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Afterword: What Next for Public Services?

Ben Lucas, Gerry Stoker and Matthew Taylor

This book has brought together a diverse range of contributions in the cause of exploring a new agenda for public services. As Griffiths and Kippin argued in their introduction, it is not a complete programme of reform, but a starting point. It sketches an outline of how public services could respond to contemporary social, economic and political upheaval, grounded in serious evaluation of the way our public services have evolved from Beveridge's 1942 vision to the present day.

The contributions are diverse because the territory is complex and contested. The contributions reflect the richness and diversity of debate, and provide a robust and open discussion about how we might deliberate upon these issues as public managers, service providers, academics, practitioners, policy-makers, and citizens. Several common themes run through the book. First, a desire to unpack and re-evaluate the 'microfoundations' of our current settlement, proposing models of policy-making, service design and accountability based on a more nuanced and realistic view of the citizen. Second, a desire to critically explore the mechanics of our delivery system, reflecting valuable and necessary debates on the ecology of the supply-side, the way performance is measured and managed, and the ways in which citizens can have a meaningful influence. Third, a desire for honest debate about the fiscal challenge for public services and the right balance between public, private and social resource that could help to address future demands.

In this Afterword, we bring the collection to a close by looking forward. We offer a perspective on the future of public service reform based on recognition of a shifting 'social contract' between citizens, state and society, and the implications of this shift for the way we design, deliver and govern our public services.

The changing 'social contract'

Although they draw very different conclusions from their analysis, both the champions and critics of free markets have recognized the tensions between capitalism and the popular will. Capitalism tends to generate inequality, risk (for the few in good times, and for many more in bad) and various other problematic externalities that create fertile grounds for critique, resistance and even revolution. In the early decades of the twentieth century this tension seemed endemic and dangerous.

In the post-war decades, western nations found a way of mitigating instability and reducing dangerous conflict: in exchange for a license for capitalism to operate, workers and their families would enjoy improving living standards, a rising social wage of welfare entitlements and a low risk of unemployment. This 'social contract' was undermined partly by the economic crises of the 1970s, but also by the emergence of a set of economic and political ideas (loosely characterized as the 'new right') that presented it as malign and unsustainable. Nevertheless the economic boom of the nineties and noughties allowed certain aspects of the deal – particularly the welfare elements – to be held in place. Today, a combination of the credit crunch (arguably just the latest and most serious manifestation of a continuing crisis of capitalist accumulation), the impact on the West of globalization, demographic change and other factors, appear to have dealt a profound blow to the post-war settlement and its associated social contract, at least in the short and medium term.

The consequence is a growing 'social aspiration gap' separating the public's general hopes for the future from the trajectory upon which we now seem set. It is possible that this growing gap will result in an adjustment in public expectations. There is a strong current in public discourse emphasizing the need for western citizens to work harder and wean themselves off dependency on the state and public services. But there is an equally strong current of hostility to this new reality, expressed through anti-capitalist movements and political parties and, in some countries particularly hard hit by austerity measures, through a resurgent nationalism.

Between these two poles of debate it is apposite to ask: is there another way, and if so what might it mean for our thinking about public services and the role of the state?

Public services and ‘social productivity’

‘Social productivity’ is the core concept of the RSA 2020 Public Service Commission and it recurs in various forms in this collection. What is meant is simply the degree to which public spending and other state backed interventions encourage and enable people better to meet their own needs and aspirations. The pursuit of social productivity goes further than methods to achieve greater efficiency – the general focus of new public management – by seeing the most promising source of better outcomes lying not only in improving public service processes but in changing the norms, attitudes and behaviours of citizens.

The logic behind novel reform agendas such as social marketing, ‘nudging’, service co-design and co-delivery, community capacity building and – more ambiguously – personalization is that, generally, the public is seeking the same outcomes as the state (such as higher educational attainment, safer and more pleasant communities, healthier lives, environmental sustainability, and so on). It should thus be possible to achieve greater alignment and synergy between the efforts made by public agencies and those made by the public itself.

The prosaic example of refuse collection shows the theory in practice. Less than 20 years ago a survey of local authority managers found most to be sceptical about efforts to encourage greater household recycling. But now a combination of changes in public norms and expectations and in the way services are delivered has led to half of all domestic waste being recycled, a figure which continues to rise.

