A LONG READ: 2

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Where is Starmer's government going on public service reform?

A flurry of speeches addressing public service reform have come out in November 2024 as new ministers get their feet properly under the table.

A speech from West Streeting to the NHS Providers annual conference was greeted by commentators calling it out as a return to name and shame - a throwback to the darkest days of the mythical reign of 'targets and terror' in Blair's first term.

Home Secretary Yvette Cooper's speech was badged as the most fundamental reforms to policing for 50 years and seemed much better received by the great and good of policing.

The tone of Bridgit Phillipson Secretary of State for education speech to the Confederation of School Trusts was so positive and collaborative that some saw it seen as a quite distinct and contradictory approach to the 'unadulterated barberism' of Wes Streeting.

Is there a schism in the Government's approach to public service reform? Are we returning to a punitive performance regime that is straight out of the early days of new Labour?

This article starts with a look the early messages coming from the big public service departments about their approach to public service reform. There is more in common than not despite some of the headlines. But there are some big implications of their approach for the role of government. Drawing on experience from analogous reforms I expose some fundamental barriers to reform that the new government must break down to succeed with this new wave of public service reforms.

Finally I offer a reality check on the possibilities and potential of public services reform – and has overpromised and underdelivered for over 65 years now.

Bold politics and innovative policy thinking will always trump the essentially managerial agenda that characterises public service reform. But such boldness threatens the role, identity and hard wiring of government and the civil service. Senior politicians and officials will need to bring courageous leadership to overcome entrenched resistance to such changes.

A return to the naming and shaming of public service managers?

The headlines generated by Health Secretary Wes Streeting's speech to the NHS Providers annual conference in November trumpeted a return to league tables, rankings and the

accompanying naming, shaming and sacking of public service managers. His speech addressed how best the government can make the performance and organisational health of providers and integrated care boards [ICB's] transparent and support their leaders to drive improvement. He also outlined the role of government as the intervenor of last resort when all other measures do not result in improvement.

> We'll assess [ICB's and providers] against a set of criteria and publish the results, starting from next year.
>
> those ICBs that perform best - particularly in developing neighbourhood health services - should also enjoy greater freedom and flexibility.
>
> We want to move to a system where freedom is the norm and central grip is the exception to challenge poor performance.
>
> If performance dips, I reserve the right to take those freedoms away. For those judged to be persistently failing, we will act.
>
> Turnaround teams will be sent in to diagnose the problem and help fix the problem, financial controls will be imposed if necessary and where leadership is found lacking, they will be removed [Wes Streeting, speech transcript 13-11-2024]

Such themes were a gift for headline writers

> NHS hospitals that underperform to be outed in league tables…[FT 13-11-2024]
>
> Wes Streeting plans to name England's failing trusts and sack poor bosses in bid to raise performance [FT 13-11-2024]

In response some practitioners were incredulous, exhibiting perhaps a form of PTSD from the high point of the Department of Health and NHS's uniquely aggressive and directive approach to the measures and targetry of the Blair governments in the noughties.

> … pure, unadulterated Barber-ism. a speech outlining an NHS reform agenda that felt straight out of 1999. [Ed Dorrell, Public First, 15-11-2024]
>
> … the big NHS plan is to be … naming and shaming? Complete with inflammatory language that's designed to scapegoat staff, such as the bad managers you've branded the NHS's "guilty secret"? Do you genuinely think this is constructive? …Worse, league tables are a very blunt and very public form of ritual humiliation – precisely the kind of punitive exercise that has demonstrably negative effects in healthcare. In fact, a "no-blame culture" in medicine has been shown to improve safety by fostering openness, discussion and learning from mistakes – yet Streeting wants blame itself to be embedded in the heart of his reforms. [Rachel Clarke, Palliative Care doctor and author in Guardian 13-11-2024]

More measured reactions made the point that these historic anxieties will be mitigated or not by how the department goes about this in practice:

> *There's a difference between the intent and the way they do it and going back, there is a risk that this will demoralise staff and you will see that in poorly performing areas. [Dr Adrian Boyle, President of the Royal College of Emergency Medicine in FT 13-11-2024].*

Whilst relatively rare, the political appeal of naming and shaming comes at the cost of long lasting resentment and distrust within the sector. It does nothing to fix the underlying cause of performance problems and service failures. One of the worst examples was Ed Ball's highly political naming, shaming and sacking of Haringey's Director of Children's Services in the light of the inquiry into the death of Baby P. It may have played well on the front page of the Sun, but remains notorious within the sector almost 15 years later. And the court of appeal subsequently ruled she was "unfairly and unlawfully" sacked. [independent 28-5-2011]. As the Director herself reflected:

> *"My sorrow about the death of Peter Connelly in Haringey when I was director is something which will stay with me for the rest of my life. But as the judges have said, making a 'public sacrifice' of an individual will not prevent further tragedies."*

Streeting deflated the headline writers' outrage by promising not to engage in manager bashing *"I could be no more popular that announce the sackings of lots of managers, but that would not be the right thing to do… I am prepared to make the unpopular argument about the value of good leaders.'* He is right to make that promise. He went further to challenge the way the NHS operates:

