'Citizen-centred' public services: contestability without consumer-driven competition?
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Public services in Wales operate within broadly the same framework as their counterparts in England. Policy-makers in Cardiff and London both regard public service improvement as a top priority and a key election battleground. Services in the two countries receive similar levels of funding. Service users have broadly similar aspirations and levels of need. Service providers face the same long-term challenges associated with rapid technological advances (particularly in medicine), rising public expectations and increasing numbers of people surviving into old age—all of which are driving up the costs of welfare provision. The two countries have the same tax regimes with thresholds that are low by European standards, so there is continual pressure to improve efficiency. And yet, despite these strong parallels, policy-makers in Wales have espoused a fundamentally different approach to public services delivery from that which has been developed in England in the last decade. Turning their backs on competition and customer choice, which have been central to reforms in English schools and hospitals, they have argued that these alleged drivers of improvement are unworkable and unwanted in Wales.

It is important to get the terminology right at the outset. We take ‘consumerism’ to mean the pursuit of power, rights or influence on behalf of service users. This can take many forms, most of which are entirely consistent with the model of public services delivery adopted by Welsh policy-makers. Where they differ from their English counterparts is in the rejection of one particular form of consumerism—the creation of consumer-driven choice specifically in order to foster competition between providers operating in public service markets.

This article analyses the alternative approach adopted in Wales and investigates whether it offers a viable alternative to consumer-driven public service markets. The first section describes the Welsh Assembly Government’s philosophy of public services delivery. The second section assesses the strengths and weaknesses of its approach and the challenges it faces, drawing on evidence from two major reviews of Welsh public services. The third section examines ways of strengthening the citizen/collaboration model which has been adopted in Wales. We conclude that it is viable, but requires central and local government fully to embrace other drivers of improvement which are not yet sufficiently developed in the Welsh context.

Rhetoric and rationales for the ‘citizen/collaboration model’

The initial devolution settlement gave the National Assembly for Wales only limited powers. Defence, foreign affairs, energy, employment and economic affairs, social security and policing all remained firmly under the control of the Westminster government, and unlike the Scottish Parliament the Welsh Assembly was unable to enact primary legislation or vary tax rates. It was, however, given a free hand over the health service, education and local government policy, and it moved surprisingly quickly to make the most of these powers, rapidly establishing a distinctive account of public services reform, that was in marked contrast with the approach espoused...
by ministers in London (Bradbury, 2005).

Early manifestations of the so-called ‘clear red water’ which Welsh ministers sought to put between themselves and the Westminster government included the explicit rejection of the ‘hard-edged’ instruments of top-down performance management favoured by many Whitehall departments and the introduction of a raft of welts initiatives, such as free prescriptions, free school breakfasts and free swimming for children and older people, plus more recently the abolition of hospital car-parking charges.

In its second term the Assembly Government published a policy document entitled Making the Connections, which set out its overall philosophy of public services reform (Welsh Assembly Government, 2004). It argued that there are two basic models of delivery. One involves setting local services free from central control and leaving them to compete with each other to attract users. The theory is that competition will force them to become more responsive and drive down costs. The second approach encourages organizations to collaborate rather than compete, sharing their expertise and resources to maximize efficiency gains through scale economies, thereby improving services and increasing capacity across the public sector as a whole.

The Assembly Government acknowledged that the first model appears ‘at first sight to offer users greater choice’ but argued that ‘in practice it is the management team who are empowered’ not the public. This competitive model was, it said, unworkable in most parts of Wales because population densities are too low to support a multiplicity of service providers. The ‘best outcomes are obtained when those who use and those who provide services work together’ and this collaborative approach was more in tune with ‘Welsh values and attitudes and sense of ownership in our public services’. According to a senior adviser who was closely involved in the development of this strategy, the Welsh public prefer to be treated as citizens with rights and responsibilities, expressing their needs and preferences through ‘voice’, rather than as consumers who exercise individual choice through ‘exit’. They want equality of outcomes, not just the equality of opportunity offered by a competitive model which, he argued, often disadvantages the less affluent and articulate (Drakeford, 2005).