A raft of anecdotal evidence should suggest a fertile ground for this approach. For instance, we know that the differential impact of parental behaviour is more important to children’s educational prospects than the performance of teachers. We know that the lifestyles people choose are more important in maintaining their health than the interventions of medical professionals. It is inconceivable that society can cope with the demands of an ageing population without the massive contribution of family and other informal careers. So the scope for greater ‘social productivity’ seems considerable.

This is not to argue, however, that public services do not have a critical role to play. Rather, we need to focus much more on the relationship between services and citizens, and the ways in which these relationships can be made more productive. Public services should not be seen simply as state produced goods – they are the result of the interplay between services and citizens. Unlocking social value requires both these elements to interact productively with each

other. Accordingly, increasing attention is now being given to ideas such as behaviour change and service co-delivery, and these are already part of many local government community strategies in the UK and elsewhere. But they are still largely absent from the 'big ticket' service sectors such as education and health.

There has also been less focus so far on – though growing interest in – a second route to closing the social aspiration gap: social business. In the following section we show why this is important, and why the growing attention on 'social business' is increasingly relevant to debates about public policy and public services.

Social business and public outcomes

At opposite ends of the spectrum of social business lie new enterprises set up with an explicitly social objective in mind, and large established corporations seeking a renewed license to operate and deeper relationship with customers and community.

The drive for the former comes from the desire – especially among young people – to combine social responsibility with the desire for autonomy and initiative. While the definition of a social business is sometimes a matter of purpose and sometimes of governance, the emergence of a swathe of entrepreneurs committed from the outset to good business is likely to bring new energy and new solutions to bear on many social problems.

The move to a wider and deeper social mandate among bigger business has many champions and many versions. There is recognition among some business leaders of a growing and dangerous gap between their customers' hopes for society and the foreseeable reality. There is the way big business, like central government, has been subject to a crisis of legitimacy, exacerbated as technology increases transparency and the speed with which reputational risks can magnify. Increasingly brand values include a social or ethical component. There is also evidence of the importance of organizational values to the recruitment, retention and motivation of skilled employees.

To take just one sector, the last decade has seen the major supermarket chains take greater responsibility for encouraging healthier food choices, compete to demonstrate the greenest credentials and seek to demonstrate they are investing in the local community sector. The decision of UK supermarket chain ASDA to appoint a part-time community champion in each one of its stores makes it

one of the country's biggest employers of community workers. These champions are able to mobilize resources ranging from small grants, staff volunteering or facilities for community meetings.

As often when observing change in society, a challenge is to distinguish a cycle from a trend. Will the move to more socially engaged and responsible business practices prove to be a superficial and short lived response to certain circumstances? Or does it mark a significant convergence of business and public interest?

It would be easy to dismiss both the drive for greater social productivity and the move to more responsible and engaged business as of limited significance, especial in the face of the major and pressing economic and social challenges. More specifically, one might question whether the short-term realities of cut-throat competition and public sector austerity undermine the capacity for culture change and innovation on which longer-term shifts depend. The contrasting view sees these phenomena as having both a contextual and internal logic. If the choice is between sacrificing social outcomes or finding better ways of using public resources to leverage individual and community effort, then the latter option will arguably become even more compelling as cuts deepen. To wit, once businesses commit to acting in more responsible ways isn't it likely that they will create expectations that will push such concerns more into the mainstream of their activities? At a series of policy discussions in Autumn 2012 about ASDA's community programme, the recurrent theme concerned the implications of the company's good intentions for practice in core business areas such as recruitment and procurement.

Public service, place and leadership

The negotiation of a new 'social contract' and the potential synergies between 'social business' practice and public service design will be developed most obviously at a local level. This magnifies the importance of place and local leadership. As national frameworks of entitlement become weaker – by economic necessity, political design or both – there is both an imperative and opportunity for greater local initiative. The effective mobilization of under-utilized assets lying in public sector institutions, budgets and powers, in civic and private organizations, in communities and individuals will be served by a sense of ambition for a place and its people. This ambition will be articulated

and co-ordinated by civic leaders who gain their authority through democratic legitimacy, political skills and concrete achievement.