> *"I've regularly heard the criticism of the top-down nature of the NHS. It can be a difficult criticism for those at the top to hear, but for the last 4 months I've found myself at the top of the system - at the peak of the mountain of accountability - and I not only recognise the criticism, I agree with it. The NHS in 2024 is more hierarchical than almost any other organisation I can think of.*

Whilst most of the press and social media reactions focused on league tables and rankings (neither of which were actually mentioned) and 'sackings' they fail to address the totality of the speech which was actually quite an enlightened take on how best to enable localities and institutions to improve health, wellbeing and services. He outlines a role for government as a steward of the health system, rather than the top-down controller of health institutions. This role entails devolving policy making, prioritisation, commissioning and resources to local Integrated Care Boards. The approach faces some entrenched barriers within government and the civil service which will need to be confronted if these reforms are not to run into the same buffers as analogous reform efforts in the noughties.

Within press headlines and social media reactions there is as ever something formulaic and theological about the ahistorical rage at the evils of the Blairite regime of 'targets and terror'. Such narratives fail to recognise that the nineties and noughties were in fact two decades of sustained experimentation, learning and led to a substantial evolution in how best government uses priorities and elements of performance management to steer public services and ensure value for taxpayers' money.

However, one thing that changed little during that decade was the toolkit of intervention in poor performing institutions offered to Ministers' by their advisers. Inspection, audit and intervention adds insufficient value to offset the substantial costs of compliance and other negative impacts on the inspected. The balance of effort needs to shift towards supporting capability building, learning and improvement. We have two decades of evidence that you don't improve performance by punishing people or telling them they are poor performers. For persistent poor performers, it is clear those intervention did not work. For example, Birmingham City Council has become a byword for failed political leadership and mismanagement. Despite two decades of interventions, special measures, inspections and commissioners it remains mired in poor performance and financial crises: unable to retain a chief executive for more than a couple of years. The failure of local politics to break the cycle is depressing. Government must develop more effective options for its unavoidable role as intervenor of last resort for serious failures and crises in local public services.

The new government's approach to public service reform

Back in the main body of streeting's speech there is much more about the compelling if lightly drawn strategic drivers of the 10 year plan for health that is under development:

- from hospital to community;
- from analogue to digital; and,
- from prevention to health.

He makes the case for moving power from the centre to local integrated care boards, providers and patients. Critically he argues that resources should accompany this flow of power from the centre, with fewer targets supporting the national priorities. The outline performance regime is familiar: best performing boards and providers to be given greater freedom and flexibility to 'innovate, run community services and manage their own house to meet the needs of patients - regardless of whether they are foundation trust or not. And he put a strong emphasis on valuing and supporting leaders – clinical and executive. He has commissioned work to address workforce and talent challenges that will face the 10 year plan.

The mains themes in Streeting's speech reflect many of the most important insights from the Blair/Brown period of performance measures, accountability and service improvement. By 2010 the whole local public service system had moved a long way from the initial out of blue top down PSA targets introduced by Brown and Balls in 1998.

There are echoes of Streeting's approach to performance transparency and accountability in Home Secretary Yvette Cooper's substantial policing reforms which were also announced in November. Amongst other measures aimed to create new national capabilities she is creating a new Police Performance Unit to track national data on local performance and drive-up standards. A flashback to the undervalued Citizens Charter reform of John Major in the 90's is provided in the form of a Neighbourhood Policy Guarantee. The guarantee is one of a number of measures that seek to rebuild trust between the policy and the communities they serve. She promises a *'more active role from the home office in working with police leaders to drive*

improvements and ensure policy is set up to succeed'. So far her reforms have been more positively received by the policing sector that Streeting's changes in Health.

Based on recent ministerial speeches Ed Dorrell of Public First hypothesised that they expose contradictory approaches to public service reform.

> *On one side we have the Department of Education, led by Bridget Phillipson, which is slowly but surely reforming schools and colleges in ways designed to lessen the impact of competition in the system, soften the harder edges of accountability and increase collaboration. The department is implicitly rejecting the ideas of Michael Barber's New Public Management theory that for more than two decades has driven the focus on data, league tables and Ofsted. Only last week Phillipson set out these ideas in a major speech at the Confederation of School Trusts. Improvement in schools will come, [the education secretary] suggested, if we can get heads and school leaders to work together and share best practice without the threat of a punitive system looming large, driving pressure. These ideas are squarely located in emergent ideas of "social value", which is very much a counterpunch to NPM.*

He contrasts this with Wes Streeting' speech, which he somewhat misrepresents as

> *'pure, unadulterated Barber-ism. a speech outlining an NHS reform agenda that felt straight out of 1999. League tables between hospital trusts are to be introduced, he explained. Hospital managers that underperformed would be eased out; those that were delivering would have "earned autonomy".*

In fact the speech delivered by Streeting is at not at all odds with the implications of the 'public value paradigms' of public management which led directly to the notion of government as system steward that was embraced by Brown's government in the late noughties.

