontier in Self-Determination Research. *Front Hum Neurosci.* 2017 Mar 24;11:145. Available at: <https://doi.org/10.3389/fnhum.2017.00145>

# CASE STUDY

## LIBERATED METHOD, CHANGING FUTURES NORTHUMBRIA, GATESHEAD<sup>224</sup>

Gateshead Council's pioneering of the 'Liberated Method' is among the clearest cases of how increased frontline discretion and empowerment facilitates greater personalisation of service delivery, nurtures self-sufficiency and is ultimately more effective.<sup>225</sup>

The underlying philosophy is that people should be supported to access their inherent capacity to initiate change, moving beyond service dependency to active participation and self-sufficiency.<sup>226</sup> Providing the discretion for public sector workers to harness their intrinsic motivation enables bespoke services to be provided to citizens.

In Gateshead, caseworkers are allocated relatively low caseloads and are specifically paired with individual citizens. Rather than citizens being assigned to different services and various staff providing non-relational support, caseworkers work with citizens to understand their individual needs and to tailor services for them.<sup>227</sup> This is a person-centred, relationship-driven approach to public services.

**With a high degree of autonomy, caseworkers operate according to two rules:**

1. Do no harm
2. Stay legal

**and within a set of five key, thematic principles:**

1. Understand, not assess
2. Pull for help (or refer and 'hold')
3. Decisions about the work made in work
4. The caseworker/citizen set the scope
5. The caseworker/citizen set the timescales<sup>228</sup>

The driving focus of this approach is to cultivate the agency of the citizen to address their own needs. Hence, the five principles all align around intervention in moderation, creating the conditions for citizens to be empowered, encouraging positive choices and providing a platform for the citizen. Eventually, but not necessarily linearly, the public service support

<sup>224</sup> Smith, M. The Liberated Method - Rethinking Public Service. Changing Futures Northumbria, 2023. Available at: <https://www.changingfuturesnorthumbria.co.uk/rethinking-public-service>

<sup>225</sup> Smith, M. The Liberated Method - Rethinking Public Service. Changing Futures Northumbria, 2023. Available at: <https://www.changingfuturesnorthumbria.co.uk/rethinking-public-service>

<sup>226</sup> Aberdeen City Council. Family Support Model Development Plan. 2024. Available at: <https://committees.aberdeencity.gov.uk/documents/s159026/Family%20Support%20Model%20Plan%20Final.pdf>

<sup>227</sup> Smith, M. The Liberated Method - Rethinking Public Service. Changing Futures Northumbria, 2023. Available at: <https://www.changingfuturesnorthumbria.co.uk/rethinking-public-service>

<sup>228</sup> Smith, M. The Liberated Method - Rethinking Public Service. Changing Futures Northumbria, 2023. Available at: <https://www.changingfuturesnorthumbria.co.uk/rethinking-public-service>

base enables the citizen to become more independent and to support themselves; thus the external support becomes less necessary and services are gradually removed.<sup>229</sup>

Mark Smith, the Director of Public Service Reform at Gateshead Council, explains their rationale for this approach:

“By doing this, we are able to set out a more realistic and effective role for public services, i.e., to actively create the conditions most likely to enable people to access their internal, intrinsic capacity to thrive.”<sup>230</sup>

The Liberated Method’s core operational principle involves a holistic, flexible approach wherein caseworkers have the autonomy to provide resources that help overcome immediate obstacles – whether arranging transport or supplying everyday essentials. While all expenditure must be within the ‘PLAN’ guidelines (Proportionate, Legal, Auditable, and Necessary), it does not require managerial pre-authorisation as caseworkers are trusted to make the right decisions in each case according to their existing knowledge, experience and intrinsic motivation.<sup>231</sup> This ensures that public funds are used effectively while remaining adaptable to each individual’s situation and also emphasises reducing long-term dependence on high-cost services by encouraging people to reconnect with their communities and rebuild personal capacities.

The caseworker works at every stage of the citizen’s progression – from addressing their immediate needs, to developing independence, to finally moving on from the support base and becoming more autonomous. For each citizen, in each context and at each stage, different types of services are most effective; the caseworker is not bound by top-down managerialism and can progress the citizen to the most appropriate services as they see fit. Working with the same caseworker over an extended period of time is emblematic of the relational nature of Gateshead’s Liberated Method model.

The connection between individuals (citizen and caseworker) is much more impactful than non-relational interactions with government services; information transfer between people who trust and know each other is far smoother than communication channels within and between various arms of government.

