

“After endless promises, it is time to put our trust back in the front line of public services...”

LEADING FROM THE FRONT

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with Jamie Bartlett

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INTRODUCTION

The challenges facing Britain's public services today are well known. They do not give people what they want, they are expensive to run, and public servants are demoralised. These problems are especially acute in the recession: how can the next government make savings without making matters worse and jeopardising the progressive agenda?

The Labour answer is to cut with kindness, preserving jobs in public services. The Conservatives now need to articulate their own vision of sustainable cuts. If they are serious about governing as *progressive* conservatives their approach must be to empower the frontline.

Leading from the Front argues that public service reform should be based on three clear principles:

- professionals should be liberated from bureaucracy and over-management, freeing them to focus on serving the public
- greater emphasis must be put on training and up-skilling in public services
- accountability needs to be smarter and more effective – with greater freedom comes greater responsibility.

This may sound like an old-school right wing narrative. In fact this is about getting better services for the public in an era of austerity. It is about redefining the role of the state and policy in public service delivery and the relationship between those who serve the public and those who govern. This is not simply an attempt to hand over power to professionals; empowering frontline staff will also serve to empower citizens.

The guiding vision is a distinctly 'progressive conservative' one: public services should be as free as possible to organise themselves and should then be rigorously held to account for the results. This is not a return to the time when public service professionals could do whatever they wished with little reference to the public. Rather, this means empowering front line professionals to do their job without interference from above. It means training and trusting public servants to serve and take the responsibility for improving the services they deliver. Empowered citizens need empowered staff – the people with whom they have a relationship – to have the power and resources to help get them what they need. Not only will this result in better services, it can also save money, by reducing the bureaucratic burden on the public sector.

Our research shows the real cost savings that could be achieved if a range of reforms were introduced. Contemporary economic pressures dictate that these savings must be made. In the longer term, however, that money could be reinvested in the up-skilling of our public servants, making our teachers, personal advisors and other frontline professionals the best in the world.

In 1979, the Conservative government looked to the dynamic world of business for inspiration as to how the sluggish public services of the 1970s could be transformed. If it looks again, it will find that the best performing businesses are those that give their employees control and autonomy in their workplace. This sense of agency does not translate into poor performance or wasteful practice. Instead it is a source of great productivity and responsibility.

This is a distant cry from how our public services look at the moment. To make the change, we should:

1. *Abolish central auditing and replace it with local control*

At present, the state enforces accountability and manages performance through a web of central auditing quangos, such as the National Audit Office and The Audit Commission. In a post-bureaucratic state, staff should look out to citizens, not up to central inspection regimes. In the first instance, accountability should come from the ballot box or through citizen choice. Where it cannot, central government's role should be to capture, collate and provide information on the outcomes that services provide. Where services are failing, government should look to successful professional peers to turn organisations around.

2. *Up-skill the frontline*

Professions such as teaching are too important to sacrifice quality in favour of quantity. We should make it tougher to become a teacher, a nurse, or a social worker, with extended training and more rigorous selection, and then reward those who make it with more independence, more autonomy more prestige, and ultimately, better pay.

3. *Push budget control down to the frontline*

In healthcare, for example, we should eliminate the new tiers of management that have been created through Foundation Trusts and hand budget control directly to the clinicians who really understand where money is best spent.

4. *Remove middle management*

Social workers or Jobcentre advisors should be allowed to form self-directed teams so that they can put their expertise and ideas to best use. We can prevent the steady sagging of morale in the public sector, but only if we are prepared to hand back the reins to those who know what they're doing.

5. 'Academise' all schools

Once reforms to improve teaching standards and status are in place, the freedoms available to academies must be rolled out across the schools system. Having invested in high-quality professionals government should have the courage of their convictions and allow them to get on with the job they have been trained to do.

For the past two decades, governments have promised to empower front line staff – but it takes enormous political courage to enact the reforms proposed in this report. Governments are always shy of handing over power, especially when there is risk involved. But if we want to create a public sector that is smart, service orientated and efficient then we need to place trust in our professionals.

CHAPTER 1 – WHAT WENT WRONG?

Since 1979, the only constant feature of our public services has been change. Successive governments have tried and re-tried an endless array of approaches to transform performance, from command and control to voice and choice. Those same governments also promised to empower front line staff and slash bureaucracy. As far back 1994 John Major promised to ‘put the front line first,’ a phrase that has been repeated ever since.¹ This same motivation inspired many of Labour’s more recent reforms: centralisation and targets were meant to support public servants in delivering more equitable and efficient services, not emasculate them. Manifestly, that failed.

Despite huge amounts of effort and investment, we still do not have the schools and hospitals we need. As Sir Michael Barber, the first director of Tony Blair’s Delivery Unit admits, improvement since 1997 fell far short of what had been hoped. Services are ‘mostly heading in the right direction,’ but still just creeping services up from ‘awful’ to ‘adequate’.² Not the radical transformation envisaged. Indeed, from 1998-2004 the percentage of the public who said public services failed to meet their expectations rose from 40 per cent to 51 per cent.³

Faceless

When asked in 2005 by MORI what characterises public servants, the British public’s top three answers were (in order) ‘bureaucratic’, ‘infuriating’, and ‘faceless’.⁴ At the same time though, doctors, teachers and professors remain the most trusted professions of all in both the public and private sectors – and that has been increasing since 1979.⁵ Most people’s experience of public services is of committed doctors, teachers, soldiers and civil servants who are hamstrung by a bureaucratic system that stops them doing their job.

Public servants in the UK are respected, but not to the extent that our top graduates dream of becoming teachers, policemen, social workers and nurses: these professions are considered ‘low status’ in UK society, and this impacts on the quality of those we recruit.⁶ In contrast, in the private sector companies are able to select from the best of the best, year after year. Research is clear on why this is: apart from doctors, the majority of public service professionals are seen as powerless, low paid, poorly trained and at the mercy of governmental whim.

It is undeniable that the public sector too suffers a morale problem. Despite the vocational nature of many public sector roles 'just 54 per cent of public sector workers feel valued at work, against nearly 60 per cent in the private sector.'⁷ Whilst this differential is not huge there is clearly a problem if those working to deliver vital services feel so dissatisfied and under valued. Furthermore, according to government figures, teachers own self-rating was poor, compared to private sector professional jobs.⁸ Something has gone badly wrong.