But the traction of the 'schism' view in the posher end of public sector social media (BlueSky and Linked-in) shows how important it is that Starmer's new public service reform team in the cabinet office develops and communicates a clear narrative about the common threads that will drive public service reform in the new government. There is still too much scar tissue around the local public services sector resulting from the worst excesses of inspection, audit and intervention to assume people will think the best - or engage positively with reform efforts.

And many will only believe the new reforms are not a return to the bad times when they see what happens in practice - which is fair enough. Trust will have to be earned and as ever would be quickly lost by a bit of off the cuff naming and shaming.

A decade of learning: from top down targets to 'total place'

During the noughties the government's approach to performance management changed hugely. The number of headline public service agreements (PSAs) (these were effectively national priority outcomes or measures) reduced from the initial set of 600 published in the 1998 spending review to 30 by 2007. They became focused on cross-cutting outcomes rather than narrow inputs and outputs, and later reflected extensive consultation across sectors, with

far fewer targets imposed on local public services. These changes were largely driven by the treasury as an explicit response to the strong criticism of the initial top-down targets regime.

In 2002 PSAs were joined by the Prime Minister's Delivery Unit (PMDU). The innovative approach of the PMDU was much more nuanced and collaborative than the lazy 'barberism' label or the pejorative and misleading New Public Management (NPM) tag. At its best it was about an adult and supportive collaboration with those accountable for delivery of the PM's top priorities. It provided challenge to the quality of policy thinking as much as it questioned and supported planning and implementation (see *case study* on PSAs and PMDU, Panchamia and Thomas 2014).

The culture of the unit under Barber was that of a collaborative, critical friend – who would roll their sleeves up and help the accountable department to succeed. A complexity in the relationship was the simultaneous impetus to support and collaboratively problem solve, at same time as enabling the sharp and personal accountability of the responsible ministers and senior officials to the Prime Minister. But above for those working in and with the PMDU it proved to be a capability building factory equipping many thousands of civil servants and plenty of ministers with performance management and delivery problem solving methods. Its signature 'priority review' methodology was adapted and adopted across departments as a core policy making tool as well as an implementation problem solving tool.

The PMDU approach had its limitations – most notably when faced with cross cutting outcomes. And when its scope was expanded to the full set of PSAs beyond the small number of the Prime Minister's top priorities it was designed for.

Between 2001 and 2008 there was a sustained effort by the treasury to soften the 'top down targets' regime.

- Local Public Service Agreements (LPSA) 2001-2003: These allowed local authorities to negotiate around 12 targets with central government. The targets had to offer a stretch achievement beyond that required by the national performance regime. Successful delivery was reward with a performance reward grant.
- Local Area Agreements (LAA) 2004-2008: This evolution from LPSAs sought to negotiate three-year agreements between local partnerships and central government under four outcome area 'blocks'. The ambition was that the process would influence both mainstream expenditure and area-based funding to deliver the LAA outcome targets. There continued to be a performance reward grant' paid to areas for achieving their targets although the size of that pot dropped from £1.5 billion in the first round to £340 million in the third.

Increasing frustrations amongst ministers and officials with their struggles to join up government and work effectively on cross cutting issues were the catalyst for high quality work inside and outside Whitehall on how to address these barriers.

A radical change in the view of how government get things done and add value was fuelled by five years of work in the Blair government's Strategy Unit inspired both by earlier work on public value (Moore, 2001) and learning from the work of the Social Exclusion Unit. Officials and

ministers trying to lead work on cross cutting issues could see the limitations of the traditional view of how government gets things done, and the limitations of the fiercely market oriented and managerial period labelled by academics as New Public Management in the 1980's and 1990's. They developed compelling arguments that Government should act more as a system steward and less as a system controller of public services. The changing view reflected the emergence of 'whole of government' reforms throughout the Blair governments (Christensen & Lægreid, 2016) and academically was best articulated in the twin paradigms of networked governance (Osborne, 2006) and public value management (PVM) (Stoker, 2006).

Drawing on industrial sociology and network theory PVM represented a substantial change in beliefs and assumptions about the role of civil service management and the job of its managers. In the PVM framework the role of the state is to 'steer society' through dialogue and exchange with a wider range of participants in a complex and uncertain world. Rules and incentives are insufficient- new ways to collaborate and legitimise decision making are needed. The implications for political and managerial leaders are profound: success depends on the building of successful relationships through networks and partnerships… *'efficiency is not achieved by handing over the job to bureaucrats or managers… the key is learning exchange and mutual search for solutions.'*… *'no one is in charge but leaders at various levels play a role. It is not a linear relationship between a principal and agent.'* (Stoker, 2006). The thinking and implications for government are clearly set out in the Cabinet Office's pamphlet on public service reform (Kelly, Gavin et al., 2002) 'Excellence and fairness' (CM and Brown's Smarter Government (CM 7753, 2009).