The implementation of the Liberated Method in Gateshead involves rethinking how caseworkers interact with citizens. Unlike conventional, eligibility-bound frameworks of service delivery, this method starts with an individual context and builds outward; rather than tightly controlling workers through monitoring, metrics, indices, targets and incentives – forcibly moulding service delivery according to the existing paradigm of extrinsic motivation – workers are ‘liberated’ and the delivery of services develops organically based on citizen need and worker experience. As a result, for citizens who have been engaged through Gateshead Council’s Liberated Method, around 70% have had “demonstrably positive upturns in their lives after periods of decreasing stability and even crisis”.<sup>232</sup>

229 Glover, B. 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>

230 Smith, M. The Liberated Method - Rethinking Public Service. Changing Futures Northumbria, 2023. Available at: <https://www.changingfuturesnorthumbria.co.uk/rethinking-public-service>

231 Smith, M. The Liberated Method - Rethinking Public Service. Changing Futures Northumbria, 2023. Available at: <https://www.changingfuturesnorthumbria.co.uk/rethinking-public-service>

232 Smith, M. The Liberated Method - Rethinking Public Service. Changing Futures Northumbria, 2023. Available at: <https://www.changingfuturesnorthumbria.co.uk/rethinking-public-service>

## **Liberate professionals to improve job satisfaction**

Greater professional freedoms for workers should also help pragmatically address the public service workforce crisis. We have seen that the vacancy crisis in the public services workforce is perhaps the greatest challenge facing our public services today. Any new approach to the management of the public service workforce must respond to this. There is good evidence to suggest that more freedom for professionals won't just deliver better public services – through the unlocking of 'intrinsic motivation' and greater innovation – but also aid retention by boosting morale and job satisfaction.

## **NEW DUTIES AND PRINCIPLES**

### **A duty of candour**

We have seen the case for new rights and freedoms for public service workers to unlock innovation, motivate the workforce and improve job satisfaction. But what of new duties, the other side of the ledger?

This is essential at a time when scandals and failings have rocked the faith of citizens in the public sector. The Infected Blood Inquiry, for example, acknowledged the collective and systemic failings, but also identified failings by public service professionals, including doctors. In a statement published alongside the Inquiry's final report, Brian Langstaff, the chair of the Inquiry, described how:

"This disaster was not an accident. People put their faith in doctors and in the government to keep them safe and their trust was betrayed [...] The NHS and successive governments compounded the agony by refusing to accept that wrong had been done."<sup>233</sup>

This led to the Inquiry's final report calling for a new 'duty of candour' for the public sector, as have other major public inquiries recently, including the Hillsborough Inquiry.<sup>234</sup> Indeed, the new Labour government confirmed in the 2024 King's Speech that it will introduce a 'Hillsborough Law' to Parliament, which will include a 'duty of candour'.

### **A principle to collaborate**

What other duties might be appropriate to consider introducing? Throughout the Taskforce we have argued for greater join-up and collaboration between public services. One major barrier to this is often professional boundaries and the inability or unwillingness of different professionals to collaborate. Given this, there may be a case for a 'duty to collaborate' for public service workers.

### **A principle to co-produce**

Citizens in traditional public services have little opportunity to influence, which also means that public services have limited opportunity to learn from them. The dynamic in which citizens are passive recipients, 'done to' not 'done with', with weak accountability mechanisms is still dominant. Indeed, public services currently fail a more basic test of whether or not they are understandable. Citizens often find public services opaque in terms of what is available and how decisions are made.

<sup>233</sup> Merritt, E. C. Infected blood scandal: Background, impacts, inquiry outcomes and compensation. House of Lords Library, 2024. Available at: <https://lordslibrary.parliament.uk/infected-blood-scandal-background-impacts-interim-compensation-and-inquiry-outcomes>

<sup>234</sup> Ibid.



Interacting with traditional public services can even be negative and harmful. Citizens report feeling fear, shame and having their confidence undermined through interactions that are harsh, judgemental and which fail to account for their emotional and practical needs. While public services that fail to resolve issues can themselves generate further need, through 'failure demand' that creates more problems and costs. So, public services are not neutral at the moment, there are ways in which their interactions with citizens cause harm.

This analysis suggests that public services that are designed without citizen input are performing more poorly than they should be. By failing to understand what citizens want and need, public services can waste precious resources as well as have a negative impact on people's lives. In contrast, by involving citizens in the design and delivery of public services, there is an opportunity to close the citizen gap, improve services and have wider positive impacts on democracy and civic life.

Citizens should be the primary agent of change in their own lives, with support from public services and other sources where needed, and with opportunities to influence decisions that affect them, including the way in which public services are designed and delivered. Understanding citizen involvement from this perspective is an important corrective to top-down approaches to government in which citizens are a stakeholder to consult rather than involve.

Taking this approach requires capacity-building of all main actors – staff and citizens – as it requires different skills and mindsets to traditional consultation. Working in partnership with people who have been most marginalised will expand the state's capacity to work with all citizens.

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There are many different potential roles that citizens can play in liberated public services. The typology below sets out five core roles for citizens in public services. Each offers public services the opportunity for deeper understanding and fresh thinking on issues they are grappling with. While each offers citizens the opportunity to improve public services (including those they may directly benefit from) and to develop skills and confidence.