The fault is in the boundaries of responsibility between government, institutions, professionals and clients.

The man in the ministry knows best

Since 1945, there have been two basic conceptual approaches to how running our public services, which are themselves a reflection of wider changes in manufacturing, business and society. Before then, doctors, teachers, soldiers and civil servants regulated themselves, governed by professional academies and professional ethos. There was a platonic ideal of what it was to be a fine mandarin or surgeon, and this social expectation drove recruitment, morale and, to some extent, performance.

However, in the Thirties and Forties manufacturing, business, and politics changed. In the 1920s Henry Ford introduced his all conquering techniques of mass production – where workers were reduced to part of the machine, specialising in performing one activity repetitively.⁹ Production increased dramatically. To manage production of this scale, Weber's famous principles began to be applied to bureaucracies all over the world. The way to run professional and competent organisations was on the basis of strict hierarchies with clear definitions of responsibility and tasks, all bound together by exacting and unbending rules.

The creation of the welfare state in 1945 operated along these lines. National structures produced universal, homogenous, services. Weber called his own system the 'iron cage', but it was undeniably better than the patchwork of provision that preceded it. The mass-produced, tightly controlled bureaucracy of the post-war era was explicitly about forcing staff to deliver, but it was the best way to respond to the challenges of the time. The 1920s and 1930s autonomous professional model resulted in inequitable distribution of services, unaccountable doctors and sloppy teaching. Conditioned by the command hierarchies of wartime, it seemed natural that the man in the ministry knew best. This was the Factory State, dominant from the Wall Street Crash to the late 1970s, and still firmly embedded in public services today.

By the late 1970s business had changed, and so too did the public sector. The neo-liberal revolution under Thatcher tore up the Weberian consensus and a new model emerged characterised by stronger market orientation, compulsory competitive tendering, and privatisation. This became known as 'New Public Management' (NPM). A stripped down market place, not the man in the ministry knew best – and this was the way to drive efficiency and performance.

Once again, this was government responding to a changing environment. True, Thatcher and Joseph naturally distrusted public servants, but it is also fair to say that in by the mid 1970s, too much of the public sector was not focused on delivering what the public wanted and did not offer much value for money: it was wasteful and bloated. The introduction of market practices through NPM was an attempt to make sure citizens – not mandarins – were in charge, and to make the system as a whole leaner and more efficient. NPM, though, needed a lot of executive bodies and performance management systems to facilitate implementation and delivery.

New Labour continued with NPM, sometimes even expanding it. But unlike the outgoing Conservative government, they ploughed money into the public sector – there was a 55 per cent increase in real terms in less than a decade. Given that public services were under-performing, the Labour government understandably wanted to track progress and drive up standards, making sure the investment was delivering results. So a heavy leavening of targets was created against which public bodies would be judged. These were formalised in Public Service Agreements between Departments and the Treasury and new inspection, improvement and delivery bodies were set up in order to push it all forward. It was grandly called the 'third way' – but in reality was a combination of NPM and Weber's command and control.¹⁰

The shifting approach of government was grounded in the context of the time. New Labour's obsession with targets was a genuine attempt to improve performance in low performing services – and there were plenty of them. In many areas, these targets were met, hospital waiting lists went down, and literacy rates went up. However, the investment that helped make this possible is no longer possible.

We now seem to be moving to a new model – voice and choice. Over the last five years there have been a variety of mechanisms that aim to ensure the public have greater control and do not have to settle for whatever a monopoly of public provision offers them. However, choice is not real if the options are centrally dictated. If we are to truly empower the public we must start by empowering front line professionals. Real choice comes from having a variety of services over which public servants have a degree of discretion and autonomy.

A lack of trust in the frontline

Weber, NPM, targets, even voice and choice, appear on the surface to be very different. But there is a constant thread running throughout, which explains why things services have not improved in the way hoped. Since 1945, our public services have been marked by a lack of trust in the people that work there, and as a consequence, by an obsession of with controlling them. Despite all the rhetoric – from all parties – no government has even been able to truly put its faith in front line staff to deliver. No government has ever been able to let go.

Our public sector is what Douglas McGregor describes as a ‘theory X’ organisation. Theory X is a view of human nature which argues that employees cannot be trusted. They are motivated purely by extrinsic incentives, and without them tend to be lazy and selfish. That being the case, they need to be controlled, managed and sanctioned.¹¹ Whether the discipline comes from Whitehall or the market – theory X believes people need extrinsic motivation to get anything done. They cannot do it themselves.

Theory X does sometimes hold true. Above all public servants need to be accountable to the public. Sometimes people – including public servants – do need to be sanctioned and directed. As Julian Le Grand has argued, some public servants are altruistic and self-motivated. But others are lazy, selfish and incompetent. There is, and always will be, a mixture of what he calls ‘knights and knaves’.¹²

But the quest to control people, even when for good reasons, too often becomes counter productive. Public servants are now more distant from the public than ever – spending too long on tasks that keep them away from interacting with public. There has been an incremental, but very substantial disempowerment and demoralisation of front line staff as a result. Ultimately, this benefits no-one, least of all the public who are getting a worse deal.

Because public servants are not trusted, an enormous architecture of watching, measuring and counting has sprouted around them. Staff cannot be left alone to get on with the job, so managers are needed – not to facilitate work as a good manager should – but to make sure they are getting on with the job. The number of managers in the NHS has doubled since 1997, and the manager to bed ratio has gone from 12:1 to 5:1. It is estimated that today over £1 billion is spent on bureaucratic supervision and management consultancy in the NHS alone every single year.¹³ But the managers themselves cannot be trusted either – they too need to be monitored. As a result, since the mid 1980s there has been an explosion of central auditing bodies and reporting requirements - eight hundred quangos costing around £35 billion a year with local authorities spending around £2 million preparing for their annual audits.

