

FABIAN

S O C I E T Y

FABIAN PAMPHLET 549

Quality, Equality,
Democracy:
improving public
services



by Margaret Hodge

Quality, equality, democracy: improving public services

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A new politics of public services

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Quality public services are on the agenda for both political parties. In fact, commentators claim there is little to choose between the two parties on policy and purpose in this area.

John Major's promotion of a Citizen's Charter and Labour's launch of its Quality Programme are described as evidence of this new consensus. However, no such consensus exists. The vocabulary may be the same; both parties talk about quality, consumerism, citizenship and empowerment. But the framework is radically different and hence the actual policies and outcomes remain essentially opposed.

Labour's emphasis on quality has evolved steadily over the last decade. The Policy Review process acted as a focus for ideas which those of us responsible for running public services were putting into practice in our own communities. Our ideas on quality are not a theoretical programme cobbled together by a couple of think tanks responding to opinion polls. Labour local councils are implementing the policies now, not just talking about them; our political programme is based on that practical experience.

The promotion of quality programmes by the left is based on three important ideological concepts. First, we want to reinforce the value of public services; second, our concern for equality is dependent on quality; and third, we want to empower people, not as consumers but as citizens with equal rights.

The current political interest in quality from the left is not intended to undervalue the successes of welfare services in the past. Neither is it intended to ignore the devastating impact that expenditure cuts and resource constraints have had. Quality and resources are inextricably linked. You cannot provide high quality education in a situation where there is no teacher in front of the class - because teachers are not paid enough - where there are no books and pencils, and where there is a bucket in the middle of the classroom catching the rainwater dripping through the hole in the roof.

It is also true to say that we must not sell the past on public services. Many of the post-war welfare policies have created opportunities, promoted equality and proved popular. So much so that despite her best endeavours, Mrs

Thatcher was unable to destroy the National Health Service. Equally, the 1944 Education Act provided a successful framework for greater equality of opportunity for many. In the field of public housing, our infrastructure is far better than that of the United States. We still accept that people have a right to a decent home, whereas in America access to housing is entirely dependent on the individual's ability to pay.

But the left cannot be complacent. We cannot take for granted the continuing support for public services and we must not deceive ourselves that increased resources alone will lead to improved services. One of the salutary lessons to emerge from the rate-capping campaign of the mid-eighties was that the services we sought to defend were not valued by the people for whom they were provided. So for me the interest in quality results from a determination to restore faith in the worth of public services. It is no good socialists arguing that public spending is important, that we want to achieve redistribution and promote the interests of the community, if voters do not value the outcomes of those policies for themselves.

Restoring faith in the worth of public services does require some radical changes in the way we deliver those services. Traditional paternalistic and bureaucratic arrangements have resulted in people experiencing the services as inappropriate, unresponsive and inefficient. Telling council tenants that they cannot hang their washing out on Sundays, refusing to give a name on the telephone to a customer, or rigidly sticking to inflexible rules when they do not work in particular circumstances are all practices which have made people question the worth of public services.

Outcomes not inputs

Much of this stems from the fact that in the past our prime concern has been with inputs rather than outcomes; we have thought and talked in terms of resources expended and jobs created. We have measured our success in terms of how much we spend, not on the effect of that expenditure. The Conservatives have also judged public services in these terms, although their obsession has been with cutting costs and reducing expenditure.

By switching to an emphasis on outcomes we are not denying the importance of resources; we are simply recognising that money itself is not enough. So, for instance, in Islington in the mid-eighties, we promoted ourselves as being at the leading edge because we were among the highest spenders on under fives. Closer investigation showed that because of poor management and restrictive trade union agreements, only two-thirds of our available places for young children were occupied. Also, not enough concern was shown at that time for the quality of care that was offered to those young children. Radio One often blared through some of our children's day centres all day, pictures were hung out of children's reach and sight so that the children could not destroy them, tea was served at 3.30pm so that staff could leave the moment

children were collected by their parents. Changing these practices requires a radical change in the management culture and priorities. Change is essential to restoring faith in the value of the service.

There are other reasons why the left agenda on quality has emerged as important. With our commitment to equality we have to recognise that quality and equality are inextricably linked and one cannot be attained without the other. Inappropriate or poor quality public services impact most adversely on those who are most dependent on them; yet these are the very people for whom the services are primarily designed to provide equality of opportunity.

Weaknesses in the health service impact most on those who, because of poverty, are most dependent on the service. The same is true of education and housing. So a concern for equality, which is essentially socialist, demands a concern for quality.

There are other important implications, when one links the two concepts, which distinguish Labour's approach from that of the Conservatives. A concern for equality involves a recognition of people's differing needs and aspirations which demand a range of different services. People are different and what is a good service for one person may be inappropriate for another.

Race and gender are structurally important differences which have to be recognised in the provision of services. Providing one uniform service, however good, will often be discriminatory. Even at its most simple, providing one free dustbin per household ignores the needs of extended families who live together.

Finally, for people on the left, a new agenda of empowerment in relation to public services has emerged. It is about the practical day-to-day experience of democracy. In the past, public services were things we provided for people or did for them. People, we thought, were happy to receive our services passively. Politicians decided and people received.

Socialism is about empowering people to control their lives, not just as selfish consumers but as consumers and citizens. So we have to seek new ways which enable people to shape the services we provide, enable them to have a voice in those services, and enable them to find new ways whereby they collectively meet the expressed needs of all the groups in our society.

Improving participation in elections is part of this process, but we must also devise ways of decentralising power from politicians and bureaucrats to people as consumers and citizens. We have to establish participative democratic structures in the delivery of public services. This process of decentralisation is new for some strands of the Labour Party which have been traditionally centralist and paternalistic in their approach.

Yet by opening up our services to public account through democratic policies, we will achieve better quality public services. We will restore faith in their value and move towards equality. This vision for the left, linking quality, equality and democracy, is radical. It has little in common with Majorism.