Exhibit 1. The roles and way of working of a strategic government

	Leader Establishing the direction of change	Guarantor Setting boundaries that cannot be crossed	Investor Allocating resources with few strings attached	Enabler Promoting innovation and best practice sharing	Capacity builder Unlocking talent within the system	Connector Engaging stakeholders and build relationships
This means…	• Setting the vision and raising aspirations • Communicating the vision clearly to all stakeholders • Learning from the best in the world	• Agreeing and enforcing baseline standards • Establishing the overall operating framework	• Providing multi-year funding settlements • Describing expected outcomes rather than controlling how the money is spent	• Provide incentives that encourage front-line innovation and appropriate levels of risk-taking	• Developing a robust understanding of any skills gaps • Encouraging skills development to take place in the system	• Build coalitions for change, across sectors • Lead through evidence and example
This does not mean…	• Specifying detailed implementation plans • Micro-management	• Setting multiple targets for each public service • Regularly intervening in public services	• Providing no financial control whatsoever • Ignoring poor performance	• Centralising innovation or trying to control it (e.g. by establishing central innovation units)	• Sending everyone on traditional training courses • Issuing pages of guidance	• 1970s style social partnerships • Endless Commissions

A more strategic role for central government — Maintains reserve powers and capacity to intervene to address failure or crises

Source: Strategy Unit 2002

The system steward role demands a quite different way of thinking and working from ministers and especially from senior officials. The role of steward sees the role of government as:

- setting overall direction,
- investing by allocating resources with few strings,
- promoting innovation and best practice, building capability,
- connecting across the system building trust and relationships with stakeholders.
- And of course, reserving the power and capacity to intervene to address serious failure or crisis – a position no government would or should give up.

Many of these system stewardship roles were designed into the remarkable if sadly shortlived Total Place reform which ran from 2008 to 2010.

Total place was a remarkably ambitious intervention designed to be 'a fundamentally different approach to public service reform, which sought to put local authorities and their partners at the forefront of a drive to look at all local public service spending: uncovering waste and duplication and freeing up resources to refocus on what people actually want and need'. (HM Treasury & DCLG, 2010).

Beyond the imperative of efficiency created by the global financial crash, in practice it became a bold effort to pioneer open policy making through a process of supported co-creation. It established a local process of exploration of assets and opportunities in order to identify deeper dives into issue with sufficient local ownership and energy to mobilise the key local players. After the further exploration of these deep dives the local programmes co-created policies and plans to tackle their issue.

This was a long way from the default central government device of a transactional negotiation and trading of outputs for relatively small pots of peripheral money. Instead total place aspired to pool and ultimately devolve control of significant chunks of public spending.

The promised incentive for local public agencies was to be an increase in local freedoms to operate and a progressive removal of the ring fencing of central government resources. The programme was launched in the budget in 2009 as one key recommendation from HMT's preceding Operational Efficiency Programme (OEP).

The pilot areas, covering 63 local authorities, 34 Primary Care Trusts, 12 fire authorities and 13 police authorities. Together they spanned £82 billion of public spending – around 20% of the national total.

There were three core principles that guided the approach:

- **Counting:** the starting point of each pilot – reflecting the efficiency imperative – was to conduct a 'count' of public expenditure in their place, including a "deep dive" into specific policy fields. This mapped the complexity of public spending across local partners and aimed to encourage discussion locally and nationally about how to improve the benefit of the spend within an area and prioritise areas which could coalesce the interest of multiple agencies and departments. The design assumption was greater local impact would be come from pooling resources and cutting ineffective spending. This stage was a critical stage in the collaborative exploration of issues and

interests and enabled the pilots to agree on the problems and service gaps which could most benefit from collaboration.

- **Culture:** the process of the pilots was designed to start to overcome the reality that multiple national agencies and local agencies often targeted the same problem but resisting interagency and interdepartmental collaboration.

- **Citizen insight**: the intention was to put citizens 'at the heart of service design' by pooling resources around locally identified priorities.