The 2004 document offered several examples of the collaboration the Assembly Government hoped to encourage. It noted that some local authorities were working together to provide for those with special education needs, to give consumer advice and to encourage recycling, and it praised the way in which local health boards were sharing ‘back office’ functions such as finance, revenue collection, payroll, human resources and estates, arguing that if they pooled these functions other public sector bodies could also benefit from significant economies of scale. An action plan, published the following year, set out some of the other ways in which the Assembly Government hoped to achieve the ‘vision’ set out in Making the Connections. It pledged to ‘give citizens, communities and businesses a stronger voice in the way services are planned and delivered’ in order to ‘make services more responsive’ (Welsh Assembly Government, 2005, p. 6). Commitments included the introduction of surveys to gauge the public’s experiences of and satisfaction with services; a requirement for all services to introduce standards for customer care and report their performance against them; the development of single points of access for services through the use of information and communications technology; increased opportunity for communities to influence the shape of services they receive; and initiatives to remove barriers to participation by disadvantaged groups. A third document, published in 2006, reiterated the Assembly Government’s aim of ‘transforming’ services by promoting collaboration and embedding ‘an ethos of putting citizens first’. It argued that public service providers needed to provide ‘better customer service, flexible service options, stronger engagement and clearer public accountability’ (Welsh Assembly Government, 2006a, p. 12), and pledged ‘a revolution in how people are able to contact services’; better use of information about ‘citizens’ experience of accessing services to improve business processes and drive up performance’; a more ‘active partnership between services and citizens’; and initiatives designed to give ‘people a stronger voice in their communities’. Much of this was entirely in line with what has emerged over decades of consumerism in consumer goods markets. Without consumer choice of provider, however, it leaves open the precise extent and mechanisms of greater consumer influence, an issue to which we return later.

Talk is cheap—even (or perhaps especially) in government policy statements. There was nothing particularly remarkable or innovative in these proposals for citizen engagement. Most mirrored similar, sometimes rather more sophisticated, developments elsewhere in the
UK. But the contrast between the tone of the 2006 policy statement and its English counterpart is instructive. The 52-page Welsh policy statement refers repeatedly to ‘citizens’ (36 times) and ‘collaboration’ (21 times). But it makes no mention of competition, nor is there any suggestion that citizens or communities or customers should be allowed to choose between alternative providers. The word ‘choice’ appears only three times—one in connection with the Assembly Government’s aspiration to give students a full range of curriculum choices, once in a reference to its desire to make public services an ‘employer of choice’, and once where it is argued that service users should ‘have the chance to make greater choices about…how services should be provided’, which is different from enabling them to choose who provides the service. By contrast the equivalent document in England, which was produced in the same year by the Prime Minister’s Delivery Unit and set out the ‘UK government’s approach to public service reform’, makes 329 references to choice and more than 150 references to competition, and devotes entire chapters to these two themes (Cabinet Office, 2006).

The Welsh rejection of competition and user choice is more than just rhetoric. It is reflected in significant and increasing divergence between the approaches to public service delivery in England and Wales. The Assembly Government has to a considerable extent eschewed the targets, testing and league tables that have occupied centre stage in recent attempts to drive improvement in English schools, hospitals and local councils. There are no foundation schools or hospitals in Wales. It has abolished all SATs. Politicians are disinclined to ‘name and shame’ underperforming schools and have adopted a more consensual approach in their dealings with local government than have most Whitehall departments. Council funding is non-hypothecated and, in marked contrast to the Comprehensive Performance Assessments imposed on English local authorities, the Wales Programme for Improvement reflects local priorities and relies heavily on self-assessment (Laffin, 2004). There are no published performance league tables of councils’ overall performance, and until recently no formal protocol allowing ministerial intervention in ‘failing’ councils.

The explicit rejection of the ‘English’ approach to public services reform reflects a desire to establish a separate and distinctive identity for the new devolved administration. But it is not simply a case of Welsh perfidy. In a relatively small country, what Hoggett (1996) has called the ‘long distant mechanics’ of audit and inspection are seen as being less important. With just 22 local councils, seven NHS trusts, four police forces and three fire authorities, ministers and civil servants can meet regularly with all the chief executives, council leaders, chairs of trusts, chief constables and chief fire officers. In this close-knit policy community the public ‘naming and shaming’ of poor performers is said to be unnecessary because pressure can be exerted behind the scenes. Scepticism about competition and user choice also reflects wider and well-grounded concerns.