Conservatives and Quality

Right-wing think tanks like the Institute of Economic Affairs and the Adam Smith Institute have been busy formulating policies for the '90s. These have provided the basis for John Major's Citizens Charter. They proclaim success for the privatisation policies of the '80s and say they are now looking for other mechanisms to deal with those services they have, so far, failed to privatise. They therefore seek new ways of introducing the market into public services. Their solution lies in further enforced competitive tendering for a wider range of public services and greater encouragement for public institutions to opt out. In their view the public sector's role in providing services directly should continue to wither away and the state at both central and local government level should become responsible for allocating contracts rather than running services. Cash limits on public spending would be maintained.

The new 'Big Idea', however, is in the words of Graham Mather, General Director of the Institute of Economic Affairs, 'to squeeze at the bottom', as well as the top, so that, it is claimed, competition can be introduced into public services and efficiency improved. The squeeze at the bottom comes partly from the introduction of mechanisms committing public services to deliver specified service standards, with financial redress to the individual if the provider fails to meet the pre-determined standards.

This ideology and the policies which flow from it are not the same as the value system for democratic socialists. They are only similar in so far as the notion of making public services work for the consumer is a popular notion. But popularity is no longer the preserve of the New Right, especially in the field of public services. Indeed, there is already evidence that the populist ideas of Thatcherism are not really succeeding in winning support. For instance, the dogma of privatisation faces growing criticism, as people increasingly question its effectiveness.

Creating large private monopolies, as has occurred with the utilities, has done little to improve efficiency or quality. Prices for consumers have increased. There is nothing clever about increasing profits if a company enjoys a monopoly position and controls prices. To then use profitability as a measure of improved quality in these circumstances is either naive or plain dishonest. Yet to reward their 'success', the salaries of senior executives have been hiked up in such a way as to cause unparalleled offence to even the most ardent free marketeers. Had the public utilities remained accountable to the public, the senior executives would never have dared to award themselves such huge salary increases. Removing the services from public account has enabled this abuse to occur.

The idea of introducing internal markets and privatisation in the health service has met with enormous consumer hostility as people believe that giving doctors budgets and creating hospital trusts mitigates against the

needs of patients. Indeed, it would appear that hospital opt-outs have simply allowed further cuts in services to occur with no accountability to the public either through ministers or directly to consumers. The Secretary of State for Health actually said he accepted no responsibility for the cuts in services at Guy's Hospital.

Schools which have opted out of local authority control have often done more harm than good in terms of the efficient use of public resources. Many of the schools which have opted out have been those which LEAs have sought to close as part of reorganisation proposals to ensure better value for money.

The public have rejected the privatisation of many public services, despite the carrots and sticks which the Government have offered. In the field of public housing, proposals for Housing Action Trusts have been thrown out by tenants and attempts to transfer public housing to private landlords have met with little success. In fact, the hostility to the original concept of a Housing Action Trust has been so great that the private Housing Action Trusts have been converted into publicly-sponsored partnership projects involving residents, local councils and central government, as in Waltham Forest. This underlines the point that privatisation is not wanted and is irrelevant in the context of homes targeted for low income families.

It can be argued that the process of preparing for competitive tendering has led to greater clarity about what consumers can expect from services. But the actual privatisation does little to improve outcomes for individuals. Indeed, in some areas such as building maintenance, private cowboy contractors often rip off the public and provide a poor quality and expensive alternative to the direct labour organisations.

Collective need

Left and right therefore start from a clear disagreement as to whether privatisation has been successful and should be pursued. That disagreement flows inevitably from a stark difference of view on two issues: the role of public and private sector, and the role of the consumer in public services.

The Conservatives continually fail to recognise the distinctive role of the public sector in society. Their prescription for improving the quality of public services is therefore inevitably misguided. The public sector's role is primarily to meet collective need, not individual need. Obviously there are circumstances when the distinction need not matter, but an effective understanding of what makes for good management and quality in the public sector must be predicated on a clear understanding of its distinctive role and purpose.

So, for instance, it may be in the individual's interest to drop a fast-food carton on the street but this is not in society's interest. The collective interest is undermined by the individual interest. At the same time there are areas where the individual interest can only be promoted by collective action. We can only drive our cars if roads are built and maintained. There are many

sports where the individuals' enjoyment can only be attained by activities organised collectively.

Unlike the private sector, the public sector cannot opt-out of providing services if market conditions are not favourable. In fact, often the public sector has to opt in when the private sector fails to provide. So there are some services which can only be obtained collectively, not individually and which therefore fall outside traditional market relationships.

Again, unlike the private sector, the public sector often provides statutory universal services which individuals cannot choose to buy or not to buy; therefore market mechanisms are not relevant. Policing, street lighting or open spaces are clear examples of services which are provided for all, with no choice for the individual to opt in or opt out.

Most important of all, public services are not provided to people as isolated individuals. People are both customers and citizens in the public realm. Citizens have a legitimate interest in services even if they do not personally consume them; citizens have obligations in relation to public services even if they do not use them. At the moment people cannot opt out of paying for education because they do not have children. Our society accepts that its children are a collective as well as private responsibility and its hope for the future. The public sector is about achieving a balance between differing needs and aspirations in the interests of the community as a whole.

So the democratic processes in making choices, in determining the balance between resources and needs, are essential to the public sector. Trying to create quality in the public sector simply by introducing market techniques is therefore not enough and will not work. The Conservatives see the democratic process as creating additional costs and unnecessary hindrances to efficient and effective public services. Quite the reverse should be the case. Democracy is an essential ingredient in the public arena which makes it distinctive, which recognises people as both consumers and citizens. It is the only mechanism for reconciling different interests and competing needs, the only method for constructing the common interests we need to exist as a society. Democracy has to be reflected in the way in which mechanisms to achieve quality in public services are developed.

So while the Conservatives seek to privatise public services, Labour seeks to democratise them. These are essentially different frameworks which lead to practical policies which are quite different and lead to very different outcomes for people. I shall explore in detail the policies which flow from our values in the following chapters.

