

DEMOS

THE REFORM DIVIDEND

A ROADMAP TO LIBERATE
PUBLIC SERVICES

POLICY BRIEFING

BEN GLOVER

DECEMBER 2024



**FUTURE PUBLIC
SERVICES TASKFORCE**
DEMOS

Open Access. Some rights reserved.

Open Access. Some rights reserved. As the publisher of this work, Demos wants to encourage the circulation of our work as widely as possible while retaining the copyright. We therefore have an open access policy which enables anyone to access our content online without charge. Anyone can download, save, perform or distribute this work in any format, including translation, without written permission. This is subject to the terms of the Creative Commons By Share Alike licence. The main conditions are:

- Demos and the author(s) are credited including our web address **www.demos.co.uk**
- If you use our work, you share the results under a similar licence

A full copy of the licence can be found at **<https://creativecommons.org/licenses/by-sa/3.0/legalcode>**

You are welcome to ask for permission to use this work for purposes other than those covered by the licence. Demos gratefully acknowledges the work of Creative Commons in inspiring our approach to copyright. To find out more go to **www.creativecommons.org**



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

CONTENTS

ABOUT THIS BRIEFING	PAGE 4
TASKFORCE ADVISORY BOARD	PAGE 5
TASKFORCE POLICY ADVISORS	PAGE 6
ROADMAP SUMMARY	PAGE 7
LIBERATED PUBLIC SERVICES: A NEW VISION, ROOTED IN LOCAL EXPERIMENTATION	PAGE 11
CHANGES TO GOVERNANCE STRUCTURES AND DUTIES	PAGE 13
CHANGES TO ACCOUNTABILITY	PAGE 16
CHANGES TO FUNDING MODELS	PAGE 18
CHANGES TO THE WORKFORCE	PAGE 20
TESTING LIBERATION	PAGE 21
A NEW REFORM PLAYBOOK	PAGE 25

ABOUT THIS BRIEFING

Over the last year, Demos' **Future Public Services Taskforce** has been developing a new, cross-cutting public service reform strategy, supported by Better Society Capital, Bridges Outcomes Partnerships, CIPFA and PA Consulting.

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

TASKFORCE ADVISORY BOARD



**LORD VICTOR
ADEBOWALE**

Chair of NHS
Confederation and
IPPR



**BARONESS
SIMONE FINN**

Former Deputy Chief
of Staff to the Prime
Minister



**RT HON
PATRICIA HEWITT**

Chair of the Norfolk
and Waveney NHS
Integrated Care Board



CHRIS NAYLOR

Director, Inner Circle
Consulting and Former
Chief Executive of Barking
and Dagenham Council



JONATHAN SLATER

Visiting Professor at King's
College London and Queen
Mary University London



TIM POPE

Public sector expert,
PA Consulting



MILA LUKIC

Founder and Chief
Executive Officer, Bridges
Outcomes Partnerships



AMAN JOHAL

Head of Social Outcomes,
Managing Director at
Better Society Capital



JOANNE PITT

Policy Advisor, Local
Government, CIPFA

TASKFORCE POLICY ADVISORS



PATRICK DIAMOND

Professor of Public Policy at Queen Mary, University of London and Director of the Mile End Institute



ALEX FOX OBE

Delivery Director - IMPOWER Consulting



NOEL HATCH

Assistant Director for People and Change at Adur & Worthing Councils



CATHERINE NEEDHAM

Professor of Public Policy and Public Management, University of Birmingham



ANNA RANDLE

Collaborate CIC



SIMON PARKER

Senior Public Servant



CAROLINE SLOCOCK

Director of the think tank, Civil Exchange

ROADMAP SUMMARY

CHALLENGE	POLICY SHIFT	RECOMMENDATIONS
Governance of English public services is too centralised but also fragmented locally and nationally	Shift 1 - Rebuild the centre's strategic reform capacity	<p>Recommendation 1: 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>Recommendation 2: The Unit should co-create and publish a cross-cutting public service reform White Paper in 2025.</p>
	Shift 2 - A new wave of public service devolution to Combined Authorities	<p>Recommendation 3: The government should establish <i>Public Service Reform Boards</i>, chaired by Combined Authority Mayors and housed in Combined Authorities.</p> <p>Recommendation 4: <i>Public Service Reform Boards</i> should produce Local Reform Plans, mirroring the government's proposed Local Growth Plans.</p> <p>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.</p> <p>Recommendation 6: The government should ensure that all areas of England are covered by Combined Authorities.</p> <p>Recommendation 7: The 'right to request' process should be overseen by a new <i>Office for Devolution</i> (OfD) accountable to Parliament.</p>
Targets too often don't measure what matters	Shift 3 - Missions and 'minimum service standards'	<p>Recommendation 8: The government should translate its high-level missions into a number of 'mission metrics'.</p> <p>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 for the Nations and Regions.</p>