**TABLE 14**  
**TYPOLOGY OF ROLES FOR CITIZENS IN LIBERATED PUBLIC SERVICES**

THE CITIZEN CAN:	WHY?	HOW?
<p><b>1. Negotiate the citizen-state covenant</b></p>	<p>To agree covenants or deals about the relationship between the state and services.</p>	<p><b>By acting as a citizen</b></p> <p>In deliberative processes, such as citizens' assemblies, as a representative of wider citizenry.</p>
<p><b>2. Co-design new solutions</b></p>	<p>To make policy and public services more effective by improving their design.</p>	<p><b>By bringing expertise</b></p> <p>In design processes that incorporate citizen knowledge, experience and understanding, including citizen ideas, opinion and data.</p>
<p><b>3. Hold power-holders to account</b></p>	<p>To hold the state and other power-holders accountable for poor performance, gaps and failures in policy and public services.</p>	<p><b>By being an advocate</b></p> <p>In accountability mechanisms which enable citizens to advocate for improvements and influence decision-making. For example, empowered ombudsman and complaints processes.</p>
<p><b>4. Deliver services</b></p>	<p>To directly run and support public services.</p>	<p><b>By taking operational responsibility</b></p> <p>In organisational settings which empower citizens to deliver services with the support to do so, as volunteers in citizen-run services or alongside professionals. For example, community-run libraries.</p>
<p><b>5. Be a partner</b></p>	<p>To be supported to take an active role in your own decisions and choices - and support others to do the same.</p>	<p><b>By building your own agency and purpose</b></p> <p>In high-trust relationships which enable citizens to build the knowledge, skills and confidence to identify their own goals and take steps to achieve them, and to offer peer support to others.</p>

## A NEW RESPECT AGENDA?

How might we bring together these two notions of new rights and duties? We think there might be something in the notion of a 'respect agenda', which politicians and think tanks, including Demos, have discussed over the last few years.

The nascent 'respect agenda' has its roots in developments in political theory and specifically egalitarian political theory, which concerns questions of equality. Traditionally, egalitarians have focused on resources (who has what) or rights (who is granted what). Relational egalitarianism, grounded in the work of philosopher Elizabeth Anderson, is instead concerned with how people relate to one another. Relational inequality exists when there is a 'respect gap': one group or individual looks down on others, failing to treat them with the respect they deserve.

Respect has great relevance when thinking about the public service workforce. A more liberated approach to the workforce would involve greater respect for professionals, enabling them to make decisions and experiment, given their position as the expert at the frontline. It might also involve greater respect for the contribution of public service workers, through financial and non-financial means.

But it's also about asking more from workers: to better respect the recipients of public services and what citizens want. Crucially, respect is a two-way street between public service workers and citizens; while we believe that strengthening and empowering the workforce has to be put at the centre of a new reform agenda, we are not naive about some of the major failings we have seen in public sector workforces.

### Respect Charter

A charter is a document that conveys certain rights or duties to groups of people or institutions. Charters have been used domestically and internationally to codify a set of expectations in relation to public services. For example, John Major's 1991 'Citizen's Charter' sought to cast the citizen as a consumer of public services, forging a new relationship between the state and citizens.

We think there is a strong case for a new, cross-cutting charter for public servants, spanning all public services. This charter would enshrine the autonomy of public sector workers and also set out new responsibilities (while protecting professional freedoms). We therefore recommend that:

- **Recommendation 18:** The government should publish a Respect Charter, detailing the new rights and duties expected of public service workers, including proposals for a 'duty of candour' and subject to further investigation, a 'principle to collaborate' with other public services and a 'principle to co-produce' public services with citizens.

# CASE STUDY

## RETENTION OF SOCIAL WORKERS, WIGAN COUNCIL<sup>235</sup>

It is apparent that there is a workforce crisis in the public sector: low recruitment and low retention creating an unsustainable level of vacancies. This is reflected across public services, with social work being among the most affected. As of September 2023, the Department for Education's most recently published workforce figures show that, for full-time equivalent children's social work posts, 18.9% are vacant, 17.8% are occupied by agency staff and the turnover rate is 15.9%.<sup>236</sup> The report paints a bleak picture of the future of this sector, stating that "high staff turnover and vacancies drive instability for children and families, costly agency use and worsening social worker working conditions" and warning that we can "expect an increasing shortfall of child and family social workers compared to demand over the next decade".<sup>237</sup> Serious action is necessary to address this chronic problem in social work.

Submitting evidence to the House of Lords Select Committee on Public Services, Wigan Council noted that "in March 2020 like many other local authorities, we knew the numbers of staff leaving Children's Services had increased and recruiting into the vacancies we had was a challenge. We needed to do something differently."<sup>238</sup> Wigan Council indeed 'did something differently' and sought to mitigate these recruitment challenges through a new organisational strategy.