The twentieth-century history of locally delivered public services can be read as a process whereby civic initiative, community self-help and political mobilization led to the creation and consolidation of what became bureaucratized, professionalized and centralized state delivery mechanisms. This tended to confuse two things which should be distinct – the democratic leadership of society and the administration of the state – and separated two things which should share a fuzzy and porous boundary – the public and civic (including business) sphere. If a context is to be created through which advances in social productivity and social business are to help close the gap between collective aspiration and current trajectory, it will require us to re-imagine not just public services and business but also the whole task and span of government.

Writing of the need for clumsy leadership to solve ‘wicked problems’ Professor Keith Grint has advocated leadership which is about ‘question not answers’, ‘relationships not structures’ and ‘reflection not reaction’. Recognizing that such dichotomies are inevitably simplistic, if we add to the list ‘influence not control’ it seems obvious that such a style of leadership is easier to envisage at the level of cities, towns and neighbourhoods than that of a large nation state like Britain. Indeed, this may also be why around the world local leaders – forced by necessity to work in more inclusive, entrepreneurial and responsive ways – are generally more popular than prime ministers and presidents.

Local leaders must leverage this relative goodwill to begin generating consensus around the mechanics of a new model for public services and society. Evident in this collection of essays and in much contemporary discourse is a growing consensus about the type of public services we will need in future, and the different relationships with citizens they should embody. It is already axiomatic that tomorrow’s public services should be collaborative, integrated, productive, responsive, innovative and entrepreneurial. But it is much easier to say this than to make it happen. That is because in truth many of these characteristics are inimical to the Beveridgean model of mass produced, universalism on which our main public services are based. They cannot easily be retrofitted. This is why the operating framework for public services needs to change – shifting towards a new model that has a foundation in social citizenship, with the rights, responsibilities and reciprocity that this implies, and with a state guarantee that is more about universal engagement than universal entitlement helping to build capacity, not only providing services.

What follows are two questions: (i) how do we build consensus and legitimacy

for this new approach?; and (ii) what structural shifts would this entail? Below we set out some thoughts on how democratic politics can help engage with and drive this change. But it is also worth spending a moment reflecting on the types of shifts that a socially productive model of public services might imply. The first big shift should be from responding to need to managing demand. Two big drivers of future cost for public services will be failure demand (dealing with the costly consequences of system failure resulting in recidivism, ill health, worklessness, for example) and demographic change, (an ageing society). Early intervention, switching the balance of expenditure to prevention and working with communities to commission their own services and manage their own demand are what will be required to address these drivers. The methodologies that can help enable this – such as behavioural change and asset-based or social network analysis – have already been discussed in part earlier in this collection.

In a recent publication, the RSA's 2020 Public Services Hub outlines other shifts in culture and practice that will be required (Mulheirn *et al.*, 2012). These include a shift from social security to 'flexicurity'; from socially *protective* expenditure such as on health, to socially and economically *productive* expenditure such as on education (particularly vocational education, R&D and infrastructure); from outsourcing for efficiency to using procurement to drive service innovation, enterprise and social value; and from silos and service fragmentation to collaboration, integration and co-location.

But the real game-changer for public services would be to shift the balance of power between Whitehall and our cities, towns and counties. Despite the current Coalition government's (and indeed previous governments') rhetoric of localism, the UK still has the most centralized welfare and public service system of any comparable nation. The advice given to the Watergate journalists to help them get to the truth was 'follow the money'. In England the money is still controlled at the centre. Yet everything we intuitively know about innovation, collaboration, social norms and democratic legitimacy tells us that the right spatial level for innovative public services is the city region, not the nation state. That is why the underpinning shift that is required is in resources, revenue and control from the centre to the locality. This will help create the critical mass our cities need not only to enable public services that reflect their specific priorities, but also to support the productive economic capacity necessary to compete in a world in which a substantial proportion of global growth will be driven by mid-tier cities. Recent government initiatives such as 'City Deals' and 'Community Budgets' provide a starting point, but the ambition and scale needs to be much bigger. Policy-makers should explore the pooling of welfare,

worklessness and skills budgets, and the integration of health and social care with wider economic powers – so that each city and county is able to negotiate the terms of its own autonomy.

Democracy and public services: engaging citizens in change

The desire and the capacity exist to achieve social progress in challenging circumstances. Indeed, continuous advances in technology can facilitate a step-change in the targeting and integration of resources and the identification and mobilization of social assets. The essays in this book identify many aspects of the shift in thinking and practice now needed, but there is arguably still an absence of an overarching narrative which connects key aspects of change and engages the public as partners, not clients or victims.