Driven by the imperative of efficiency the local process began by examining the totality of public spending in an area, looking to uncover waste and duplication and free up resources so that they can be applied more effectively. There was a particular focus on putting 'the citizen at the heart of public service design'. The pilot partnerships identified local priorities within a national menu of 51 targets, and developed plans and actions that would meet 'stretching' targets. Areas chosen included: children's services, drugs and alcohol misuse, housing, worklessness, asset management, services for older people and offender management (HM Treasury & DCLG, 2010)
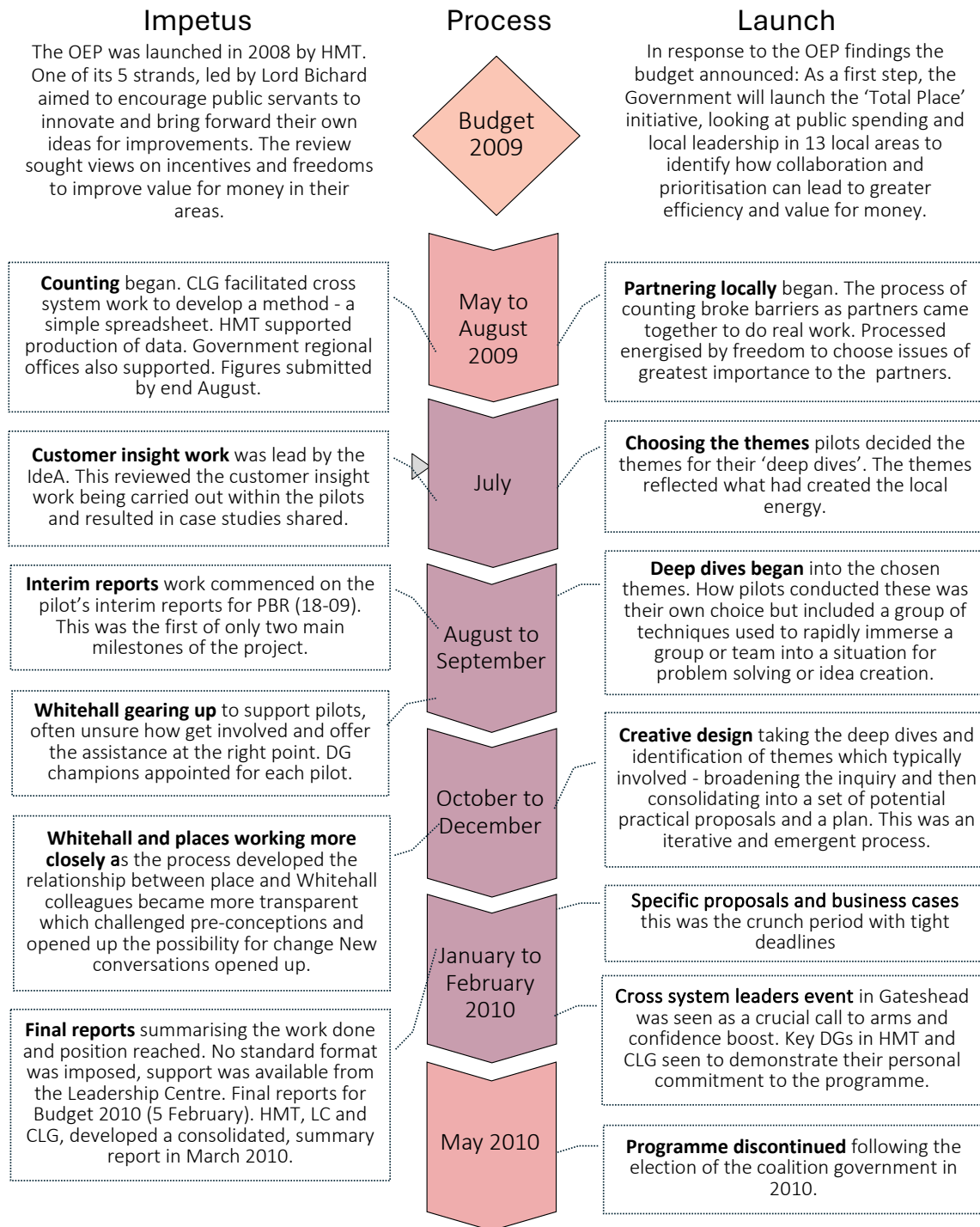
Total place was never going to be an approach that worked for all policy domains – but if offered a new approach of co-creation for local public services that moved on from the legacy of top down targets, inspection and intervention. It was partly process for strengthening local collaboration, capacity and establishing shared priories, and partly a catalyst for innovative new policy solutions to complex long term issues. It also build stronger local networks, connections and collaborative capabilities. It doubtless also changed how some of the civil service officials saw their policy landscape, and created new connections and even career paths. Phase two of the case study I am am developing for Total Place will dig deep into practice and capabilities around the reform.

The process was beginning to show a way for local and national policy makers and deliverers to take a strategic look at their assets and existing policies – and driven by the timescales of the programme, make choices about where there was sufficient imperative and common ground to act on specific clients and issues.

Judging by the blank looks when I mention Total Place to younger civil servants it is forgotten by many in Whitehall - although not in the wider public services. It showed what is involved in meaningful devolution of decisions making, collaborative policy making, and how government can act as a connector, capability builder and investor. It was a practical model for many of the key roles of a government acting as a system steward.

A first version of case study on Total Place will be published *here* in December 2024. A second iteration will draw on primary research with players in the reform, due to be published in Spring 2025.

Exhibit 2. Timeline and process of Total Place

Impetus

The OEP was launched in 2008 by HMT. One of its 5 strands, led by Lord Bichard aimed to encourage public servants to innovate and bring forward their own ideas for improvements. The review sought views on incentives and freedoms to improve value for money in their areas.

Counting began. CLG facilitated cross system work to develop a method - a simple spreadsheet. HMT supported production of data. Government regional offices also supported. Figures submitted by end August.

Customer insight work was lead by the IdeA. This reviewed the customer insight work being carried out within the pilots and resulted in case studies shared.

Interim reports work commenced on the pilot's interim reports for PBR (18-09). This was the first of only two main milestones of the project.

Whitehall gearing up to support pilots, often unsure how get involved and offer the assistance at the right point. DG champions appointed for each pilot.

Whitehall and places working more closely as the process developed the relationship between place and Whitehall colleagues became more transparent which challenged pre-conceptions and opened up the possibility for change New conversations opened up.

Final reports summarising the work done and position reached. No standard format was imposed, support was available from the Leadership Centre. Final reports for Budget 2010 (5 February). HMT, LC and CLG, developed a consolidated, summary report in March 2010.