Central and local relations

2

Improving the quality of public services democratically has to involve decentralisation of power from central government to local government and local communities. This has been recognised in Europe where devolution of power is an issue in the current politics of all the nation states.

If one is serious about empowering citizens, one cannot concentrate power in the hands of central government politicians and bureaucrats. In Britain, the ideas of decentralisation and democratisation stand in stark contrast to the centralisation which has characterised the UK Government's policies for the past 12 years. In fact, we have witnessed an unprecedented degree of centralisation of power under Mrs Thatcher. There have been about 130 separate pieces of legislation affecting local government introduced since 1979, wrenching political control away from elected councillors and thus undermining local democracy.

One of the ironies of the poll tax debacle is that after several unsuccessful attempts to control local authorities' spending, the Government finally created a system which was forcing Councils to come into line. Yet the poll tax was so unpopular that it became a contributory factor in Mrs Thatcher's enforced resignation. The 'council tax' reflects a combination of the factors which characterise a centralist regime. Councils will be responsible for collecting only 15% of their income from local taxation. So if the Government cut their contribution to local government by one per cent, and a local council wishes to maintain its spending, the effect will be to raise the council tax by 7%. This gearing effect severely constrains local discretion. Coupled with this lies the Conservatives' determination to maintain universal capping, effectively setting the upper limit on the tax councils can levy locally. This means that councils have lost the right to set their own budgets.

At the same time, the Government is making increased use of financial systems to grant specific projects they wish to support, at the expense of local discretion on spending. Thus 40% of the much-reduced housing investment programme allocated to London is top-sliced by the Department of the Environment and is spent on individually approved schemes favoured by

Government which meet central Government policies and guidelines. A range of specific grants have been introduced as part of the so-called inner-city initiative. Specific grants are established for education and the Home Office has created a new specific grant with their Safer Cities Programme intended to fund crime prevention initiatives in specific local areas.

Funding spending in this way is not just highly centralised. It is grossly inefficient and ineffective. Ironically, it often reflects an old-fashioned desire by the Government to be seen to be doing something about a problem by throwing money at it; but it does not work well. Thus, for instance, in Islington we have employed six workers on Aids who are fully-funded by a specific grant from central Government, while we only employ one worker on the rest of the health education programme. The central grant regime has resulted in a distortion of priorities that makes no local sense.

Another example comes with the much publicised City Challenge initiative recently launched by Michael Heseltine. Councils had to bid against each other for monies to fund schemes in their areas. According to the rhetoric, this was supposed to release entrepreneurial energies and enable communities to respond to their own problems. But quite the opposite happened. Ministers selected the individual projects, and communities were subject to ministerial *diktat*. Central control of funding is bureaucratic, slow and wasteful. Councils bid for money, negotiate the details of a project, put up with delays in grant approvals and comply with an audit system which has more to do with meeting Treasury requirements than measuring the effectiveness of the spending. The process itself adds greatly to the cost of the project. Most important, however, direct control by Government is based on the assumption that Government can best define a prescribed way of responding to a need. In practice, there may be a variety of ways of meeting policy aims, particularly when it involves meeting needs for personal social services.

Local initiative

Enabling local authorities and local communities to find their own solutions will not only result in more effective spending, but will also enable different initiatives to be explored at the local level, some of which will be better than others. Where they succeed they can be emulated by others; where they fail the cost of failure will not be too great. Yet where Government, of whatever political complexion, prescribes and fails, the cost in financial, social and political terms can be immense. One needs only to gaze at the system built tower blocks that litter the urban skyline to see the impact of such mistakes. Tower blocks were a nationally, not locally, initiated policy.

The Government policy thrust towards centralisation stands in vivid contrast to what is taking place in the private sector in the UK, and the movement towards decentralisation in Europe. In the private sector, through a process of mergers, large transnational companies, often enjoying a monopoly status,

are growing; but they are increasingly devolving their operations to a local level with strong decentralised cost centres, which are given independence provided they make a rate of return prescribed by the centre. We thus see strong centres of power with strong local centres.

The Government, for its part, only allows limited decentralisation in public services where it wants to create a market framework. It is in this context that we see the development of hospital trusts and GP budgets; it is in this context that local management of schools has been introduced. It is in this context that the Next Steps Agencies are working. So the Government does not see decentralisation as a mechanism to empower communities or improve quality. It sees it as being linked to the privatisation of public services. Where services are not to be privatised, control is centralised.

In the rest of Europe, the trend is in the opposite direction, towards decentralisation. The primary thrust of public policy has been to devolve power to local government. Countries have moved from varied starting points. France, for instance, despite the existence of nearly half a million elected representatives in various tiers of government, had a very centralised system of public administration until Mitterand became President. Since 1982 there has been a consistent policy of reform to decentralise power to local government structures. In Oslo, on the other hand, power was already devolved to local government. So the '80s have seen the innovative attempts to devolve power to neighbourhood area committees which control budgets allocated to them by the City Council.

Europe of the regions

Can Britain resist the world trend? In my view, it cannot. As power slowly shifts from the nation state to the European state, with the inevitable political developments which flow from the Single European Market, Europe will require a structure to deliver its policies and programmes. Strong regional government will emerge as that structure, and Government attempts to destroy local democracy will be thwarted. This process has already started. The structural funds which Brussels administers, specifically the Social Fund and the Regional Fund, are already allocated to regions. Clumsy *ad hoc* arrangements have been established by local authorities to administer these funds on a regional basis. More permanent regional structures will inevitably have to be developed.

In the longer term, national government may shout and scream but they will not prevent the renewal of local democracy. While many feel depressed by the current fragile state of local democracy in the UK, the attempts to undermine local government will be seen, like the many other policies associated with the Thatcher era, as a temporary blip in the history books. The regret is that without strong local government at this point in time, Britain lacks a voice in the European arena to influence the development of policy and the

formulation of directives from Brussels. While the Germans, with their strong regional structure of Lander, influence the direction of policy, the British have no regional structure to argue our corner.