Aiming to foster a more attractive environment for social workers, Wigan Council focused on staff wellbeing and morale, supporting their workforce and building a positive and cohesive culture.<sup>239</sup> They started this transformation by consulting their frontline staff, citizens, service users and partners to identify priorities and to inform the co-design of their new strategy. This combines flexible working (such as condensed hours, hybrid working, part-time availability and making it easier for staff to transfer between different teams) with a new approach to management supervision that involves holding a blend of one-to-one and group meetings with management and placing greater emphasis on identifying strengths and weaknesses and fostering professional development. Wigan Council also introduced an Academy Team that is specifically dedicated to easing the joining process for new starters and to supporting newly qualified social workers through various employment pathways, helping them to deliver the best service that they can.<sup>240</sup>

235 Wigan Council. Written evidence (FFF0035) to 'Designing a public services workforce fit for the future'. House of Lords Select Committee on Public Services, 2022. Available at: <https://committees.parliament.uk/writtenevidence/106715/html>

236 Samuel, M. Councils employing record number of children's social workers on back of 25% recruitment boost. Community Care, 2024. Available at: [www.communitycare.co.uk/2024/02/29/councils-employing-record-numbers-of-childrens-social-workers-on-back-of-25-recruitment-boost](http://www.communitycare.co.uk/2024/02/29/councils-employing-record-numbers-of-childrens-social-workers-on-back-of-25-recruitment-boost)

237 DfE. Consolidated annual report and accounts. GOV.UK, 2024. Available at: [https://assets.publishing.service.gov.uk/media/66a78085ce1fd0da7b592e80/DfE\\_consolidated\\_annual\\_report\\_and\\_accounts\\_2023\\_to\\_2024\\_-\\_web-optimised\\_version.pdf](https://assets.publishing.service.gov.uk/media/66a78085ce1fd0da7b592e80/DfE_consolidated_annual_report_and_accounts_2023_to_2024_-_web-optimised_version.pdf)

238 Wigan Council. Written evidence (FFF0035) to 'Designing a public services workforce fit for the future'. House of Lords Select Committee on Public Services, 2022. Available at: <https://committees.parliament.uk/writtenevidence/106715/html>

239 Wigan Council. Written evidence (FFF0035) to 'Designing a public services workforce fit for the future'. House of Lords Select Committee on Public Services, 2022. Available at: <https://committees.parliament.uk/writtenevidence/106715/html>

240 Wigan Council. Written evidence (FFF0035) to 'Designing a public services workforce fit for the future'. House of Lords Select Committee on Public Services, 2022. Available at: <https://committees.parliament.uk/writtenevidence/106715/html>

To mitigate falling numbers of new starters, Wigan Council streamlined the recruitment process for social workers, introducing fast-track interviews, simplifying the application form and hosting events where potential candidates can meet current social workers and managers.<sup>241,242</sup> Once applicants have passed through the recruitment process, their induction programme is designed to make onboarding as smooth as possible, in order to “nurture and develop” new starters and to transform the “candidate experience”.<sup>243</sup>

All new members of staff are provided with a welcome pack before they begin their first day on the job. They then meet the Director and other staff members, attend sessions on well-being and learn about the Council’s structure and who they can work with internally and externally to support their work.<sup>244</sup> Additionally, newly qualified social workers attend monthly ASYE (Assessed and Supported Year in Employment) workshops, ASYE skills sessions and reflective supervision sessions.<sup>245</sup> This emphasis on fostering a supportive and welcoming environment for new joiners is positively received by the staff, with one saying: “my induction has been brilliant... the welcome pack made me feel valued before I walked through the door”.<sup>246</sup>

Post-induction, Wigan Council continue to make specific efforts to ensure that their social workers feel valued, supported, trusted and listened to. Feedback forums are held every 6 weeks where frontline workers provide information and views on how they are feeling about their work and what changes they would like to see, which are then fed into the directors.<sup>247</sup> In day-to-day work, there is an open and productive relationship between management, directors and frontline workers, with one social work practitioner saying that, in her experience:

“Managers are very approachable and friendly. You don’t feel it’s ‘them and us’. They genuinely do want to help you find a solution for yourself and the people you are working with. There’s a real sense that we’re all on the same side. You don’t always get that.”<sup>248</sup>

The impact of Wigan’s approach is the sustained nurturing of a healthy working environment for social workers, where staff feel valued and there is a cohesive and constructive culture. Recent staff satisfaction surveys record extraordinary numbers: 96% of staff say that they enjoy working for Wigan Council, 97% of staff would recommend Wigan Council as a place to work and 80% say that they are always proud to work for Wigan Council.<sup>249</sup> Empirically, this has led to emphatic improvements in workforce numbers.