Process

- Budget 2009
- May to August 2009
- July
- August to September
- October to December
- January to February 2010
- May 2010

Launch

In response to the OEP findings the budget announced: As a first step, the Government will launch the 'Total Place' initiative, looking at public spending and local leadership in 13 local areas to identify how collaboration and prioritisation can lead to greater efficiency and value for money.

Partnering locally began. The process of counting broke barriers as partners came together to do real work. Processed energised by freedom to choose issues of greatest importance to the partners.

Choosing the themes pilots decided the themes for their 'deep dives'. The themes reflected what had created the local energy.

Deep dives began into the chosen themes. How pilots conducted these was their own choice but included a group of techniques used to rapidly immerse a group or team into a situation for problem solving or idea creation.

Creative design taking the deep dives and identification of themes which typically involved - broadening the inquiry and then consolidating into a set of potential practical proposals and a plan. This was an iterative and emergent process.

Specific proposals and business cases this was the crunch period with tight deadlines

Cross system leaders event in Gateshead was seen as a crucial call to arms and confidence boost. Key DGs in HMT and CLG seen to demonstrate their personal commitment to the programme.

Programme discontinued following the election of the coalition government in 2010.

OEP – operational efficiency programme. HMT – Treasury. PBR – pre-budget report. CLG – Department of communities and local government. IDeA – Improvement and Development Agency of local government. LC – the leadership centre

Source: Peter Thomas based on the chronology in total place learning history (Leadership centre for local government, 2010)

Some fundamental barriers to total place

But after just 12 months of the pilots there were signs the was bumping up against two systemic barriers to open policy making and the devolution of both resources and decision making.

Resources and accountability

During the long stretch of the SEU's existence, and brief life of the total place, the main programmes and resources of departments were little changed. At most officials were flexing policy and main programmes at the periphery, relying on short term one off funding packages. The hard wiring and accountability of Whitehall is huge barrier to more meaningful secession of (the dearly held central delusion of) control and policy making – regardless of any evidence that devolution it is more likely to deliver lasting change on national priorities.

A central finding of the Total Place pilots was that Whitehall departments would have to devolve significant decision making power relating to 'their' services to the local level for this radical approach to work (Hambleton & Howard, 2013). This was something they were not poised to do as at the end of the programme in 2010.

The system of ministerial accountability for spending is flagged as the key factor in this blockage., aided and abetted by the conduct of government spending reviews. The long serving principal private secretary to Cabinet Secretary Gus O'Donnell, Ciaran Martin, who lived through the most sustained push to create a sense of collective leadership of the civil service offers a blunt warning:

> *I'm consistently astonished by the endless attempts to reform British Government in the absence of any consideration of why the departmental structure is so embedded & why so called 'silos' exist… For ministers, statutory powers are vested in the concept of a secretary of state, ie the ministerial head of a department. not a mission board. Not a cabinet committee. Not a working group… They overwhelmingly drive the day-to-day incentives of ministers and senior officials… And they always will unless they are fundamentally changed… any serious change would be a huge and difficult job involving very difficult trade-offs.   …trying to reform them without even discussing them is playing at shops…* [Martin, BlueSky 8-2024]

This profound barrier was not addressed by the programme design of total place. It has proved to be a step too far for even the most reformist ministers.

Power, control and identity

Perhaps the most serious barrier to meaningful public service reform is how politicians and senior civil servants see their roles and identity, and the centrality of power and control to both.

> *I think as much as anything Whitehall killed [total place] because this was a threat to the way that Whitehall operated. You could only make this work if you gave people at local*

> *level permission to spend the money differently.* Denham 31-1-2024 in
> https://www.newlocal.org.uk/articles/total-place-2-0-video-john-denham/

Academic literature on co-creation of the type analogous to total place notes the threat that such an approach poses to the fundamental roles and identity of both ministers and senior officials.

Public administrators tend see themselves as policy makers, implementers and regulators who direct and monitor public bureaucracies: *They tackle their job in line with their acquired professional norms and standards they have learned through their career, rather on collaborating with a wider system in order to together produce public value* (Sørensen et al., 2021).

Politicians traditionally represent the electorate and to compete with political adversaries to obtain powerful positions and political influence: *Their job is to position themselves as sovereign decision-makers* (Sørensen et al., 2021)

But co-creation as envisaged in a process like total place must disrupt the ingrained division of labour between goal-formulating politicians and implementing administrators. Those role divisions severely hamper joint problem-solving, open co-creation of policy and power-sharing. And most critically they tend to exclude the involvement of society in governing society. (Sørensen et al., 2021)

For those policy domains where devolution and collaborative policy making are most needed (health education, local government, housing, benefits administration, employment etc) senior officials would no longer be the principal policy adviser. Instead would require system stewardship capabilities that their careers rarely equip them with.