Passing power to local government structures is a necessary condition for empowering local communities. Developments in Europe may help this. The Conservatives will resist it, but will Labour embrace it? The Labour Party is a traditionally centralist party. Traditional thinking is that equity and equality can only be obtained by centralist planning. There has been a shift towards decentralisation, but the Policy Review remains filled with new quangos which Labour intends to create to police and in some cases control and manage public services from the centre.

In the same way that the Conservatives have sought to control policies in Labour strongholds, the Labour party seeks to implement its policies in Conservative areas, proclaiming that it seeks to defend the interests of the disadvantaged in these areas. So even the Labour Party appears reluctant to want to trust the people. I would argue that a socialist government should set the framework for equity and equality, but within that framework should empower people and communities to determine their own choices.

So it may be necessary to legislate for minimum standards, but Government hands should keep off after that. There will always be tensions between what should be a minimum standard and what should be left to local discretion. The current Policy Review leans towards over-emphasising minimum standards at the expense of democracy and empowerment.

For instance, we clearly need legislation to ensure the right to housing for the homeless, but Government should not decree whether the homes are built in brick or prefabricated. Do we really need to legislate on the nutritional content of school meals? Is it not sufficient to ensure that the right to a free school meal is enshrined in legislation? Is an Educational Standards Commission with the power to intervene in an individual school the right way to improve quality in our schools? Would standards not be monitored more effectively at the local level?

There are alternative mechanisms which will improve quality but which are based in democracy which I will describe in the next chapter. In this context, suffice it to say that centralist prescription will not necessarily result in greater equity and equality. It will create the bureaucracy and paternalism which people resent and reject. Government can seek to influence the direction of public policy within the minimum standards laid down in law. It could, for instance, give more grant to local authorities who provide more nursery places rather than allocate resources simply on need. Rewarding performance is a legitimate and effective mechanism for influencing the development of specific programmes. Directing and controlling those programmes from the centre is inefficient and ineffective. It does not sit well with a democratic socialist value system, which is about empowering people to control their own destiny.

Quality, equality, democracy

3

Everybody is in favour of quality, just as everybody is in favour of goodness. That is why it is so easy for all political parties to adopt the same language.

But the values and aims behind the words are very different, so the solutions and outcomes for individuals and communities will also be different. And as John Major is quickly discovering, the political reality of delivering quality is difficult and often not as consensual as the rhetoric suggests.

During the last few years a number of Labour-controlled authorities have developed a range of initiatives reflecting a quality approach to the delivery of services at a local level. This innovation in itself shows the great strength of local democracy. Policies tested at the local level, if successful, can be emulated elsewhere. Equally, solutions which work for one community may be totally inappropriate in another context.

Developing responsive and valued services has meant putting into practice policies which bring together three important elements. First, a cultural change is required in the management of public services. Moving to a culture which prioritises outcomes for customers and citizens from one which traditionally concerned itself with bureaucratic and professional interests, and looked primarily at inputs, is critical and takes time. Our concern for quality has meant a radical change in the management and organisation of our services. I look at some of these changes in detail in the next chapter. Second, defining and delivering quality cannot be achieved in isolation from local communities. So policies which open up our services to public account, involve people actively in shaping the services and democratise our services, have been key. Third, a concern for equality has underpinned our practice. That has involved recognising that people's opportunity and experience is not the same, so their needs are different. Therefore the services we provide have to be diverse to bring an equitable outcome.

By contrast, the Audit Commission and the Conservatives have prioritised cost in assessing performance. Most Audit Commission value for money studies, carried out by accountants, emphasise the financial savings councils should be making. The Conservatives' obsession with cutting costs is reflected in their election campaign slogan: 'A Conservative Council costs you less'.

There is nothing socialist about inefficiency. Indeed allowing public money to be wasted undermines the socialist purpose of redistribution. But value is not just about money and there are different ways of measuring efficiency. Mechanisms to assess quality and value require a different approach. That approach is more complex and difficult and so many of our policies are at a developmental stage. For example, Labour authorities have been developing performance indicators which assess quality as well as efficiency. In the past in schools, we may have looked at the number of teachers employed or the number of children sitting GCSE exams. Now we examine how many children achieved grade C or above in their GCSE exams as a measure of outcomes. We can measure graffiti, we can look at ways in which parents participate in partnership with schools, we can look at out-of-school activities provided for children and we can monitor teacher absenteeism. All of this helps inform an assessment of quality.

Quality audits

Quality audits are another tool which have been designed by a number of Labour councils. These differ from traditional performance review approaches in that they bring customers into the performance review process, thus ensuring that the service meets the real needs and aspirations of the community and not the needs as perceived by professional providers. Again this reflects a divergence of approach between the two main political parties. The Tories, determined to privatise, are not concerned with establishing structures which involve the consumer in shaping the service. So a hospital trust, staffed by professional managers, becomes immune to the direct influence of patients. GPs with their budgets may have some say, but it is the patient who is the client, not the doctor.

By contrast, in Islington, when we undertook a quality audit of our meals-on-wheels service, we involved users of the service. We established that our nutritional meals were not being eaten by a significant number of elderly people whose cultural and religious preferences had been ignored. So we now intend to offer a range of menus which reflects the ethnic mix among the elderly.

The development of customer contracts in Labour Councils is proving popular, so much so that Mr Major wants to copy them as part of his Citizen's Charter. But because he is coming from such a different angle, he is getting it wrong. For Mr Major the contract is about redress, not about quality, accountability or equity. For Labour Councils, customer contracts are a way of opening up local services to public account. They make it clear to all - consumers, workers and policy-makers - what is expected from a service. They are an effective management tool which enables people to understand services and see where things are going wrong.