CHALLENGE	POLICY SHIFT	RECOMMENDATIONS
Targets too often don't measure what matters	Shift 3 - Missions and 'minimum service standards'	<p>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.</p> <p>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.</p>
Accountability for services is too centralised	Shift 4 - Rebuild local accountability for public services	<p>Recommendation 12: The government should establish an <i>Audit and Learning Commission</i>.</p> <p>Recommendation 13: 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>
Funding is too short-term, siloed and inflexible	Shift 5 - Place-based budgets	<p>Recommendation 14: 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>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 <i>Total Place+</i> budgets, maintaining accountability for public spending.</p>
	Shift 6 - 'Government as a foundation'	<p>Recommendation 16: 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>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.</p>

CHALLENGE	POLICY SHIFT	RECOMMENDATIONS
<p>Workers are demoralised and exhausted, and there are too many vacancies as a result</p>	<p>Shift 7 - A new 'respect agenda' for the workforce</p>	<p>Recommendation 18: 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>Recommendation 19: 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>Recommendation 20: 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>Recommendation 21: 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>
<p>Testing Liberation</p>		<p>Recommendation 22: 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>

PUBLIC SERVICE REFORM IS THE ONLY GAME IN TOWN

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; Multi-Academy 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.^{1,2} 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.

1 Andrew Phillips, Working Together: The case for universal employment support, Demos. Available at: <https://demos.co.uk/research/working-together-the-case-for-universal-employment-support/> (accessed 9 October 2024).

2 <https://assets.publishing.service.gov.uk/media/67448dd1ece939d55ce92fee/get-britain-working-white-paper.pdf>

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, cross-cutting, 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 for 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 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.³

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.

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 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.⁴

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 their 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.

³ <https://ifs.org.uk/news/sure-start-reduced-likelihood-ending-youth-custody-fifth#:~:text=New%20research%20from%20the%20IFS,reduced%20serious%20offending%20in%20adolescence.>

⁴ Duncan Henderson, Grant Dalton and Akash Paun, Trailblazer devolution deals, Institute for Government, 2023. Available at: <https://www.instituteforgovernment.org.uk/explainer/trailblazer-devolution-deals> (accessed 4 November 2024).

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.

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.

We 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.

- **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	Shift 1 - Rebuild the centre's strategic reform capacity	<p>Recommendation 1: 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>Recommendation 2: The Unit should co-create and publish a cross-cutting public service reform White Paper in 2025.</p>
	Shift 2 - A new wave of public service devolution to Combined Authorities	<p>Recommendation 3: The government should establish <i>Public Service Reform Boards</i>, chaired by Combined Authority Mayors and housed in Combined Authorities.</p> <p>Recommendation 4: <i>Public Service Reform Boards</i> should produce Local Reform Plans, mirroring the government's proposed Local Growth Plans.</p> <p>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.</p> <p>Recommendation 6: The government should ensure that all areas of England are covered by Combined Authorities.</p> <p>Recommendation 7: The 'right to request' process should be overseen by a new <i>Office for Devolution</i> (OfD) accountable to Parliament.</p>
Targets too often don't measure what matters	Shift 3 - Missions and 'minimum service standards'	<p>Recommendation 8: The government should translate its high-level missions into a number of 'mission metrics'.</p> <p>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 for the Nations and Regions.</p> <p>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.</p> <p>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.</p>

CHALLENGE	POLICY SHIFT	RECOMMENDATIONS
Accountability for services is too centralised	Shift 4 - Rebuild local accountability for public services	<p>Recommendation 12: The government should establish an <i>Audit and Learning Commission</i>.</p> <p>Recommendation 13: 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>
Funding is too short-term, siloed and inflexible	Shift 5 - Place-based budgets	<p>Recommendation 14: 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>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 <i>Total Place+</i> budgets, maintaining accountability for public spending.</p>
Funding is too short-term, siloed and inflexible	Shift 6 - 'Government as a foundation'	<p>Recommendation 16: 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>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.</p>

CHALLENGE	POLICY SHIFT	RECOMMENDATIONS
<p>Workers are demoralised and exhausted, and there are too many vacancies as a result</p>	<p>Shift 7 - A new 'respect agenda' for the workforce</p>	<p>Recommendation 18: 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>Recommendation 19: 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>Recommendation 20: 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>Recommendation 21: 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>
<p>Testing Liberation</p>		<p>Recommendation 22: 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>

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 Office for Devolution and Citizens' Panels.
- **For frontline professionals:** new freedoms and autonomy and investment in their development, in return for a new set of duties.
- **For citizens:** a new, more strengths-based approach to public services, in which citizens interact with highly skilled professionals who have the freedom to tailor services around people's needs.