241 House of Lords Public Services Committee. Fit for the future? Rethinking the public services workforce. UK Parliament, 2022, Available at: <https://committees.parliament.uk/publications/23110/documents/169292/default>

242 Eventbrite. Wigan Council Recruitment Event: Children and Families Social Workers. 2024. Available at: <https://www.eventbrite.co.uk/e/wigan-council-recruitment-event-children-and-families-social-workers-tickets-862391244427>

243 House of Lords Public Services Committee. Fit for the future? Rethinking the public services workforce. UK Parliament, 2022, Available at: <https://committees.parliament.uk/publications/23110/documents/169292/default>

244 Wigan Council. Written evidence (FFF0035) to ‘Designing a public services workforce fit for the future’. House of Lords Select Committee on Public Services, 2022. Available at: <https://committees.parliament.uk/writtenevidence/106715/html>

245 Wigan Council. Support for newly qualified social workers. (no date). Available at: <https://www.wigan.gov.uk/Business/Professionals/Social-Work-Academy/Support-for-staff/Newly-qualified-social-workers.aspx>

246 Wigan Council. Written evidence (FFF0035) to ‘Designing a public services workforce fit for the future’. House of Lords Select Committee on Public Services, 2022. Available at: <https://committees.parliament.uk/writtenevidence/106715/html>

247 Community Care. ‘This feels different: you can do really good social work because of what surrounds you’. 2021. Available at: <https://www.communitycare.co.uk/2021/05/17/this-feels-different-you-can-do-really-good-social-work-because-of-what-surrounds-you-ez>

248 Ibid.

249 Wigan Council. Written evidence (FFF0035) to ‘Designing a public services workforce fit for the future’. House of Lords Select Committee on Public Services, 2022. Available at: <https://committees.parliament.uk/writtenevidence/106715/html>

While the number of agency staff in social work has increased across the whole of England every year since 2017, Wigan bucks the trend: as of January 2022, their use of social work agency staff had fallen by around 21.9% from its peak.<sup>250,251</sup> In February 2022, Wigan Council reported a 55% reduction in social worker turnover in a 21-month period.<sup>252</sup> This is remarkable given that, across England, the social worker turnover rate has been increasing over the same period.<sup>253,254,255</sup>

This again demonstrates how Wigan's model outperforms the national standard and is leading the way on effective approaches to improving retention and recruitment. Community Care, a long-standing stakeholder in the social work sector, said that they "are really impressed with Wigan's approach" and that "everyone is asking what Wigan is doing to recruit and retain staff".<sup>256</sup>

## Boosting investment in the public service workforce

Moving to a more liberated model of managing public sector workers is going to require higher-quality workers. Giving professionals more freedom, without asking for an upskilling in return, could lead to the risk of malpractice. As a result, we must boost investment in the public service workforce. Of course, not all investment is good investment; this money must be spent wisely.

While pay rises are important, once public sector pay has been restored, we should seek to link higher day-to-day spending on public services with greater investment in training and workforce development. This is essential for unlocking higher productivity for the public sector; crucial when public sector productivity has recently stalled or fallen.<sup>257</sup> Just as the Hewitt Review recommended 1% spending on prevention, we could set a similar target for training and investment in public sector workforces. We therefore recommend that:

- **Recommendation 19: The government should set a Workforce Development Objective – an objective for spending on public service workforce investment and training, as a proportion of overall public sector spending.**

We are encouraged by the new government's awarding of significant pay rises to public sector workers, including a 22% pay rise over two years for junior doctors. This should begin to address the retention challenges seen in public services and boost the recognition that public service workers feel. It is also worth considering what can be done to raise public sector pay over the long term and to put rises on a more sustainable footing.

250 DfE. Children's social work workforce - Reporting year 2023. GOV.UK, 2024. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/children-s-social-work-workforce>

251 Wigan Council. Written evidence (FFF0035) to 'Designing a public services workforce fit for the future'. House of Lords Select Committee on Public Services, 2022. Available at: <https://committees.parliament.uk/writtenevidence/106715/html>

252 Wigan Council. Written evidence (FFF0035) to 'Designing a public services workforce fit for the future'. House of Lords Select Committee on Public Services, 2022. Available at: <https://committees.parliament.uk/writtenevidence/106715/html>

253 DfE. Children's social work workforce - Reporting year 2021. GOV.UK, 2022. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/children-s-social-work-workforce/2021>

254 Skills for Care. Headline social worker information. 2023. Available at: [www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/Social-Worker-headline-Feb2023-FINAL.pdf](http://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/Social-Worker-headline-Feb2023-FINAL.pdf)

255 Kulakiewicz, A. et al. Children's social care workforce. House of Commons Library, 2022. Available at: <https://commonslibrary.parliament.uk/research-briefings/cdp-2022-0142>

256 Wigan Council. Written evidence (FFF0035) to 'Designing a public services workforce fit for the future'. House of Lords Select Committee on Public Services, 2022. Available at: <https://committees.parliament.uk/writtenevidence/106715/html>

257 Warner, M. and Zaranko, B. The fiscal implications of public service productivity. IFS, 2024. Available at: <https://ifs.org.uk/publications/fiscal-implications-public-service-productivity>

We recommend that:

- **Recommendation 20:** The government should consider mechanisms to support a more stable, long-term approach to public sector pay, including a *Public Sector Pay Roadmap*.