The effects of this on performance are obvious. For police, the paperwork associated with arresting someone – no matter whether they are a petty criminal or a serious offender – keeps officers off the beat for an average of 3.5 hours, while social workers reportedly spend over half their time in front of a computer screen.¹⁴ Little wonder that the average amount of time a police officer spends on street patrol is as low as 14 per cent, and more than half of NHS staff don't think that patient care is their Trust's top priority.¹⁵¹⁶

Thatcher famously believed that the public sector will always expand because public servants want to build up and protect their own 'fiefdoms'.¹⁷ In short, public servants cannot be trusted. However, the experience of the last three decades suggests that fiefdoms build up *because* they are not trusted.

Working in an organisation where you are not trusted is neither rewarding nor empowering. Work is boring and prescribed. The wasted talent, the wasted ideas and contribution, is immeasurable. Adam Smith knew that his famous pin factory would improve production, but warned that 'the man whose whole life is spent performing a few simple operations...has no occasion to exert his understanding or to exercise his invention in finding out expedencies for removing difficulties. He generally becomes as stupid and as ignorant as it is possible for a human creature to become.'¹⁸ A recent report from the National Audit Office found that few public sector employees had ever been asked to make a contribution to how their organisation works, despite the fact that they know it better than anyone.¹⁹

For people who joined the public sector to make a difference – whether skilled or unskilled – this is demoralising. Much of what the state 'produces' is not a commodity. Many staff are drawn in by a sense of public service.²⁰ Some of these things are not easily measured. Trapping public servants in a Weberian 'iron cage' destroys staff motivation for entering the public sector in the first place. When asked to explain their demoralisation, 56 per cent of teachers cited excessive workload (including unnecessary paperwork); 39 per cent 'initiative overload' (excessive guidance from government). Little wonder that as many as a third of teachers are planning to leave their jobs within five years.²¹

Even though targets are set to improve performance, there are many examples of negative and unintended consequences. Targets can be useful – they can provide a measure by which to hold people to account. But too often it is counter productive. Targets are met – so performance appears to be improving – but the service does not improve from the perspective of the user. To meet the four-hour waiting time target for accident and emergency treatment, staff simply left patients outside the front door.²² When government decreed GPs would see all patients within forty-eight hours of an appointment, GPs simply

refused to book appointments more than two days in advance. Similar examples are available in housing benefit payments, and social housing repair times.²³ The results can be tragic. The waiting time targets at one eye hospital were achieved by cancelling and delaying follow-ups, and as a result at least 25 people became blind because of perfectly preventable problems.²⁴

The risk of rules

The central concern for governments is, rightly, to reduce various types of risk – risk of public money being wasted, and of services not doing what they should.²⁵ This is the function of our auditing and inspection bodies. Again, it is an important endeavour because public money does need to be spent well and services need to be checked. However, the problem is that the obsession with rules has meant that auditing has become remote, characterised by long distance methods, quantitative data and little time spent with teachers, carers, social workers and so on.²⁶ This has created what Paul Buxton calls the ‘illusion of control’.

The case of Baby P is a tragic illustration of what can happen when a mechanistic application of rules trumps human judgement and discretion. The inspection system, established with the best intentions to keep children safe, did not protect him. Indeed Haringey was a three-star rated authority.²⁷ Targets can create a superficial impression of excellence; progressive conservatives should believe in the attainability of real excellence in public services. In order to deliver this we must give professionals real discretion, not just tick-box forms to complete.

Moreover when services are over-specialised into too many routine functions, any economies of scale can easily be wiped out by errors as work is handed from one stage in the process to another. When Her Majesty’s Custom and Revenue broke down and standardised their tax return system, an average of six people – rather than one – handled each tax return. One million people paid the wrong amount of tax the following year, which of course then needed to be rectified. Some research has suggested that this sort of demand – failure demand as a result of not getting things right the first time – accounts for as much as 80 per cent of local authority activity.²⁸

Some of the best business around the world are beginning to realise that operating on the principles of theory X can become counter productive. Emerging evidence from various branches of behavioural economics and social psychology is showing that humans also have a tendency to cooperation and intrinsic motivation, and a better way to motivate people is to incentivise that. There is an alternative to theory X: theory Y. Where public servants lead from the front.

CHAPTER 2 – THE PROGRESSIVE CONSERVATIVE VISION

The next government must offer a fresh vision for public services, based on a fundamentally different view of human motivation. The progressive conservative vision is of empowered front-line workers, encouraged and enabled to take responsibility for improving the services they deliver, and our institutions – hospitals, schools, police forces, freed from centralised control and allowed to take responsibility for themselves where possible, and to experiment with different delivery and management models.

This report is about changing the relationship between government and the front line. Where possible we want to devolve responsibility and control to those on the front line of service delivery, by changing the power relationship between government/local authority and public sector institutions and ensuring that where possible, decision-making power rests with professionals, not the middle-man. But this approach requires us to reflect on our processes of accountability. In an age where people have access to more knowledge and information, there is inevitably less intrinsic trust. People have been conditioned, by the responsiveness of massive plurality of choice and consumer voice, to expect services to reflect their personal needs. These societal shifts mean that it is no longer appropriate for accountability to rest in a remote office in Whitehall; people are better prepared and better equipped to hold their services to account themselves.

Meaningful motivation

Theory Y organisations believe that people find meaning and purpose in work, and this is the greatest source of productivity and performance. People will naturally seek and take responsibility without any external threat of punishment. Given agency and control, people are capable of intrinsic motivation and will be responsible with it.

In 1979, the incoming Conservative government looked to the dynamic and efficient world of business and saw it could transform public services. It introduced a series of business led reforms that totally changed public services beyond recognition. It is time for progressive conservatives to learn from business again. And again, the dynamic world of business is now replete with cutting edge companies that have prioritised staff wellbeing, freedom, agency

and control. They are exciting and meaningful places to work, and above all they are efficient and productive.

Drawing from examples of best practice in the corporate sector, government should reform public services according to these six principles. They are as relevant to individuals working within organisations as they are to the institutions themselves.

Principle 1: Public sector organisations should be accountable to those they serve

In the private sector teams and businesses are held to account by the market. In the public sector we need new, and rigorously enforced, systems of accountability to ensure that professionals who are free to do their jobs are not free to fail. Those systems should be driven by service users themselves: we need to move away from centralised accountability measures and empower the public to hold their services to account.