The process of establishing and monitoring a contract is as important as

the contract itself. So, for instance, in York where they are developing a contract on housing benefits, they started by undertaking a quality audit. They involved their own managers as well as outside experts from Shelter, the Chamber of Commerce and children's charities. They undertook extensive market research among users of the benefits service.

Customer contracts

The final report recommending changes in management practices and laying out terms for the customer contract is being tested again with service users before implementation, so that it really does meet their requirements. Customer contracts are now being piloted in a number of authorities across a wide range of services. In my own authority, we have one on refuse collection and another for our swimming pools. We are extending into meals-on-wheels, housing benefits, street-sweeping, housing repairs and sports centres. We are also developing contracts in both education and community care. For each service we develop a clear and specified set of rights and responsibilities for the public and the Council. These come out of the quality audit process where management practices are reviewed and users consulted.

So on refuse collection, while residents undertake to use safety standard refuse bins, the Council agrees when it will collect the rubbish, promises that the dustbins will be returned upright with the lids on, that gates will be properly closed and that spillage will be cleaned up immediately. Residents have access to a hot-line to complain if we fail to deliver and we promise action within 48 hours. There is no financial redress because we think it is inappropriate. Residents want their bins efficiently emptied. They do not want a fiver in their pockets. The sanction which underpins this contract and is appropriate to it, is that the refuse gang have a financial incentive which is dependent on their meeting their obligations.

The blanket use of financial redress is wrong. If your train is late, money in your pocket may make you feel better, but it will not assuage your boss nor will it help you to get to work on time. You want the train to be punctual. Equally, fining British Rail will not necessarily help. The more they give out in redress, the less money they have to invest in better trains, and therefore the more likely it becomes that the service will deteriorate even further. Similarly, giving you your money back if you are suffering from Alzheimer's disease is not going to help to get treatment and making you travel 50 miles for your varicose veins operation is not the empowerment most patients want. There are services in which financial redress as a sanction is appropriate, but to gear the system around redress is to miss the point: contracts exist to improve quality.

Customer contracts are easier to devise for some services than others. In Islington, we are now working in two more complex areas education and community care. In community care, we are piloting a scheme whereby after

we have assessed the needs of the individual person, we will offer a 'guarantee' of the help we can provide to enable that person to live in the community. The guarantee will be constructed around the individual's needs and will have regard to financial constraints. It could cover anything from access to adult education and leisure services, to home help hours, facilities in a day centre or adaptations to the home.

Quality education

In education, the development of a home-school contract will be piloted soon. Here the contract is a constructive mechanism to encourage a partnership between the school and the home which is widely recognised as important in raising standards. Also, because it is an individual contract, it is related to the individual child's ability and potential rather than the norm. Through a personal interview, parents will agree to accept responsibility for things like regular attendance, while the school will undertake to have a teacher in front of the class, to provide equipment, to cover certain curriculum areas, and will aim to raise the child's level in basic subjects to agreed targets.

Again, paying teachers by results will not work. In fact it could have the opposite effect of lowering standards as teachers aim low to make sure they get their money. Equally giving parents cash will not compensate for their children missing out on quality education. So we are looking at other ways of underpinning the contract in this complex area. We shall use the teacher assessment process to monitor and improve teachers' performance and to judge the teacher's competence in making sure the home-school contract is met. We are considering an internal tribunal mechanism to use as a sanction with parents and pupils, with pupils being suspended or excluded as ultimate sanctions if they fail to meet their side of the contract. No doubt we shall modify the mechanisms as we learn from experience.

In my view the existence of the contract in itself is important. Openly agreeing a set of objectives acts as a mechanism to improve standards. That has certainly been our experience with the customer contract in swimming pools. Here, because each customer has to pay for a swim, if we fail to meet the terms of our contract they are compensated with a free entry to our swimming pools at another time. The manager of one of the pools, when asked how many times he had compensated customers, retorted '*never*' and that it was his management aim to ensure that he never would have to compensate anyone.

Customer contracts are only part of Labour Councils' quality programmes. Other policies are being developed. Much more extensive use is made of consumer research, something which was considered profligate by the Conservatives and the media a few years ago. Only if you know what people think of their services by asking them, can you take the appropriate steps to improve quality. Managers are being encouraged to sample services; social services

managers sleeping in old people's homes, planning officers negotiating their area in wheelchairs, chief executives sitting on reception desks. This gives managers a taste of what it is like to be a consumer of services and helps ensure that management decisions are more user-orientated as a result.

Labour councils are also encouraging complaints mechanisms and promoting advocacy organisations. People are naturally defensive when their work is criticised. Changing this so that people see complaints as a way of opening services to public account and as a learning process is an important way of promoting quality. Equally, supporting organisations which fight on behalf of individuals or groups is essential if one wants to achieve empowerment for everyone. So in Islington, not only do we fund a number of voluntary organisations which act as advocates on behalf of local people, we also have simplified and publicised our complaints procedures, making sure it is easy to complain, and we have established a Central Complaints Unit, which monitors complaints throughout the Council, spreads best practice, and provides an internal ombudsman capacity.

The Conservatives appear unable to understand this. Their flagship authority, Wandsworth, has cut the funding of law centres, thus undermining the advocacy capacity. The Government, stung by criticism of education by the Inspectorate, has grasped the opportunity of the retirement of the Chief Inspector of Schools to see if they can neutralise the Inspectorate in the Department of Education and Science.

Decentralising Islington

Some of the most exciting developments in local government have come from our decentralisation policies and from attempts to create new forms of active participation by local people in the running of local services. In Islington, we have devolved many of our services into 24 neighbourhood offices. All our social services, housing services, and environmental health services are located in these offices within a quarter of a mile of every resident in the borough. Rent and poll tax can be paid in the neighbourhood office, welfare rights workers are located there and planning applications are fed through the office. So any citizen can walk through one door and pay their poll tax, deal with a housing repair, complain about a noisy neighbour, discuss their child's admission to an under fives facility and arrange their elderly mother's adaptations to her bath. The co-location of professionals in one office has undoubtedly improved quality for the customers. Co-ordination and accessibility is better and people now deal with named and known individuals rather than anonymous bureaucrats.