Secretary of State John Denham who led on total place during its short life is clear that rethinking these roles demands a profound cultural change in Whitehall:

> *the challenge for an incoming government and for incoming ministers is to set up very clearly at the very outset that they want the culture and practice of Whitehall to change. You know, I've been there, it's very tempting, you get into your department, you think there are levers you can pull, you can change everything from Cornwall to Coventry to Cumbria, you can't, it doesn't work like that, and so I think we need ministers coming in who actually know that in order to deliver the ambitions they have, they're going to need to send to Whitehall the signals that a culture change in Whitehall is essential. Denham 31-1-2024 in* https://www.newlocal.org.uk/articles/total-place-2-0-video-john-denham/

He also reflects that it is officials who will find this a tougher challenge to their roles than ministers, a finding echoed in the IfG's report on system stewardship.

> *"it's having the leadership and the confidence to lead forward a system you don't control – and that feels very uncomfortable for politicians, and feels even more uncomfortable for civil servants"* Senior Official 2010 in (hallsworth, 2011)

Lessons from analogous reforms in the 90's and 00's

These barriers would be familiar to those who worked on cross cutting PSAs and on the SEU's programme during the noughties. Any outcome focused reform in public services will eventually encounter these problems. Those aspects of the new government's missions that cut across systems will be no different. Ministers and officials should reflect on the problems of earlier reforms and ask what they will need do differently to succeed this time.

Faltering progress on cross cutting PSAs by 2009

This ambitious set of cross cutting ambitions framed in terms of outcomes as an integral part of the comprehensive spending review CSR process in 2007 represented the high-water mark of 20 year sequence of performance management reforms from Thatcher to Brown.

The scale, ambition and comprehensiveness of the new regime ensured it would falter if not entirely collapse under its own weight.

The degree of challenge inherent in the reform had dramatically increased. Success would require the transforming the ability and willingness of officials to deliver improvements against high-level, priority outcomes that cut across departmental boundaries. It pushed against the federal structure of the Civil Service and directly challenged long-standing vertical governance and accountability arrangements.

And it muddied the accountability and support framework which had worked so well on earlier PSAs which lay within a single department.

The process and structures which worked well for delivery unit style focus on less complex targets clearly owned by a single department, were not suitable or adapted to outcomes which require local implementation, adaptation and personalization. Departments reported that the PDMU toolkit was no longer sufficient.

In the new governance structure, the cabinet committee was responsible for holding the lead minister to account for progress. This meant that ministers rarely had face-to-face contact with Brown in the way they did with Blair under the previous regime. This inevitably diluted the personal accountability some ministers felt for their contribution to PSAs. As one former permanent secretary explained, the secretary of state in his department wanted them to *'focus on the things he thought he would be judged on'*. which were specific departmental objectives rather than cross-cutting ones. It was difficult to *'motivate departments to be a good number two or number-three player when somebody else would take all the credit for what was achieved'* [ref]

Despite having striking success in delivering in the early noughties transforming performance on narrower PSAs, progress on cross cutting PSAs was much patchier. Senior officials had learned plenty about how to deliver, but also reflected on the substantial barriers to delivery when outcomes cut across within and beyond Whitehall's internal boundaries. In December 2007 a session of the 200 most senior officials identified a few serious challenges, most of

which describe the deep-rooted federal nature of government and the civil service [report to CSSG 2008-01]:

- Lack of leadership and focus on priorities not sustained: Are new PSAs enough of a priority / will they remain ministers' collective priorities in the future? Are ministers aligned? Will attention on PSAs waiver?

- Lack of culture of trust: Lack of trust in others to share priorities and be competent in delivering them. Challenge of generating trust between departments. Joint working is not part of the culture across departments

- Conflict between PSAs: Potential conflict/tension between PSAs. Conflicting objectives e.g. migration.

- Current departments are siloed: Structures (e.g. funding) and incentives push against joint delivery and don't support collaboration. Some departmental priorities are in DSOs not PSAs. Costs and benefits fall unevenly across departments, with rigidities around resource / budget allocation

- Poor accountability and performance management of officials: Lack of clarity around accountability and consequences. Does shared accountability equal no accountability?

- Short-term crises: Short-term crises can squeeze out long-term aspirations. Lack of forward planning. Over-ambition in terms of scale and time.

There was not sufficient political and official appetite to make the bold changes that would be needed to overcome the barriers to success on cross-cutting outcomes created by the federal nature of government and always underpinned by the hard wiring of accountability, incentives and resources on departmental lines.

I remember a conversation at that time with Matthew Taylor, the Prime Minister's Chief Adviser on Strategy in no10, about the challenges of joined up working. He was pondering whether it was inevitable that the only solution to the struggle on cross cutting priorities would be to take main programme resources and decision making on policy out of departments and put them under a new outcome focused vehicle with Ministerial leadership. Given the continued failure of soft measures such as committees with no meaningful accountability or control it is hard to avoid the conclusion that such hard measures will be necessary for some government missions and priorities. But they will likely be strongly resisted by Permanent Secretaries and the treasury.

The limits of the SEU model

The SEU was set up in 1997 to act as a catalyst for wider governmental action on social exclusion and to institute a set of reforms to improve 'joined-up' working across government.