Principle 2: The best way to improve public services is to make working in them meaningful and satisfying

Work is an essential way of finding meaning in our lives. It has become fashionable to talk about a work-life balance and individual wellbeing: Cameron famously once claimed that emotional wellbeing is more important than economic success. This is especially true in our public services. People often choose public service to make a difference, yet somehow we have a system that frustrates that instinct. Meaning in work is a surer route to world-class public services than any number of central blueprints telling organisations how to organise themselves.

A good example of a corporate body that has successfully employed this concept is Toyota, the world's largest car manufacturer by sales and profits.²⁹ It has consistently been at the cutting edge of production techniques and innovative car design and leads the way in customer satisfaction rankings.³⁰ In the 1970s Toyota rejected Henry Ford's model of line production, which had dominated car construction for fifty years, in favour of *kaizen*, or continuous improvement. Instead of repetitive specialisation, Toyota workers rotate within their team to break the monotony, and gain a more holistic view of the production process. The result is world beating efficiency. When Toyota asked its workers to design how their plant should be operated, they came up with a system 40 per cent better than the old one.³¹ Another example is Google, whose innovative working environment is legendary. Google's *20% Project* allows engineers to spend 20 per cent of their time on initiatives they are particularly enthusiastic about. This

creates the flexibility and quick thinking. By trusting its staff, Google has kept at the leading edge of the one of the world's fastest changing industries.³²

Gore-tex, another theory-Y organisation, ascribes much of its success to its unique management style. There are no formal managers. People work in small groups, with an emphasis on making associates feel that they can reach their potential, and actively contribute within this small team environment. Salaries are calculated on the basis of associates' contribution to projects, which is measured through polling of their fellow employees.³³ Gore-tex is rated as one of the best companies to work for, both in the UK and globally.³⁴

The reason these companies return such impressive results is because they work hard to create a workplace that creates meaning for people – and gives them the freedom to pursue that. Staff are not just cogs in a machine, but are encouraged to use their individual skills and insights to improve the way things are done. Gore-tex staff are productive because they are happy and feel like they can make a difference at work.³⁵ Predictably, the standard of applicant is incredibly high: Gore-tex had 19,108 applications last year for 150 vacancies.³⁶ This is the sort of demand that our public services should expect.

Principle 3: Responsibility comes from agency and autonomy

Having a stake in one's life is a good in and of itself. Ownership has positive effects on behaviour. While this concept has been applied traditionally in terms of wider societal asset ownership and is argued for extensively in our pamphlet, *Recapitalising the poor*, the same principle applies in the workplace.³⁷ Here it is not ownership, but agency and autonomy. With that comes responsibility.

Organisations that have experimented with giving people control over their own workplace demonstrate that it does not lead to selfish, lazy behaviour – rather the opposite. Gain sharing, for example, is a private sector technique to promote cooperation and improvement. Gain sharing measures monthly financial performance against a ten-year average. When performance rises above average, all employees are paid a bonus. Reviews of gain share plans have demonstrated how they increase team work, reduce grievance, and – most crucially – increase output. British Telecom's *Freedom to Work* programme is another good example. Under the scheme, workers were given an overall goal but were left to devise their own working schedules. Productivity increased, and turnover went down dramatically.³⁸ A similar scheme for British Telecom's field engineers saw productivity rise by 5 per cent and service quality by 8 per cent.³⁹

Agency and control can be expressed in several ways. In some companies, staff set their own hours, salaries, job titles, make democratic decisions about their

own workplace – and even hire their own managers. A striking example comes from Brazil’s most famous company, Semco, whose approach is to devolve control over the company’s operations to the lowest level. Semco is made up of autonomous business units. Managers marshal their own budgets, and set business objectives, matched with greater responsibility for their teams’ performance. There is no strategy for the group or individual units more than six months in the future. There is no permanent CEO and no permanent rules. Semco has grown by an average of 27 per cent a year and staff turnover is just 2 per cent.⁴⁰

If this principle was applied to public sector organisations, like schools, it would mean that all state schools would behave more like Academies: taking more responsibility for setting their own objectives, managing their own budgets and taking responsibility for their performance. The lessons learnt from the existing Academy programme demonstrate how effective these principles are in practice: freedom to innovate means freedom to achieve.

Principle 4: There is such a thing as vocation and the public sector ethos

People are not just motivated by the drive for profit and personal success but also out of genuinely virtuous motives and the desire for excellence. This should be encouraged.

There is an extensive body of research that demonstrates that human behaviour involving interaction between unrelated individuals cannot be explained solely in terms of self-interest. Political scientists, social psychologists and behavioural economists have shown the flaws in the self-interested actor model.⁴¹ Over a decade of research in experimental economics, social psychology, anthropology and game theory, demonstrates that we are neither the self-sacrificing angels nor the self-interested brutes of rational choice theory. Sometimes we are selfish, at other times we are true altruists. But most of the time we are reciprocators – we meet kindness with kindness.

Ignoring that people are, and can be, motivated by a sense of public good is in fact counter-productive. A recent survey of new entrants to the civil service showed that 90 per cent of them were attracted to the job because they felt they could benefit wider society. We can, and should, appeal to this vocational instinct in public servants. What is more we must reflect and reward it by granting autonomy, responsibility and status to those with a desire to serve the public. The drive to make a difference is the motivating force – but this must be cultivated.

Principle 5: Good rules do not equal good judgement

Human contact and human discretion are a better guide to improving performance and guiding behaviour than rules.

This means two things. Firstly, rules cannot dictate all the interactions between the public and public servants. Everyone is different, and every situation unique. No system of rules, no matter how complex or comprehensive could ever cover the variety of situations that public servants will confront. Multi-faceted problems cannot be standardised and trying to do so will only dehumanise the relationships between the public and public servants. Public servants have to be allowed and expected to take responsibility for what happens to those under their care and protection. This requires social maturity, which is a key theme of progressive conservative thought.

Secondly, it is impossible to sanction and inspect all behaviour in all services, all the time. Nor should it. Far better is to create a system that prioritises and encourages virtuous behaviour. Far better is to help people be self-regulating – accountable to each other and the people they serve. The best way to monitor performance and drive it up is not through rules and sanctions, it is through peer to peer accountability. Peers are the best judges of performance – Councillors in Haringey saw that Children’s services were not performing as they should, even as the Audit Commission was awarding them three stars.⁴² This is because, as numerous studies have consistently demonstrated, the biggest single type of accountability that improves performance is that of peers.⁴³ There is evidence that people perform better in democratically structured environments rather than hierarchical ones. Behavioural psychology evidence about the role of group identity in influencing positive social norms: when people know those they work with well and work with the same small group of people routinely and over a long time period, the behaviour of the worst performer improves to match that of the top performer.⁴⁴ This is seen in schools, in classrooms and in the workplace.