We are demonstrating improvements in many traditional ways. We have doubled output of day-to-day repairs; there has been a reduction in the number of empty properties in the borough, and we are one of the very few London authorities reducing our rent arrears despite increased rents, reduced benefits

and growing poverty. Being closer to local communities has also meant we have discovered many hidden needs. For example, in one neighbourhood office which had a relatively normal social work caseload before decentralisation, we experienced an explosion in the number of children on the 'at risk' register when the neighbourhood office opened.

There was and remains professional resistance to decentralisation. Professional workers are used to being protected by their professional structures. Social workers, who feel particularly vulnerable at the moment with constant media attacks, feel more comfortable if they are working in the traditional set-up of a Social Services department with traditional professional support mechanisms. In our neighbourhood offices, while a social worker can obtain professional support from a central team, they are managed by a neighbourhood officer who may well not be a qualified social worker.

Equity in standards is maintained by extensive monitoring by the centre. That monitoring has, of itself, assisted in framing policy developments for improved quality. Decentralisation has not been cheap. Running 24 small offices rather than three departments does cost, but value in terms of improved outcomes for individuals and for communities has made it worthwhile. Of course we still have a long way to go, but the early measurements are positive. For instance in one of our recent exit polls we found that over a third of the people using the neighbourhood office had some form of disability. So, by making ourselves more accessible to people, we had improved equality of access to a traditionally disadvantaged group.

Neighbourhood forums

We are also evolving new ways of enabling consumers to take part in framing services and determining priorities. We have encouraged the formation of neighbourhood forums for each office. Local people are elected to these forums in a framework which protects our equal opportunities policy, ensuring representation of traditionally under-represented groups. The forums meet regularly and as many as 100 people attend their forum to discuss local issues. People, including many who have never done so before, participate in a very real way in public affairs. The forums have become such an important focus that the local beat policeman or policewoman feels obliged to attend, although the London police are only accountable to the Home Secretary.

Budgets are gradually being devolved to neighbourhood forums so that they determine spending choices. At present environmental budgets are decided at local level and the funding of local voluntary organisations are also agreed there. Next year the £20 million housing repairs budget will be devolved. This experiment in decentralisation is facilitating a genuine empowerment of local communities. It is not just about power being transferred from central government politicians to local politicians; it is about power being transferred to ordinary people so that they take the decisions which affect their day-to-day

lives.

The practice of Labour Councils reflects differences in the approach to public services between the main political parties. The Conservatives seek to privatise while Labour seeks to democratise. The Conservatives believe that bringing the market and competition into public services is the key to improving them. Labour's approach is to open up services to public account in a way which empowers ordinary people. And perhaps most important, Labour is actually doing it, while the Tories are simply talking about it.

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Labour councils and their workforce

There is a tendency among politicians from all sides to dress up their new agenda for public services with a series of identifiable and visible gimmicks.

In reality, the objectives we set ourselves can only be achieved by a radical change in the culture of managing public sector organisations. That is why ideas like public service contracts should not be seen as ends in themselves but as tools to further the aim of improving quality and changing the culture. The key change has to come by breaking with the traditional approach of a producer-led ethos to one which prioritises the consumer. It is the traditional producer-dominated culture which has led to services being perceived as bureaucratic and unresponsive.

At its most extreme, the obsession with producer interests has resulted in appalling abuses. The 'pindown' practices in Staffordshire children's homes reflect this ethos. The regime which developed was one which suited the needs of the staff, not the children. So, for example, while the staff did not actually lock children in their rooms, they slept outside the rooms on mattresses laid against the door to stop the children getting out. The result is that today, one young woman, who was subjected to the pindown regime, dares not close her own bathroom door because the room is the same size as the pindown room. A young man who also experienced pindown continued to wet himself when he came home because he was used to doing so while he waited for staff to allow him to go to the toilet. These are extreme abuses which can arise when the interests of staff take precedence.

There are endless other less dramatic examples in the public sector of where a producer-led culture inhibits quality. In my own authority, a quality audit of our old people's homes revealed that bread was buttered in the evening for the following morning because that fitted in with staff rotas, so it arrived stale with the residents' breakfast the next day. Similarly, in the past, refuse was collected in the early mornings to fit in with the dustmen's routine. No matter that shops, restaurants and businesses put their refuse out in the early evening, giving 12 hours when dogs and vandals could destroy the bags and

litter was spread through the streets.

Challenging the producer approach is particularly difficult for Labour politicians with their traditional trade union relationships, for putting the consumer first involves radical changes in working practices. Yet there is an essential convergence of interest between the trade unions and the politicians on which we need to build. If, between us, we do not maintain confidence in the worth of public services by improving their quality, we shall not be able to resist the continuing privatisation of those services. Then more of the jobs the trade unions seek to defend will go. Both sides need to recognise this common interest as they deal with the changes.

Further, while Labour politicians learn to prioritise consumers, trade unionists should also recognise that working in the public sector is not the same as working for General Motors. Managers in the public sector are not in the business of maximising profits, but providing services; the industrial relations approach should reflect this very different context. There have been a series of very difficult industrial relations situations as the ethos has changed. It is both ironic and depressing to observe that the greatest resistance to change with consequential bitter strikes has often occurred in Labour-controlled authorities. Yet the changes which the politicians seek are vital for the long term.

The housing dispute in Lewisham in 1987 provides a classic example. Members of staff in the Housing Advisory Centre had met with abuse and some violence from members of the public who wanted a home from the borough because they were homeless. The trade unions responded to this difficult situation by demanding unbreakable screens which are commonplace in Social Security offices. This would have meant reversing Lewisham's policy of providing an accessible, responsive and consumer-friendly service. So the Council offered extra training, they were prepared to increase the number of people on duty at any one time and offered counselling and advice to staff. But they were not prepared to provide the screens. Sadly the entire council went on strike for four weeks until the matter died down. In the end there were no permanent screens in Lewisham.