In the UK this challenge might be framed in terms of the ‘big society’, but it is a much broader and deeper test than that. The real issue is: does democratic politics have the capacity to respond to deliver both radical and legitimate change in the way we approach economic and social issues? The ‘big society’ is, for example, all about citizens and other stakeholders ‘stepping up to the plate’, but any successful formula for the future will also need to involve reformed political institutions and reformed practices among politicians. Do they and their institutions have the capacity to develop the long-term and evidenced thinking to take our societies in new socially productive directions?

A capacity for long-term politics is not easy to achieve in any circumstances in democratic politics, and has arguably become harder to muster. In part this reflects the tensions between the dynamic of capitalism and popular aspirations, as noted earlier. But there are some – often with a ‘new right’ or ‘neo-liberal’ framing of politics and government – that go further, arguing that short-termism is inherent to democratic politics. Politicians have no incentive to focus on the long term because voters will judge parties on their performance in delivery for them in the short run, thus putting incumbent politicians under irresistible pressure to deliver short-term gains or risk being voted out of office. As a result, democracies are myopic in focus and run the risk of neglecting changes required now for the benefit of future generations. The prescription in response appears to be that the only hope for the emergence of long-term policy processes is to take issues away from democratic politics; hand them over to the technocratic specialists to be found in various appointed bodies (or insulated

elites such as those operating in parts of the European Union); or perhaps best of all take as many decisions away from government as possible.

The counter view, that we tend to support, is that democratic politics is not inherently myopic. To understand how political space can be constructed for long-term policy-making three factors need to be considered. Each if present could support long-term policy-making. First, the potential importance of attentive organized interests as opposed to the inattentive public in the policy process means that backing for long-term solutions can emerge without direct citizen initiation; especially if institutions supporting power sharing among interests are present. The post-war settlement emerged not just in a dialogue between state and citizen but under the influence of powerful organized interests from business and the trade unions as well as professional bodies and charitable organizations. There are organized interests that could be engaged by the development of a social productive perspective for our public services. Have we the wit and context to bring them together?

Second, strategies for promoting long-term policy-making including insulating and mitigating devices are available to politicians in structuring their relationship to citizens. Politics is the art of reconciling interests and compromise, and there are areas where progress on long-term thinking has been made (around, for example, the environment) which show that a politics for social productivity could be constructed to counter the claims of neo-liberals or the outrage of nationalists or others. We are realists and so recognize that politics even in democracies is partly about 'smoke and mirrors'. There are ways that ideas can be presented, some issues can be made more visible than others, the pay-offs to key groups can be manipulated. In short, politics can be done in a way that supports long-term policy as much as it can be done to underwrite a short-term perspective.

More radical and less manipulative options for greater engagement with citizens are also possible to identify that could support a politics of the long term. Deliberation claims to have a transformative effect on the way that citizens approach an issue. A combination of information and awareness of the perspective of others encourages more reasoned decision-making and public-spiritedness. Having to publicly defend a position encourages reasonableness and participation over time, which should foster civic virtues, making citizens more reflective and more willing to think long term. Deliberation and engagement can also enhance the legitimacy of decisions by involving all those affected by the decision – which matches a widely held sense of fairness and could enhance the 'stickability' of a policy in the sense that it might be more

difficult to overturn if it had been through a process of widespread endorsement. There are now multiple innovations in democratic practice available to draw on to support a new politics of the long-term and social productivity (Participedia, 2012).

This focus on the politics of reform leads us back to a point made earlier in our argument: that the construction of new paths in public service delivery requires a capacity to develop messy solutions that is more likely to be found at the local level. Here let us add simply that the case for a devolved and localized system of decision-making is reinforced when thinking about institutions to support long-term thinking. It is not in the hothouse of the 24-hour media cycle world of 'Westminster and Whitehall' or national politics generally that you are most likely to see long-termism supported. It is where power is more widely shared in local or regional institutions that citizens and organizations are more inclined to accept the demands of others and accommodate themselves to some losses in the hope of future gains. The social contract of the post-war period may have found ultimate endorsement at higher levels of government, but its foundations were laid by decades of work at local and regional levels. The development of a social productivity perspective may need to follow a similar journey.