Principle 6: Excellence should be recognised and rewarded

Public services can only be excellent if public servants are excellent, and this means we need to be more rigorous in our selection and more intensive in our training of those on the frontline. It is quite obvious there will be public servants who, with all the right intentions do not have the skills to take advantage of a more autonomous system. Just as we have argued there is little point having skills with no autonomy, it is equally dangerous to have autonomy without capacity. Quite simply, we should not be recruiting people who are not up to the job,

It is well known that the poor training provided for Jobcentre plus staff, alongside the low status of many Jobcentre plus roles, limits their ability to

affect the maximum impact on the people they serve.⁴⁵ And in education, while countries characterised by world-class education systems – such as Finland – invest heavily in intensive training and recruitment, recruiting from the top 10 per cent of graduates and expecting teachers to spend four years in training before qualifying, in the UK we only provide only one year of formal training. Entry requirements for Initial Teachers require only a degree pass and GCSE grade C in maths and English.⁴⁶ No wonder, then, that in Finland the teaching profession is high-status whereas in the UK top graduates claim that they are put off by the low status of the profession and prefer to take their skills and qualifications to the private sector⁴⁷.

The quality of training matters as much as the process of recruitment; this has the potential to increase standards but also to enhance status and attract high calibre individuals (as shown by Finland – following the radical reform of teacher training, quality of candidates increased radically, as did overall standards of education)⁴⁸. In Singapore, the high status of teachers and civil servants is maintained by a highly selective recruitment process in which only the top ten per cent of graduated are able to apply.

Inevitably, more exhaustive and detailed training and recruitment will mean that some of those who may currently be able to enter public service will be unable to do so. First class public services require first class public servants.

Can this work?

The principles outlined here apply across the board. They are not just for highly trained professional staff – doctors or teachers. Anyone working in any part of an organisation is more motivated, harder working and more innovative, when working under these conditions. Work can and should be meaningful to everyone.

These principles will obviously cause some controversy. Governments have always promised to free the front line and empower professionals, most recently with current Government's strategy *Excellence and Fairness*. There are two recurring concerns that have always stopped them from doing so.

Firstly, what happens when services do not perform? Public services are not free to fail in the way that businesses can: they are paid for by public money and provide essential, even lifesaving services. For all the problems with Weberian command and control, at least they deliver fair services for all: they are equitable. There are of course well known examples of failing councils, and schools which haven't managed their budgets properly. Tight regulation from Whitehall, or from Quangos like Ofsted or the Audit Commission does allow for

the identification of failing services and is an important instrument to intervene when councils or schools are seriously under performing.

Secondly, what if public servants put their own interests ahead of the citizen they are supposed to serve? It would be naïve to assume that there are never lazy staff, or never public servants who do not have the best interests of the public at heart: if they are given more power, how can we be sure GPs and teachers will not assume they know best, to the detriment of what the public wants? Again, there are many examples of GPs practices – one of the most autonomous of all the professional institutions – failing to perform.

Failing to provide an adequate response to these questions – combining freedom with genuine accountability and oversight – will lead to the failure of the proposed reforms. Our argument is that it is possible to combine front-line freedom and autonomy with public accountability; and it is possible to combine professionals' interests with citizens'.

Central management tools feel superficially good as a way to manage underperformance and do sometimes success. However, they are no substitute for allowing people's intrinsic motivation and initiative to be realised. Creating highly skilled and trained staff, and giving them the freedom to focus on doing what they do best is the best way to improve performance. Obviously systems of accountability will still be required. The best way to do this is either through direct public control and the provision of information about public service outcomes.

The best public services do not involve a strict transaction between citizens who demand and public servants who grudgingly deliver. They are co-produced, based on negotiation between the public and professionals. If we want services which are tailored to people's needs, then we need front-line staff with the power and authority to help them achieve that. Public servants need to be driven by, and held accountable to, what the public wants. But they need the freedom to be able to do that.

CHAPTER 3 – RECOMMENDATIONS

This chapter sets out how empowerment could be achieved for frontline staff, and where the boundaries of responsibility should fall between government, institutions, professionals and the public. The recommendations made to government call for reform based on three themes

- professionals should be liberated from bureaucracy and over-management, freeing them to focus on serving the public
- greater emphasis must be put on training and up-skilling in public services
- accountability needs to be smarter and more effective – with greater freedom comes greater responsibility.

The three must sit alongside each other. Government should not liberate services without improving the quality of those who deliver them; nor should they massively elevate frontline professionals' status and training without giving them appropriate personal authority. These reforms are only possible with a reinvigorated accountability structure.

If enacted, these reforms could lead to a framework that enabled frontline staff to take back power over the services they deliver. Empowered staff will empower their institutions – nowhere is this more important than in the public sector.

Health & Social Care

Reforms to health and social care services in recent years have been either supply side (more autonomy for Foundation trusts for example) or demand (more choice to patients). Both are moves in the right direction. The challenges now are to further reduce micro-management from Whitehall, and give patients a more personalised service. For a progressive conservative, both can be achieved through the principle of subsidiarity – which means decisions must be taken at the lowest level possible.⁴⁹

Pushing power downwards has two aspects. Firstly it means local NHS trusts and other health agencies must be made as independent as possible from Whitehall, and this shift of power needs to extend to front-line staff too. The trend from the mid-1970s had been for the Department of Health to gain more control over health services, which has led to too much Ministerial involvement and micro-management from Whitehall.⁵⁰ Progressive conservatives should support the move to more independence and freedom of local Foundation Trusts, but the dispersal of power cannot stop there: in some cases the move to Foundation status has actively disempowered frontline staff by introducing new tiers of management that sit between frontline professionals and their budgets.