Accepting change

Such conflicts are counter-productive to the interests of both workers and politicians. Yet we have to recognise that everybody finds change difficult. This is especially so for professional white collar workers. Manual workers seem far more ready to respond to changes in the way they work; perhaps that is because they more often wear both hats as workers and consumers of public services. For the professional, changing practices, opening their work to public account and seeking to democratise the services is often strongly resisted. This is partly because we are seeking these changes at a time when there are financial cuts. It is also because we are seeking the changes at a time when

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public sector workers are under attack and under-valued. However, while it may be a difficult time to achieve change, if we resist change we shall unwittingly be colluding with others who wish to undermine the services in which we believe. Teachers should therefore not jump up and down when councils publish outcomes for children in schools. Social workers should not claim professional superiority when their child care practices are questioned. Professionals should recognise that listening to customers and empowering them to help shape the services the professionals administer will improve the quality and popularity of these same services.

At the same time, politicians have to recognise that quality services need quality employees. So valuing public sector workers is vital. If people feel valued, they will not feel so defensive about the status quo. Prioritising training to achieve the cultural change is imperative, however difficult it may be to sustain that in a period of cuts. Far too little attention has been given to training in the public sector. Training which has occurred has often been for professionals to add to their qualifications. Few manual workers have received training, despite the fact that they are often the front line staff who could be the best ambassadors for public services.

Involving staff at all levels in the process of change also helps. A growing number of Labour authorities are employing quality circles as a means to facilitate staff involvement. Service providers discuss how they see the service, what is good about it, what could be improved and what needs to be done to achieve those improvements. If both sides recognise their common purpose, if both sides approach change in a positive way, then both sides will adjust to the new relationships which are necessary if we are to provide relevant services for the twenty-first century.

The way forward

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The 1980s provided lessons for both the left and the right in the field of public services. The right learned that people were not prepared to accept that individual self-interest should always take precedence over the collective needs of a community. People want services which work for them and which are properly funded by the State.

The left learned that for public services to be popular they had to change from being bureaucratic and paternalistic. People want collective services to be delivered in a way which meets the needs and aspirations of the individual consumer. Achieving these desired changes is an agenda with which the left is more comfortable than the right, because the importance of public services is a natural part of our value system. Perhaps that is why Labour Councils have been doing things while the Conservatives are still only expounding the rhetoric.

Labour's way forward should be to build on the best practices of Labour Councils. Doing so would constitute one way of providing hope of a real improvement in the quality of life for ordinary people - a hope which could inspire the positive support of voters. Labour Councils have learned about how to improve public services. The shift from an obsession with inputs to a concern for outcomes, the change from prioritising the producer to prioritising the consumer, the work on transforming the management culture in public services, the experiments in democratising services as an alternative to privatising them - all this is well advanced in local government.

The forthcoming Labour Government should build on this experience in formulating its programme. What we have actually been doing in our local communities can provide important signposts for a modern Labour party. This is not only true for informing Labour's approach to local government, it is also true for the many services which currently come under the direct control of government, from social security to prisons.

If we are to progress however, we need a genuine commitment to decentralisation, flexibility and diversity. Elements in the Labour Party still hold to the view that quality and equality can only be attained by uniformity of standards determined and controlled centrally. What I have tried to demonstrate is that equality and quality are more likely to be achieved if the people who use services are enabled to construct rather than simply receive those services.

The traditional socialist politician who paternalistically provides must become a thing of the past. The professionals who believe that their status means that they know best must start listening and responding to legitimate individual aspirations. The accountants' obsession with how much we spend and how much things cost must be modified to include an assessment of how effectively services are meeting needs.

Flexibility

In practical terms this means that the legislative framework has to allow flexibility at the local level. For instance, central government should not demand a certain number of meals on wheels per thousand of elderly, in the hope that this will ensure good and equitable care in the community for people wherever they live. There may well be elderly people who prefer a microwave and a deep freeze to the daily meals on wheels service. Policies have to be constructed in a framework which allows this flexibility and individual choice.

Alternatives to a programme of endless minimum standards have to be developed to promote equity. These alternatives should include features like regular inspections, rigorous monitoring and evaluation of the services and the open publication of data which measures the effectiveness of services in meeting individual and collective need. Opening up services to public account is in itself a way by which recalcitrant councils will be persuaded, shamed or forced by their voters into providing and improving services.

We have all been vitriolic in our criticism of the centralisation associated with Mrs Thatcher; we should be wary of falling into the same trap when in Government. So how, people often ask, do we ensure that our policies are implemented in Conservative-controlled areas?

The stick of legislation will remain relevant but we should be wary of trying to control too much from the centre. It does not work effectively and it undermines the democratic processes which should underpin all we do. Socialists should achieve change by persuading people and winning support for their policies, not by imposing their will.

Certainly Government can exert influence and spread ideas. They can also provide carrots by, for instance, rewarding Councils who perform effectively. One can give authorities more grant if they *provide* more facilities for the under fives, not simply if they *need* more facilities. Most important, Government can insist that authorities submit their services to external validation.

They can insist on publishing outcomes and they can compare performance between authorities.

Labour's proposed Quality Commission should essentially assist performance rather than prescribe solutions. It should encourage and support authorities by spreading ideas on good practice, by helping with inspections, by monitoring authorities to ensure they carry out things like quality audits and by publicising information on quality. Doing much more than this will distort the proper balance of power between central government and local communities.

In fact we should encourage and celebrate diversity as an effective way of responding to different aspirations. What works for one person or one community may not work for another. To achieve equality of outcome, we have to recognise that people start from different positions with different needs, so services have to be different to achieve equity.

A power of general competence would be welcome; this would free local communities to take whatever action they believe lies in the interests of their citizens, unless it was specifically prohibited by the law. At present, councils can only act if there is a specific power permitting such action.

