

Briefing on ...

Public Service Reform

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Introduction

The Scottish Government has established the Commission on the Future Delivery of Public Services. It is Chaired by Campbell Christie, former General Secretary of the STUC. The commission has a broad remit to look at the long term pattern of public service delivery in Scotland and will report in June 2011.

In addition to this initiative all the political parties are developing new approaches to public service reform in the run up to the Scottish Parliament elections. For example, Scottish Labour is proposing a National Care Service and a National Police Force. Separately from Christie Commission the Scottish Government is consulting on new structures for police and fire services.

This briefing considers the issues that underpin any consideration of public service reform as the basis for discussion by branches.

Context

Scotland's public services face many challenges in the coming years. Public finances face at least four years of cuts as part of an ideological attack on the role of public services by the UK coalition government. Demographic change including a growing elderly population will place further demands on services as will technological change. Climate change and the need to cut carbon emissions place further statutory and financial demands on services.

These challenges are huge and are seen by those who have always disparaged the Scottish public service model as an opportunity to promote their market orientated solutions. Reform can also be used as a convenient distraction from the difficult decisions many of the challenges throw up.

UNISON Approach

UNISON has a well developed approach to public service delivery as set out in our Revitalise Manifesto. This approach is based on public service principles of democratic accountability, fairness, investment, excellence and partnership. However, it is right that we continue to develop this approach in light of the new challenges facing Scotland's public services. Our approach has always put the service user at the heart of delivery as a partner not simply a consumer of services.

Public service delivery models

Many proposals for public service reform make the mistake of jumping straight into changes to the structure of public service, functions and geography, rather than look how services are best delivered. There are several models including:

- **Command and control:** this approach involves a degree of centralism with services planned and delivered through targets and inspection.
- **Public choice:** this theory assumes that public servants are motivated by self interest rather than the public interest. It leads to the marketisation of public services with service users choosing from different suppliers.
- **Partnership:** this approach requires public services to co-operate not compete and involves varying elements of user engagement and democratic involvement.

The traditional model of public service delivery in Scotland (and the UK) has been command and control. However, the past ten years or so have seen the development of partnership models in Scotland. In contrast, in England public choice theory has led to the marketisation of public services, whilst retaining strong central control through targets and scrutiny. In practice all nation states have an element of all these models, whilst the prevailing ideology means that one can predominate.

There are also developing concepts such as public value theory, systems thinking and co-production that have been underused in Scotland. Whilst they adopt different approaches, the common feature is a view of service delivery based of local demand and needs.

Democratic accountability

Democracy separates the public realm from the market realm. Public services should be driven by accountability to the voter – not maximising profit for shareholders. However, democracy is more than voting every four years and various different methods of user engagement have been tried in Scotland in recent years underpinned by statutory duties in some cases. Local authorities are directly elected and there have been trials of direct elections to health boards. However, there remains a large quango state that that has very little local democratic accountability.

Universal public services are also important in developing fairer and more equal societies. International research (see 'The Spirit Level' below) shows that more equal societies perform better on almost every measure. However, universal services are more costly to deliver and Scotland does not have all the tax powers that would be needed to compensate for universality. This is leading to calls for services to be targeted on those most in need. This risk in this approach is that it undermines collective support for public services and leads to public services being, at best, a limited safety net rather than an expression of collective provision.

Other democracy issues relate to the extent that public services should be directed nationally through minimum standards, scrutiny and performance management. Scotland never adopted the extensive systems of targets used in England, although even those were reduced in the latter days of the last government. In Scotland the Crearer Review is delivering some rationalisation of the scrutiny regime. However, there is a still a debate as to how prescriptive national standards should be. One persons 'post code lottery' is another's local innovation.

Service delivery

The public service reform debate opens up opportunities to those from the business community and elsewhere to promote their vision of an 'enabling state'. This is a system that claims to empower service users as consumers who can 'buy' services from a range of suppliers. In this model most services are outsourced and services are managed as a series of contractual relationships. In UNISON's view this leads to the break up of integrated provision and returns to the 19th Century patchwork of services that was fixed by the development of local government. It is used as a cover for cuts in provision and is hugely inefficient with a massive increase in transactional costs at the expense of the services communities needs.

UNISON favours an 'active state' based on the collective provision of public services that are generally, but not solely, delivered by directly employed public servants. However, this still leaves a number of issues for debate. How prescriptive national standards should be to ensure consistency without squeezing out local priorities and innovation? How we can design services based on user demand using the knowledge of frontline staff and turn that into a joined up local strategy? What should a new public service ethos look like?

The private sector is an important provider of goods and services to the public sector. However, any extension of that role breaks up the integrated service and creates a patchwork of inefficient contractual relationships.

The community sector provides many innovative and flexible services and there are some in the sector who see the current crisis as an opportunity to expand into core services. The problem with this approach is that due to EU procurement legislation it opens services to contestability and in some sectors, notably care, has created an opening for poor quality private sector providers to start a race to the bottom in terms of quality. The community sector offers the prospect of better community engagement but of course is not democratically accountable. Some organisations have poor governance, captured by managerial elites, with poor staff governance. It is a large and disparate sector ranging from genuine local services to semi-commercial operations. In this context there is a need to be able to find a role for the community sector that captures the best features of the sector without damaging the overall approach to integrated service delivery.

Structures

There is a perceived wisdom that Scotland has too many public service organisations and is over governed. This leads to proposals for larger public bodies based on the economies of scale proposition. But is big necessarily beautiful? For example in Norway, a country of similar population size and geography has 430 local councils and 19 strategic regions. Although these are all purpose authorities including primary health care. Even in Norway there is recognition that some services are best delivered nationally and there is a similar debate in Scotland with proposals for a national police force, a national care service and national fire and rescue services.

Even without structural change there has been a strong drive towards shared services, both within organisations and between them. Again this is predicated on economies of scale and a view that front and back office functions should be separated. However, there is increasing evidence from the UK and internationally that this approach is wrong. Few services actually delivered in this way have realised the claimed savings and real costs are simply displaced onto frontline services. There is a massive increase in transactional costs as systems drive activity rather than addressing user demand. There is a strong argument that services should be organised so that staff who meet users should be able to deal with most of their needs, without artificially splitting the work up.

There is a huge consulting industry driving centralisation together with a massive reliance on expensive IT systems that rarely deliver. HMRC, Consumer Direct, housing benefits and others are good examples of what is going wrong with what one writer calls 'public service factories'.

Next steps

UNISON will be responding to the initial call for evidence from the Christie Commission reflecting our current position. It will set out principles, making the case for democratic accountability with new forms of user engagement. We will argue for an active state with minimum national standards that allows for local innovation based on empowering staff and service users in partnership.

Branches are encouraged to discuss the issues raised in this briefing and feed back their views to Kay Sillars (k.sillars@unison.co.uk) in the P&I Team. There is a PowerPoint presentation, speakers and further information below.

Further Information

Christie Commission: <http://www.scotland.gov.uk/About/publicservicescommission>

Public Works: <http://www.unison-scotland.org.uk/publicworks/index.html>

Co-production: <http://www.compassonline.org.uk/publications/item.asp?d=705>

Systems Thinking: <http://www.systemsthinking.co.uk/home.asp>

Scottish Government: <http://www.scotland.gov.uk/Topics/Government/PublicServiceReform>

Spirit Level, more equal societies: <http://www.equalitytrust.org.uk/resource/the-spirit-level>

For the English reform debate: <http://www.guardian.co.uk/society>