Whilst not explicitly framed as such the creation of the SEU was a bold change in how policy is made and it set up new ways to work on 'wicked issues'. Their approach started with the insight that there were limits to what could be achieved through a top-down, centrally driven political approach to tackling deep-rooted social problems. They introduced the practice of what was later described as 'open policymaking', with a large-scale consultative process shaping both the

design and implementation of policy. They carried out extensive outreach, resulting in rich inputs from a diverse range of perspectives.

The SEU assembled a cross-cutting policy team from various government departments, with half of its small team coming from outside government – academia, the voluntary and private sectors. It experimented with new approaches, like pooled budgets and shared targets, and had specific implementation teams. All elements that were quite distinct from the traditional civil service model. At the heart of their model was a different way of engaging with communities and front-line staff, in a conscious break from the standard Whitehall model.

They created 18 Policy Action Teams each with clear targets and action plan. They were intended to act, 'like guerrilla warfare in order to speed up a culture change across Whitehall'. These led to the 2001 launch of the National Strategy for Neighbourhood Renewal (NSNR) which offered the vision that: 'within 10 to 20 years no one should be seriously disadvantaged by where they live' (CLG 2010). It addressed unemployment and crime, and how best to improve the quality of services to excluded communities. Significant policies and programmes were established on the back of clear arguments created through the unit's engagement, analysis and research.

Unusually the SEU had strong backing from both HMT and no10/Cabinet Office in much part because of unit head Moira Wallace's background and credibility in both HMT and no10. Consequently, the SEU journey fueled:

- HMT led efforts to create local area agreements, devolved decision making, cross cutting PSAs and total place; and,

- The no 10 Strategy Unit (SU) thinking about the role of government and how it should change to address these shortcomings. The SU produced an initial pamphlet in 2002 which led directly to the Brown government's statement on government reform in 2009: smarter government.

An IPPR evaluation funded by the Lankelly Chase Foundation of that period of intense cross cutting policy making and implementation found that the unit had a substantial impact where it could draw on central government technocratic levers, such as benefits, tax, and when it had a narrow focus on single targets such as rough sleepers or teenage pregnancies. However, it achieved very limited reform to government's own mainstream programmes, and little reach into local government, public agencies and civil society.

The evaluation's conclusion on the limitations of the SEU intervention is important to the Starmer government as it seeks to borrow and adapt the best of past reforms:

> *a better understanding of individual behaviour and organisational culture was needed for more widespread reform. New Labour was good at setting up new governance structures and organisations, such as the cross-cutting units that multiplied during the period, but reform didn't extend further because it neglected the importance of process in favour of a focus on outcomes, overlooking, for example, the importance of nurturing existing informal networks in communities, or treating organisations as agents of delivery rather than as institutions in their own right (McNeil, Clare, 2012)*

In addition to sustained impacts on some of its key goals, for example the reduction in teenage pregnancies, it is probable that the most long-lasting impact of the SEU was building new organisational capabilities in the civil service - for example: how to work openly and collaboratively, establishing wider networks and more trusting relationships across and beyond government. These capabilities were embedded in the changed practice and mindset of a generation of civil servants who had been involved with the SEU. They are capabilities that the role of system steward demands.

Conclusions

There is much that is encouraging about the early outlines of the new government's approach to public service reform. They seem to be drawing on many of the lessons from the intense period of reforms during the 90's and noughties.

But they must also pause to reflect on what hampered or frustrated those reforms. Those barriers to reform add up to substantial unfinished business which needs the attention of the strategists at the heart of government, the public service reform team in the cabinet office, and those departments working with local public services:

1. **Work out what works in supporting improvement, capability building and innovation** in the local public service sector. There are plenty of pockets of good civil service practice, sector led and international examples– but government has lacked a coherent view on how best to support or enable this in public services.

2. **Tackle the profound barriers to cross cutting working and devolution.** The new government needs to address the fundamental barrier sin central government that prevent further delegation of decision making, policy making and devolution of ringfenced resources from main programme). The principal barriers are the system of accountability and the mindset of Minister's and especially senior officials. AS in the noughties the Treasury would need to be an active and positive leader of such changes. They have run elements of spending reviews in the past as thematic outcome focused reviews, and will need to do so again.

3. **Establish a coherent vision for the changing role of government.** Both of these issues demand serious attention to what it means in practice to govern as a system steward in respect to local public services. Much of the ground work and thinking has been done but bold steps and some reformist senior officials will be needed. After a decade of hunkering down it is not clear they are well set to provide this.

In 2016 one of the finest public administration scholars (Pollitt, 2016) looked back on the evolution of public management research in what became his valedictory article. He observed that successive models of reform in the UK since the 1960's hold *'the underlying belief that it is managers who are the key to a transformed public sector... they are the focal point not politicians or frontline staff... managers make things tick.'*

He rejects this belief and his conclusion is striking: *'managerialism is not enough, managers cannot restore fiscal balance, cannot save the welfare state and are certainly not the primary guardians of democracy.'*

Public service reform will be necessary but far from sufficient.

Instead, the missions and biggest priorities of the government demand courageous political leadership: bold vision, tough prioritisation, determined action, and innovative policy making. They will need to be supported by a new forward looking Cabinet Secretary and senior officials who are up for the major changes that will be required to support their political choices.

Peter Thomas 27-11-2024

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