We agree with the House of Lords Public Services Committee that greater strategic capacity is needed in relation to the public sector workforce. The Committee argued in a 2022 report:

“Given the long-term demographic challenges and the likelihood of persistent difficulties in recruiting sufficient staff, long-term thinking and strategic approaches to workforce planning are required.”<sup>258</sup>

Crucially, this demands a joined-up approach between different public services. Given the demographic pressures the UK faces, with an ageing population and political pressure to reduce immigration, it is especially important that public sector agencies consider things in the round. We do not want different parts of the public sector unhelpfully competing with one another; we need to prioritise in terms of what we think are the most important gaps to be filled. This is especially true given the tightness of the UK labour market today.

## CASE STUDY

### SPIRIT OF SERVICE, NEW ZEALAND PUBLIC SERVICE COMMISSION

New Zealand’s bureaucratic model has undergone a similar evolution to the UK by bringing in new public management (NPM) reforms during the 1990s, focusing on metrics, targets and extrinsic motivation of public service workers.<sup>259</sup> As described by Jonathan Boston, these reforms involved greater “commercialisation, corporatisation and privatisation; the devolution of management responsibilities; a shift from input controls to output and outcome measures; tighter performance specification; and more extensive contracting out”.<sup>260</sup> All of these assertions are equally applicable to the British experience of NPM in the public sector, making New Zealand a valuable case study.

The emergence of NPM as the dominant paradigm came as governments (such as in the UK and New Zealand) sought to mirror the efficiencies of the private sector by remodelling the public sector in its image, instilling competition and incentive structures for public servants under the assumption that they are driven by the pursuit of performance-based

rewards and that their interests are not necessarily aligned with the public good.<sup>261</sup> The existing scholastic literature offers a variety of motivational models for public service

258 House of Lords Public Services Committee. Fit for the future? Rethinking the public services workforce. UK Parliament, 2022, Available at: <https://committees.parliament.uk/publications/23110/documents/169292/default>

259 Parker, S. and O’Leary, D. Re-imagining Government: Putting people at the heart of New Zealand’s public sector. Demos, 2006. Available at: <https://demos.co.uk/wp-content/uploads/files/Re-imagining%20-%20web%20.pdf>

260 Ibid.

261 Hood, C. A public management for all seasons? Public Administration, 69: 3-19, 1991. Available at: <https://doi.org/10.1111/j.1467-9299.1991.tb00779.x>

employees. Weber conceptualises public servants to be deferential and loyal to the wider bureaucratic order, motivated purely by ‘rational’ considerations and not by ethereal notions such as the spirit of service.<sup>262</sup> The Niskanenian bureaucrat is motivated by maximising their departmental budget and imposing their individual preferences.<sup>263</sup> At the heart of NPM is the aim to recalibrate misaligned incentives for public servants.

It has become increasingly clear that the NPM agenda has not led to more efficient or effective public services. Competitive markets have struggled to materialise, targets have proved to be gameable and cross-governmental approaches to complex and structural challenges are impeded by the entrenchment of delivery silos. Incentives do not promote collaboration across government bodies and this has led to more reactive, not preventative, services.<sup>264,265</sup>

It has also been argued by many that public sector workers are intrinsically motivated by a desire to play their part in the functioning of a healthy society – that they have an altruistic drive to serve their community and fellow citizens in the name of “public morality”.<sup>266</sup> In outlining their approach to post-NPM public service reform, Hannah Cameron, Deputy Commissioner of New Zealand’s Public Service Commission (Te Kawa Mataaho), posits that “[this] is what makes the public service different from private institutions in some ways. What people are motivated by in the public service is a sense of giving back to their community, whether it be to their local community or to their nation”.<sup>267</sup> Intuitively and anecdotally, we know that public sector staff have this internal drive to provide high-quality services to people who need them. We all have personal experience of teachers, doctors, nurses, police officers and care assistants who demonstrate commitment to service beyond what incentive structures could produce.

Hence, pivoting away from the orthodox paradigms and towards a model of more intrinsic motivation, New Zealand’s Public Service Act 2020 enshrines the concept of a “spirit of service to the community”:

1. The fundamental characteristic of the public service is acting with a spirit of service to the community.
2. Public service leaders, interdepartmental executive boards, boards of interdepartmental ventures, and boards of Crown agents must preserve, protect, and nurture the spirit of service to the community that public service employees bring to their work.<sup>268</sup>

262 Downs, A. A Theory of Bureaucracy. 1964. Available at: <https://www.rand.org/content/dam/rand/pubs/papers/2008/P3031.pdf>

263 Breton, A. and Wintrobe, R. The Equilibrium Size of a Budget-maximizing Bureau: A Note on Niskanen’s Theory of Bureaucracy. *Journal of Political Economy* 83(1), 1975. Available at: <https://doi.org/10.1086/260313>

264 Glover, B. 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>

265 Curtis, P., Glover, B. and O’Brien, A. The Preventative State: Rebuilding our local, social and civic foundations. Demos, 2023. Available at: <https://demos.co.uk/research/the-preventative-state-rebuilding-our-local-social-and-civic-foundations>