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, 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.

Licence to publish

Demos – Licence to Publish

The work (as defined below) is provided under the terms of this licence ('licence'). The work is protected by copyright and/or other applicable law. Any use of the work other than as authorized under this licence is prohibited. By exercising any rights to the work provided here, you accept and agree to be bound by the terms of this licence. Demos grants you the rights contained here in consideration of your acceptance of such terms and conditions.

1 Definitions

a 'Collective Work' means a work, such as a periodical issue, anthology or encyclopedia, in which the Work in its entirety in unmodified form, along with a number of other contributions, constituting separate and independent works in themselves, are assembled into a collective whole. A work that constitutes a Collective Work will not be considered a Derivative Work (as defined below) for the purposes of this Licence.

b 'Derivative Work' means a work based upon the Work or upon the Work and other pre-existing works, such as a musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which the Work may be recast, transformed, or adapted, except that a work that constitutes a Collective Work or a translation from English into another language will not be considered a Derivative Work for the purpose of this Licence.

c 'Licensor' means the individual or entity that offers the Work under the terms of this Licence.

d 'Original Author' means the individual or entity who created the Work.

e 'Work' means the copyrightable work of authorship offered under the terms of this Licence.

f 'You' means an individual or entity exercising rights under this Licence who has not previously violated the terms of this Licence with respect to the Work, or who has received express permission from Demos to exercise rights under this Licence despite a previous violation.

2 Fair Use Rights

Nothing in this licence is intended to reduce, limit, or restrict any rights arising from fair use, first sale or other limitations on the exclusive rights of the copyright owner under copyright law or other applicable laws.

3 Licence Grant

Subject to the terms and conditions of this Licence, Licensor hereby grants You a worldwide, royalty-free, non-exclusive, perpetual (for the duration of the applicable copyright) licence to exercise the rights in the Work as stated below:

a to reproduce the Work, to incorporate the Work into one or more Collective Works, and to reproduce the Work as incorporated in the Collective Works;

b to distribute copies or phono-records of, display publicly, perform publicly, and perform publicly by means of a digital audio transmission the Work including as incorporated in Collective Works; The above rights may be exercised in all media and formats whether now known or hereafter devised. The above rights include the right to make such modifications as are technically necessary to exercise the rights in other media and formats. All rights not expressly granted by Licensor are hereby reserved.

4 Restrictions

The licence granted in Section 3 above is expressly made subject to and limited by the following restrictions:

a You may distribute, publicly display, publicly perform, or publicly digitally perform the Work only under the terms of this Licence, and You must include a copy of, or the Uniform Resource Identifier for, this Licence with every copy or phono-record of the Work You distribute, publicly display, publicly perform, or publicly digitally perform. You may not offer or impose any terms on the Work that alter or restrict the terms of this Licence or the recipients' exercise of the rights granted hereunder. You may not sublicense the Work. You must keep intact all notices that refer to this Licence and to the disclaimer of warranties. You may not distribute, publicly display, publicly perform, or publicly digitally perform the Work with any technological measures that control access or use of the Work in a manner inconsistent with the terms of this Licence Agreement. The above applies to the Work as incorporated in a Collective Work, but this does not require the Collective Work apart from the Work itself to be made subject to the terms of this Licence. If You create a Collective Work, upon notice from any Licensor You must, to the extent practicable, remove from the Collective Work any reference to such Licensor or the Original Author, as requested.

b You may not exercise any of the rights granted to You in Section 3 above in any manner that is primarily intended

DEMOS

Demos is a champion of people, ideas and democracy. We bring people together. We bridge divides. We listen and we understand. We are practical about the problems we face, but endlessly optimistic and ambitious about our capacity, together, to overcome them.

At a crossroads in Britain's history, we need ideas for renewal, reconnection and the restoration of hope. Challenges from populism to climate change remain unsolved, and a technological revolution dawns, but the centre of politics has been intellectually paralysed. Demos will change that. We can counter the impossible promises of the political extremes, and challenge despair – by bringing to life an aspirational narrative about the future of Britain that is rooted in the hopes and ambitions of people from across our country.

Demos is an independent, educational charity, registered in England and Wales. (Charity Registration no. 1042046)

Find out more at www.demos.co.uk

DEMOS

PUBLISHED BY DEMOS DECEMBER 2024

© DEMOS. SOME RIGHTS RESERVED.

15 WHITEHALL, LONDON, SW1A 2DD

T: 020 3878 3955

HELLO@DEMOS.CO.UK

WWW.DEMOS.CO.UK