Government should put more power directly in the hands of professionals themselves. The recent Darzi review recognised that the big challenge is now to reconnect health professionals with the people they serve. Clinical and non-clinical teams need to have the resources and authority to make their services more responsive to patients. There have been some very positive moves recently in this direction.

Self-directed services

But much of the NHS remains an organisation with a traditional hierarchical model. Government should create the option for front line staff to create self-directed teams across all social and health care services. Self-directed teams combine operations and management functions, rather than separating the two. Simply put, it means that staff are able to create teams that are given the authority and responsibility to make decisions that affect their work, without the requirement of additional management tiers. Research suggests that self-directed teams can result in improved productivity, performance and satisfaction when introduced in the private sector.

Any group that considers itself to be a distinct group of employees with a clear mission should be able to apply to become self directed if they can identify specific benefits from becoming self directed. Team members will organise their own work load, look for ways to improve patient care and act upon them, without having to refer them to senior management.

A very small number of self directed teams have been piloted in a Mental Health Trust in Nottinghamshire, with good results: increased productivity, increased retention, and more innovative practice. Importantly, staff were able to five a more personalised service, and they were more involved in service design and delivery.⁵¹

Perhaps the best-known example of self-directed teams are GP practices. These are co-owned by GPs who have complete freedom to determine how they are

run within the terms of their practice contracts with the NHS.

This model is now very tentatively being extended to social work. Social work practices (SWPs) are being piloted in six areas of the UK by the government.⁵² These are intended to give social workers greater decision making power and ownership for the children and young people in care they work with. Social work practices – like GP practices – are a professional partnership, co-owned by social workers. Each will have 6 to 10 social workers, and serve 100-200 children. They are funded by the local authority and are accountable to them for the results they achieve, but are independent of them.

These social work practices are being piloted and evaluated from Autumn 2009 onwards to investigate whether they bring about purported benefits: decisions being made by a social worker who is more attuned to the needs of the children in care than local authority management; closer and more consistent relationships between social workers and the children they serve; and potential benefits to social workers as a result of having more control over their work, greater ownership of the organisation they work for, and more decision-making power.

If the expected positive outcomes are observed through the pilot schemes, the right to form SWPs should be made available to all social work teams that fulfil the criteria laid out above. The potential to apply the GP/social work practice model to other areas of local service delivery should also be fully investigated by a progressive conservative government – for example, to local education psychology services.

Pushing budgets down to the most local level

Personal budgets are seen as an excellent way of empowering service users, but they should also be used to empower frontline staff. Government should introduce small discretionary budgets to front-line staff who work closely with people who have health and social care needs. These budgets can be spent by the professional in whatever way they think will deliver good outcomes for their client group: the budgets should not be limited by any agreed outcome or strategy. This would allow frontline workers to provide resources and support to the public without having to go through cumbersome bureaucracy. It could be an excellent way of ‘nipping problems in the bud’, giving genuine decision-making power and resource to trained professionals to make a difference.

A similar model employed in Western Australia’s highly successful Local Area Coordinator model.⁵³ Local Area Coordinators are the equivalent of UK social care professionals. Whenever they work with someone who has care needs, they start with small amounts of ‘untied’ or discretionary funding to try to keep

people independent, and only if this does not work do they graduate to large packages of care. This can work in the UK too. In Essex, the local authority has experimented with giving front line staff small discretionary amounts of money which they can spend in ways that they think can save money by keeping people in their homes and independent – rather than having to go through the cumbersome local authority registration system.

It is this freedom to coordinate and work with the person – having the time, resources, and professional freedom to do so – that makes the system work. Giving highly motivated and skilled staff the power to self-manage can release their talents, freeing them up to get a better deal for the people they serve. Every independent evaluation of Local Area Coordination has found it to be a more cost effective system of delivering care compared to other parts of Australia.⁵⁴ Again, early findings from Essex suggest it works and can be a source of saving as well as improved services.

This system should be piloted for social care workers in the UK – they should be given discretionary budgets for the clients they work with, particularly children in care.⁵⁵ Discretionary budget should also be given to other frontline staff – for example, health visitors and nurses in the Family-Nurse Partnership programme.

Introducing these reforms would naturally make middle management, such as operational managers and directors, unnecessary. But government should do more to ensure that frontline staff are free to manage their own services and their own time, by abolishing the recently introduced tier of middle managers.

Abolish the middle men

Reform to the structure of frontline services in the NHS has created a new tier of middle management. Foundation Trusts, whilst welcome in terms of their autonomy from centralised control, have not placed more power or more discretion in the hands of healthcare professionals; rather they have led to a ballooning in NHS management roles and internal bureaucracies.

Government should abolish new tiers of management, such as Operational Directors and Operations Managers, and put control over budgets straight into the hands of Heads of Services. This would mean, for instance, that the Psychological Services budget for a Foundation Trust would be controlled by the Senior Psychologist and not a NHS manager. Pushing budgets down in this way has two advantages; in an era of austerity it means that we can save the money we waste on management and it means boosting the power of highly-qualified professionals to deliver the services they are experts in. By investing budget control in the experts we can also ensure that service gaps are quickly

filled without the need to navigate through managerial bureaucracy. When it becomes clear that there are areas of need not being fulfilled practitioners would be empowered to respond.

But as with social care, beyond this level of autonomy budgets could, and should, be pushed down further. Clinical teams and individual practitioners should have a level of discretion over how money could be best spent to serve the needs of patients. For instance, physiotherapists working in hospital departments should be free to develop new services in response to emerging needs without needing permission from above. A good example comes from Budget Holding Lead Professionals. Evidence has demonstrated that giving professional front line staff budgetary authority to meet client needs can result in better outcomes for them.⁵⁶

Our healthcare system has some of the most highly qualified and experienced professionals in either the public or the private sphere. It is ridiculous that government hinders them with such extraordinary levels of bureaucracy and managerial oversight. As the recession leads to painful decisions about government spending, here is a cut that should not be a difficult decision. Not only can we save money by dismantling the management class in the NHS but we can free the professionals to do a better job.