266 Wang, T-M., van Witteloostuijn, A. and Heine, F., A Moral Theory of Public Service Motivation. *Frontiers in Psychology*, 2020. Available at: <https://doi.org/10.3389/fpsyg.2020.517763>

267 House of Lords Public Services Committee. Corrected oral evidence: Designing a public services workforce fit for the future, Evidence Session No. 9, Q71, 2022. Available at: <https://committees.parliament.uk/oralevidence/10093/html>

268 New Zealand Parliamentary Counsel Office. Public Service Act 2020. New Zealand Government, 2020. Available at: <https://www.legislation.govt.nz/act/public/2020/0040/latest/LMS356872.html>



The intention is to promote the foundational principles of public service across government, to foster greater respect and trust between citizens and public servants, to embed a greater confidence in institutions and to facilitate greater cross-agency work on the basis of common values and culture.<sup>269</sup> This is a distinct conceptual and practical departure from the ‘dehumanized’ Weberian public servant who “does not establish a relationship to a person ... but rather is devoted to impersonal and functional purposes.”<sup>270,271</sup> Moreover, it rejects NPM’s working assumption that public services function best when their incentive mechanisms resemble private enterprise.

In New Zealand, rather than extrinsically motivating public sector workers, or considering them to be cogs in a larger machine, they are now building public sector structures on the basis of nurturing this inherent capacity and motivation for public service. As Hannah Cameron has described:

“Leaders do not give [the spirit of service] to public servants; they come into their role with it ... it is really important that we continue to respect, look for and celebrate that, because that gives the underlying motivation.”<sup>272</sup>

The underlying principles of public service – trust, integrity and confidence in institutions – are reinforced by individual experiences and human interactions. As set out legislatively, senior members of staff at public sector bodies are then held responsible for supporting this spirit of service among staff and for harnessing their intrinsic motivation.<sup>273</sup>

Another benefit of this has been the promotion of work across government departments and bodies. While NPM naturally divides government agencies into competing groups with often incongruous incentives according to their service area, instilling a common culture and a collective conception of service in terms of wider societal betterment – rather than fulfilling prescriptive targets – is a powerful unifying force for cross-agency work. While NPM sought to bring private sector efficiencies into the public sector, in many ways, it lost sight of the purpose of public service. New Zealand’s reforms offer a trailblazing example of how the UK sector can move on to a post-NPM paradigm that harnesses the spirit of service.

269 House of Lords Public Services Committee. Corrected oral evidence: Designing a public services workforce fit for the future, Evidence Session No. 9, Q71, 2022. Available at: <https://committees.parliament.uk/oralevidence/10093/html>

270 Gerth, H. H. and Mills, C. W (eds.) From Max Weber: Essays in Sociology, Chapter 13: Bureaucracy. Routledge, 1948. Available at: <https://www.taylorfrancis.com/chapters/mono/10.4324/9780203759240-13/bureaucracy-gerth-wright-mills>

271 Weber, M. Economy and Society: An Outline of Interpretative Sociology (Vol. 1). New York: Bedminster Press, 1968. Available at: <https://www.scirp.org/reference/referencespapers?referenceid=1256019>

272 House of Lords Public Services Committee. Corrected oral evidence: Designing a public services workforce fit for the future, Evidence Session No. 9, Q71, 2022. Available at: <https://committees.parliament.uk/oralevidence/10093/html>

273 House of Lords Public Services Committee. Corrected oral evidence: Designing a public services workforce fit for the future, Evidence Session No. 9, Q71, 2022. Available at: <https://committees.parliament.uk/oralevidence/10093/html>

Yet public sector workforce planning is not done in a joined-up fashion. It is fragmented across different functions or elements of workforce planning, such as the Migration Advisory Committee, eight separate Pay Review Bodies, the newly-established Skills England, and so on. It is also splintered by public service, reflecting central government departmental silos. For example, workforce planning for the NHS is led by the Department of Health and Social Care and NHS England; adult social care workforce planning is led by MHCLG; teacher workforce planning is led by the Department for Education; and there is insufficient coordination between departments.

Given these challenges, there is a strong case for a new institution to bring together these different functions and consider public service workforce policy in the round – a ‘Public Service Workforce Commission’ (see Table 15 for further details). This is inspired by the National Infrastructure Commission (NIC), an Executive Agency established in 2015. The NIC makes recommendations to the government and monitors the progress that the government makes on infrastructure. The Public Service Workforce Commission could also seek to benchmark the UK/England against best practice internationally. We therefore recommend that:

- **Recommendation 21:** The government should establish a *Public Service Workforce Commission*, housed in the *Public Service Reform Unit*. This should provide public sector workforce forecasts, alongside research and advice on relevant policy areas (such as immigration, training, skills and public sector pay).