Transforming the culture of public services is a huge task. It is enormously challenging and has preoccupied many of us for a number of years. Previous attempts to excite interest in the issue of quality have until recently fallen on deaf ears. Now suddenly it seems as if the quality of public services will form part of the battleground for the next general election. But simply highlighting the issue will not produce instant solutions, and publicity gimmicks will quickly be exposed for what they are. Producing quality public services needs hard graft. Even the most progressive councils feel they are still on the first rung of the ladder to success in this area.

Most important, as democratic socialists we have to be explicit about the framework in which we are operating. The words all politicians use may be the same, but it is the framework which makes the left distinctive. Promoting quality and equality through democracy should be our agenda for the 1990s. By linking the three notions we can build a programme which will capture the imagination of voters.

Recent Fabian Publications

The USSR and the West: a medium-term strategy *Adrian Hyde-Price*. Pamphlet No 548. July 1991. £3.50 The West needs a medium-term strategy to bridge the gap between short term considerations of whether to aid the Soviet Union and long term visions of a common European home. The Soviet Union should be included in pan-European institutions such as an energy community or an environmental agency.

Economic Short Termism: a cure for the British disease *David Pitt-Watson*. Pamphlet No 547. July 1991. £3.50 If the problem of Short-termism in British industry is to be solved, we must first tackle the failings of both the City and industrial management. This pamphlet puts forward 16 specific recommendations of the Labour Finance and Industry Group.

Labour's Environment Protection Executive *Ann Taylor*. Discussion Paper No 6. July 1991. £5.00 Gives details of the structure, powers and responsibilities of Labour's proposed Environment Protection Executive, and explains how it will interact with local authorities and other existing institutions, and how it will raise revenue.

Regulation and Ownership of the Major Utilities *Michael Waterson*. Discussion Paper No 5. May 1991. £10.00 Regulation is necessary to prevent abuse of national monopolies but the type of regulation appropriate depends on the specific industry. For telecommunications, light touch regulation is sufficient, but for other privatised utilities US-style regulatory commissions should be tried.

South Africa: Out of the Laager? *Martin Plaut*. Pamphlet 546. May 1991. £3.50. A lucid and informed account of recent changes and prospects for peace, which argues that despite recent problems, the underlying pressures on both the government and the ANC make a negotiated settlement likely.

Making a minimum wage work *Fred Bayliss*. Pamphlet 545. May 1991. £3.50 A minimum wage could have major benefits for the low paid, without sparking off adverse economic consequences, but only if it is introduced gradually and the correct steps are taken to mitigate its effects.

Facts for socialists *ed Giles Wright*. April 1991. £3.00 Page-by-page summaries of the Conservative Government's record on issues such as the economy, education, housing, the environment, and Labour's policy proposals on each. Illustrated.

Targeting competitive industries *Paul Geroski and G K Knight*. Pamphlet 544. April 1991. £3.50 To develop competitive advantage, clusters of geographically-concentrated industrial activity should be encouraged. The unevenness of economic development must be accepted. Policy needs to be sector-specific and locally-implemented.

The democratic deficit and the European Parliament *Juliet Lodge*. Discussion Paper No 4. March 1991. £5.00 Governments operating within the EC framework are not subject to adequate democratic scrutiny. Attempts to plug this deficit by increasing the involvement of national parliaments are misplaced. It can only be done by increasing the powers of the European Parliament.

East meets West: policies for a common European home *Kevin Featherstone and John Hiden*. Discussion Paper 3. February 1991. £5.00 The EC needs to define its Ostpolitik, which must include a timetable for East European states to join the Community. The EC would be better able to help, and to absorb new members, if it speeded up the process of its own economic and monetary integration.

A European environment charter *Nick Robins*. Pamphlet 543. January 1991. £3.50 Outlines the case for an Environment Charter, on the lines of the Social Charter, to specify rights and obligations of the Community, member states and individuals. Also calls for an accompanying action programme of measures to be completed by the end of the century.

The hidden wiring: power, politics and the constitution *Peter Hennessy*. Discussion Paper No 2. December 1990. £5.00 If Parliament is to function effectively, a vigorous Opposition, well-resourced select committees and 'awkward' backbenchers are all essential. This underlines the need to get the right calibre of individual into the Commons.

A public services pay policy *William Brown and Bob Rowthorn*. Pamphlet 542. November 1990. £3.00 Calls for a Pay Advisory Commission, on the model of ACAS, to provide the data on which comparability exercises and pay negotiations can be carried out.

Telecommunications in the UK: a policy for the 1990s *Nicholas Garnham*. Discussion Paper No 1. October 1990. £5.00 British Telecom should be broken up into ten regional companies, to improve services and management efficiency. Further, Labour should abandon its commitment to introduce a national broad-band fibre optic network, which would be expensive and of uncertain value.

Quality, Equality, Democracy: improving public services

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The two main parties may now be using the same language about public services - quality, consumerism, empowerment - but there is no consensus in the values which lie behind the rhetoric.

Margaret Hodge, leader of Islington Council and chair of the Association of London Authorities, looks at the experience of local Labour authorities and argues that an increase in participation by those who use the services is the only way to improve the quality. This can be achieved by devolving council activities to neighbourhood offices, encouraging complaints mechanisms and promoting advocacy organisations. Where Conservatives seek to privatise, Labour should seek to democratise.

If one is serious about empowering citizens, one cannot concentrate power in the hands of central government politicians and bureaucrats. Government should legislate for minimum standards, but beyond that local discretion should be allowed, even if this conflicts with the priorities of central government.

The Fabian Society brings together those who wish to relate democratic socialism to practical plans for building a better society in a changing world. It is affiliated to the Labour Party, and anyone who is eligible for membership of the Labour Party can join; others may become associate members. For details of Fabian membership, publications and activities, write to: Simon Crine, General Secretary, Fabian Society, 11 Dartmouth St, London SW1H 9BN.

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