Education

The political narrative around education has, from all parties and to varying degrees, increasingly focused on giving more power to schools and to teachers. This is commendable and demonstrates the power of the progressive conservative argument for autonomy for professionals. Teaching, however, is not simply a case of devolving power and allowing professionals to get on with the job. Teachers in the UK are undervalued and, often, under-skilled. A world-class education system will allow for more autonomy and discretion but only once we have teachers who are capable, and willing, to take that responsibility on. It is essential that we do not simply hand over power without giving teachers the tools to exercise it wisely. The role of government in education should be restricted to ensuring that professionals have suitable competency and training. Beyond that it should be up to schools how they choose to manage, how they choose to assess and how they choose to teach, including curriculum.

Invest in training

We need to learn from the best education systems in the world and offer teaching candidates rigorous and personalised training. Research suggests that all teachers should be educated in pedagogic techniques, special educational

needs training and age-specific learning. Initial teacher training must, therefore, be increased to at least three years to ensure that there is time and scope to acquire a full set of skills. The one-year PGCE course is too focused on practical, classroom skills. In addition to improving standards of teaching, an extended entry course will improve the perceived status of teaching as a profession.

As well as making the course longer we need to ensure that there are more effective barriers to entry. A written exam, alongside extensive psychometric testing and interview, should be a criterion of entry. In addition, the basic standard of educational attainment required to qualify must be higher. It is unacceptable that, to become a teacher, all that is required is a degree pass and two GCSEs at C grade. At the very least, potential teachers need to have attained a 2:1 or above in their undergraduate degree. Countries where the standard of qualification necessary to teach are higher, such as Finland, have a higher perceived status for teaching professionals and higher quality educational practitioners.

Incentivise ongoing training

It is not enough to send highly-qualified teachers into schools and leave it at that. It is important that teachers, like all professionals, engage in continued professional development. Rather than focus on ensuring that a set amount of days are set aside for CPD we should encourage, and reward, innovation and commitment to ongoing learning in schools. By offering schools a 'CPD bonus' we can promote high-quality teacher training. Schools should be given a 'cash-back' scheme for CPD with bonuses, above the value of spend, given to schools to compensate them for money spent on upskilling staff. In this way the Government can promote ongoing professional development without enforcing an arbitrary structure on schools.

Introducing these reforms will have implications for pay expectations. In the long term, government should aim to increase teacher pay in line with improved standards and entry requirements. Short-term financial constraints make this an ambition rather than an actionable policy. Research shows, however, that these improvements in selection and training would have measurable impacts on teaching standards even without improvements to pay.⁵⁷

'Academise' all schools

Once these reforms are in place, and teaching standards and status have been improved, the freedoms available to academies must be rolled out across the schools system. Having invested in high-quality professionals government should have the courage of its convictions and allow them to get on with the job they have been trained to do. Effectively this will massively reduce the

educational function of Local Authorities, generating the potential for large-scale, long-term administrative savings. By investing schools with the level of autonomy that first-class professionals should expect we can liberate them to deliver first-class education.

Job Centre Plus

Jobcentre plus staff work on the real frontline of public service. As unemployment continues to rise, their work will become increasingly important and will impact heavily on more people's lives. The recession has 'led to a 90 per cent increase in people 'signing on' for benefits, meaning that more people are receiving back-to-work support from a personal advisor than at any point since the creation of Job Centre Plus'.⁵⁸ Yet only 30 per cent of Department for Work and Pensions are proud of their organisation.⁵⁹

Job Centre Plus offices deal with the newly unemployed, after a year on Job Seekers Allowance (JSA) claimants are then supported by private and voluntary sector providers, such as A4E or Reed. The majority of new claimants find work during the first six months on JSA. During this period Job Centre Plus support consists of providing information on available jobs and helping to brush up CVs and covering letters. After that, interventions become more intense and focuses helping people overcome often very complex and multiple barriers to work.

The effectiveness of Job Centre Plus – and variation amongst different districts and offices – obviously has a significant impact on the public finances. Despite the high stakes of Job Centre Plus's work, staff are not directly empowered or incentivised to achieve excellence. Job Centre Plus is heavily centralised and process driven with very limited space and opportunity for experienced staff to tailor interventions for their claimants. Not only does this reduce satisfaction and pride for Job Centre Plus staff but it means that the innovative work is undertaken by private companies at expense to the taxpayer.

Gain-sharing

Job Centre Plus districts that have a proven track record in successfully getting clients into work should be encouraged to claim greater autonomy from the Department for Work and Pensions. They would become, in effect, Self Directed Teams, able to spend the money allocated to them as they think best in order to get better results. If they are able to improve performance and make savings they will be able to 'gain-share' the results. A Job Centre Plus that manages to save £20,000, for instance, would hand half of it back to the state and keep the other half in their team, to be used as the team sees fit – for service investment, bonuses or some other benefit for the team. If Jobcentres fell back below the

pre-agreed 'gold standard' and did not perform, then central government would be able to take away their self-directed status until they got back to that level.

By granting successful Jobcentres greater autonomy, and sharing the proceeds of savings, government could cut costs in a difficult time whilst empowering staff to take innovative approaches to their work.

Invest in training

Just as for every other profession, skills and autonomy must go hand in hand. The ideal is for Personal Advisors in Job Centre Plus to be highly trained and highly skilled individuals who can work creatively and thoughtfully to help people overcome the barriers to work – meaning more people get into work within six months.

But Personal Advisors in Job Centre Plus offices are not required to hold any minimum qualifications and pay is poor. The status of Job Centre Plus staff is fairly low and this has the potential to adversely affect attempts to drive down control and to allow for greater autonomy.

Government should create a national, accredited qualification mechanism for Job Centre Plus staff to undertake once recruited – both to up-skill them and to increase status and motivation. The potential to earn a bonus and to be part of a team that is self-governing and largely autonomous would transform the culture of Job Centre Plus offices, increasing motivation, and reducing staff turn-over.

A new relationship between the centre and delivery: audit, inspection, and improvement

Rightly, the public demand that public services are accountable. Making sure that public bodies are performing, without submitting them to onerous reporting requirements, is a difficult balance to strike.