**TABLE 15**  
SUMMARY OF PROPOSED ‘PUBLIC SERVICE WORKFORCE COMMISSION’

<b>Purpose</b>	To ensure the government takes a longer-term, joined-up approach to workforce planning across public services
<b>Form</b>	Cabinet Office Unit
<b>Functions</b>	Independent workforce forecasts Provide policy advice on relevant areas (immigration, training, skills, pay, labour market/employment rights)

Source: Author’s analysis

# CONCLUSION

## TESTING LIBERATION AND A NEW REFORM PLAYBOOK

### TESTING LIBERATION

The changes outlined above would bring significant benefits and would to a significant degree liberate public services. Yet there is also a need to go further and test a more substantially liberated approach. We suggest this is achieved through a select number of **Innovation Zones** in which public services will be afforded significant new regulatory, legal and administrative freedoms that push the boundaries of this agenda. Innovation Zones will be overseen by Public Service Reform Boards, which by bringing all relevant public service leaders together will seek to ensure a high degree of place-based integration of public services. Progress and outcomes will need to be closely monitored, tracked and evaluated; our proposed Audit and Learning Commission will have an important role to play in this. We therefore recommend that:

- **Recommendation 22:** The government should designate a number of *Innovation Zones* – a sub-national area, such as those covered currently by a Combined Authority, in which public services are able to operate in a significantly ‘liberated’ fashion. This will require further work and testing, but may mean significant freedom to experiment.

### A NEW REFORM PLAYBOOK

While we have considered these recommendations separately and across different policy themes, they add up to much more than the sum of their parts.

- **For ministers, their advisors and civil servants:** a streamlined role, moving away from the micromanagement of services towards providing the conditions for public service innovation across the country.
- **For Combined Authorities:** new responsibilities to drive public service reform, with additional scrutiny through the Audit and Learning Commission and Citizens’ Panels.
- **For frontline professionals:** new freedoms and autonomy, in return for a new set of duties.
- **For citizens:** a new, more strengths-based approach to public services, in which they interact with highly skilled professionals who have the freedom to tailor services around their needs.

This is a highly practical roadmap, which ministers could begin taking steps to implement immediately. Given the government's wish to demonstrate fast progress towards its missions, this is particularly important.

What emerges is a new reform playbook: a 21st century alternative to new public management's markets, measurement and managers. Our roadmap presents that approach: devolution, missions and the workforce.

- **Devolution** to facilitate a whole-systems approach to public services, tailored to local needs, assets and priorities.
- **Missions.** A new method for holding local areas to account: set broad missions and allow local areas flexibility in terms of how to meet these missions, and hold them to account for progress on missions.
- **Workforce.** Enabling professionals to move to more outcomes-oriented and person-centred ways of working and recognising that previous reform agendas have sometimes overlooked professionals, who are at the heart of public services and indeed public service reform.

# METHODOLOGICAL ANNEX

## PRODUCTIVITY ESTIMATES

This is a model of a scenario in which, from 2026-27 onwards, public service productivity increases across specific government departments (Department of Health, Department of Education, Department of Work and Pensions, Ministry of Justice, Ministry of Housing, Communities and Local Government of the United Kingdom). The model assumes an annual 2% increase in productivity beyond that which is currently forecast, compounding year-on-year (assuming a scenario of continual learning and improvement). This means a 2% compounding increase in output year on year beyond that which is already forecast.

The current forecast for productivity growth carries over the average increase from 1997-2019, as determined by the ONS measure of quality adjusted public service productivity growth. If we recover quickly from productivity losses following the onset of the pandemic, this may be an underestimate. However, recent productivity data - showing falls in productivity between 2022 and 2024 - suggests this may be unlikely and that continuing the productivity growth rate from 1997-2019 could also be an overestimate.

The model also factors in the costs of reforms, which are assumed to be equivalent to 95% pay restoration (a return to pay worth 95% of the 2010 real-terms level, adjusted for inflation by CPI) across the relevant government departments and associated occupations (the NHS, schools, and police) from 2025/26 onwards. This was estimated by taking the mean salary across all roles in each of the departments/organisations in 2010, and determining the cost to restore them to 95% of that level in 2023. We then calculate the cost of maintaining that in real-terms, given increases in inflation (CPI) in coming years. For inflation beyond the OBR's forecast, we assume annual inflation of 2%. This is estimated to be worth £17.0bn in 2025-26, increasing with inflation each year and reaching £20.2bn by 2034-35. These are calculated as a percentage of all costs of the relevant departments, and that percentage increase in costs is added into the inputs index.

The productivity is then calculated as outputs divided by inputs. The level of public service productivity in 2019 was 104% of that in 1997. **In the scenario we model, public service productivity returns to this level in 2033/34.**

In terms of the level of savings at this time, in the model, the improvements in productivity is assumed to mean less spending is required in the relevant departments to maintain the same level as service quality. This means there are savings proportional to the productivity increase - estimated to provide £61bn of savings by 2033-34. **Net savings in 2033/34 is therefore worth £61bn, minus the £20bn costs (£41bn).**

The current forecast for spending (total RDEL and CDEL) beyond 2029-30 takes the average spending annual increases for this Parliament (1.97%) - as forecasted by the OBR - and assumes that this average continues until 2034-35. In 2033-34, this is £729bn.

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