As it stands, the state enforces accountability through a web of central auditing quangos, such as Ofsted and the Audit Commission. There is some evidence that this can create perverse incentives and can distract public servants from serving the public, particularly when poor targets are used or when there is too much of a focus on process rather than outcome.⁶⁰ For example, although the proportion of councils rated as poor or weak by the Department for Communities and Local Government has fallen dramatically, resident satisfaction with councils has fallen from 64 in 2000/01 to 54 per cent in 2007/08.⁶¹

The cost of central audit is considerable. The past thirty years have seen an 'audit explosion' in public life.⁶² Operating the six largest audit quangos⁶³ costs £1 billion every year.⁶⁴ This does not include indirect compliance costs, such as the costs of preparation for inspection, audit trails, collection of data, the cost of liaising with inspectors before, during and after inspection, or even in some cases the paying of external consultants to conduct 'dress rehearsal' mock inspections.⁶⁵ Equally importantly, it does not include the damage to staff morale that comes from constant and overbearing scrutiny.⁶⁶

At the same time however, these bodies carry out a critical function of ensuring that institutions perform and are held to account. While there have been criticisms of how some of them operate, and improvements could undoubtedly be made to current systems of audit, front line professionals and citizens often see them as a valuable way of assessing how public services are doing and holding them accountable. For example, in recent research by the National Foundation for Educational Research, 85 per cent of teachers reported that Ofsted inspections impacted on teaching and learning in their school.⁶⁷ A 2006 MORI poll of parents found 92 per cent of parents in favour of school inspections, and only 4 per cent opposed.⁶⁸ Similarly, JRF research on the impact of the Audit Commission inspections has found strong support for the principle of public service inspection by frontline staff.⁶⁹ Audit bodies are also important in ensuring that public services are held to account for outcomes that are not easily measured. For example, Ofsted inspections are an important means through which schools are held accountable for their contribution to the five Every Child Matters Outcomes – which are simply not captured by SAT or GCSE results.

The crucial question for policymakers, and the public, is: are we getting value for money? Do current systems of audit improve public services? And are they as effective as they could be? The task for the next government is to ensure that the crucial functions they carry out can be re-formed in the context of making sure front line staff have greater autonomy and freedom to dictate how services should be delivered, while making sure that failing organisations are identified.

Accountability through democracy and choice

The ideal way to monitor performance, and sanction bad performance, is for the public to do it themselves. Democratic voice and choice is the best way to ensure that our public services perform. In a post-bureaucratic state staff should always be looking out to citizens, not up to inspection regimes. In the first instance, this comes from the ballot box – locally elected services should not need inspection and auditing to the same extent because if they under-perform then voters should be able to hold them to account. For example if a

'presumption of general competence' (as suggested by David Cameron) gave local authorities power over anything that is not expressly controlled by central government, this would push accountability downwards. In the same way, allowing the public to choose between services ensures services perform because when the public can go elsewhere, poor services are compelled to either improve or die. Conservative Party policy on schools for example, allows parents and children to vote with their feet.

But citizen-led accountability through local elections is necessarily crude. And effective accountability through citizen choice rests on citizens being equipped with high quality information in order to properly exercise that choice. This is why there remains a role for public sector audit.

Focus on performance not process

Even where services are democratic or choice based, there still needs to be information about how they perform to enable people to make informed decisions. Citizens want to have the best information possible at their fingertips to enable them to exercise choice, as reflected in the popularity of school inspections with parents. And where central government is still responsible for the delivery of certain services, there still needs to be some system through which underperforming can be identified and managed. We have argued throughout that the best way to drive up performance is through staff being self-motivated and autonomous. However, it would be naïve to assume that this would render some form of inspection and audit entirely unnecessary.

The approach to inspection and auditing should be based on the simple principle that performance is measured through outcomes – not through process. For instance, the purpose of prison is to punish and to prevent reoffending. Therefore an appropriate outcome measure of prison success is the proportion of inmates who have not reoffended after four years. Prison governors should be free to run their prison as they wish and should be held to account against that outcome measure. How they get there should be up to them.

Ideally, this should be done with the fewest outcomes possible. The principle of single outcome measure already exists in policing. The Home Office now measures police forces on only one metric: public confidence. The Home Office's innovation demonstrates that this form of audit is practical. It does not attempt to dictate the processes undertaken by police officers or to develop arbitrary measures of day-to-day achievement; rather it acknowledges that the only meaningful success for a police force is in gaining and retaining the trust of the citizens they serve.

Where high performers are delivering, they should be left to get on with it. Where they do not, inspection and bodies should have *stronger* powers than they currently do to intervene. Failing organisations should then be put under new management made up of peers and other high performers – inspections should always be made up of other professionals from the field and not generalist. This is very similar to the way our regulatory system works for schools and can be extended elsewhere.

This model implies a scaled down role of the inspection and auditing bodies – because they would be less responsible for the continuous inspection and would have less data to collect. Moves have already been made in this direction – for example, in the new system of ‘light touch’ Ofsted inspections for high performing schools. Some of the data required to measure outcomes is already collected, although as argued above, there are important exceptions to this, particularly in education. Services audited by outcome will not be expected to do anything other than collect, collate and publically publish the required information. Experience shows that third parties like MySociety, Google and others will re-use this data and turn it into products that are available to citizens and policy makers at no cost to the user.⁷⁰ It would also deem the various improvement agencies unnecessary, because innovation and improvement comes from below, not agencies set up dictate best practice.

This allows these bodies to have more resource and power when things go wrong, and represents the direction of travel that the current government is pursuing. There has been a huge reduction in the number of targets local authorities are now set – we have moved from a system in which they were assessed on a large number of targets across a broad range of areas to one in which they have a number of compulsory education targets for children and young people, and an additional 35 targets from a list of around 200 that are agreed jointly by central government and the local area.⁷¹ The Home Office, as discussed above, is now measured on a single outcome. This demonstrates the feasibility of these model – and needs to be pursued by a progressive conservative government.

How it would work

In effect, the numerous current audit quangos (such as the Audit Commission, National Audit Office and the Office for National Statistics) would be merged and have their function significantly pared down. Indeed, the London Assembly’s Audit and Inspection Committee has previously suggested that the Government should assess the merits of a single inspection authority.⁷² Rather than auditing process and intervening when those processes do not fit, these bodies would collate and provide information on outcomes. When those

outcomes do not meet expectations, government should follow the model used for some failing schools; ask a succeeding service leader in the same locality to take on responsibility for turning the service in question around. In this way, local success stories can be used and spread by central government without the need to step in and dictate the process by which things should be done

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