Driving efficiency

First, as Jones points out (Jones and Needham, 2008), competition can drive efficiency in markets only if there is excess production and the political will to close down less successful providers. The Assembly Government’s stance reflects a recognition that neither of these conditions applies in Wales (and probably not in England outside of metropolitan areas). Most people are unwilling to travel significant distances to access primary or secondary education or health care. Low population densities in the north and west of Wales make it difficult to create and sustain the multiplicity of providers that would be needed to give users a genuine choice. This problem is not unique to Wales. Research for the Department of Health, surveying a representative sample of 1,276 people over the age of 40 across Great Britain, found that only 45% would be willing to travel outside their local authority area or more than 20 miles for hospital treatment. However, evidence suggests that localist sentiment may be stronger in Wales than in many other parts of the UK. There is vocal and broad-based opposition to the closure of local schools and hospitals—in rural areas and some cities, including Cardiff. Campaigns to ‘save’ local hospitals featured prominently in the National Assembly elections of 2007, and a significant number of independents fighting on the single issue of school closures won seats in 2008 local elections, pushing out some prominent council leaders in the process. It is highly likely that attempts to close down providers which failed under a competition and consumer choice model would meet with similar opposition, and it is not therefore surprising that politicians are not queuing up to create future problems of this kind.

Threatening social justice

Second, policy-makers in Wales see user choice
as a potential threat to their commitment to social justice. They believe it may have an adverse effect on those service users who are not well informed or fleet of foot or who live in the most deprived communities. The counter argument is that competition driven by the more canny consumers will eventually create improvements for all by raising the standard of all providers to that of the best. Even if this proposition is true, however, in the meantime services for the most disadvantaged are likely to deteriorate as other users flee from ‘sink’ schools and hospitals. This trend is no accident; it is how markets are supposed to work. They are avowedly amoral: it is merely unfortunate if the customers of the least good providers suffer as they go under. However, for the users of public services to suffer this fate, perhaps over a protracted period as a provider withers on the vine, is—properly—a political issue; and one of the key arguments for developing public services is to safeguard the vulnerable from such downsides of the market-place.

Wants versus costs
Third, consumer choice works as an efficient means of determining the distribution of public services only if users have access to and choose to act upon accurate information about their own needs, the cost of services, the quality of other providers, the size of the available budgets and the opportunity costs of different forms of provision. These conditions rarely apply. As illustrated by debates about the availability of expensive new cancer treatments, patients and their families are unwilling to forego potentially life-enhancing treatment regardless of the cost to the public purse and the impact on other services. Opinion surveys confirm this attitude, showing that a large majority of the general public believe patients should receive the most effective interventions regardless of the cost. A survey of a representative sample of British adults in 2006 found that almost three quarters believed that the NHS should provide available drugs and treatments ‘no matter what the cost’ (IPPR, 2006). Consumers of free or subsidised services do not express the preferences that should drive markets for the simple reason that they have no need to forego one good in order to demand another. Rather, they express unbridled wants. Public service markets are therefore incapable, even in theory, of producing a socially efficient allocation of resources; political choices are inevitable and should be seen as such, not masked as an exercise in consumer ‘choice’ (Webb, 2008).

Working against the collective
Fourth, there is a belief that customer-driven public service markets run counter to the public service ethos and to a widely shared sense of collective commitment to public services. This concern is by no means uniquely Welsh. Taylor-Goooby (2006) has argued that ‘consumerization’ of public services has a corrosive effect on public trust and O’Neill (2002) has suggested that naming and shaming poorly performing services is similarly counterproductive. Research on public perceptions of English local authorities supports this finding, showing that satisfaction with their overall performance has declined despite measurable improvements in the quality of the services they provide (Martin, 2008). But again there are grounds for thinking that this issue may have particular salience in Wales. The Assembly Government’s emphasis on the importance of workforce engagement and the need for producers and users to be on the ‘same side’ reflects its view that there is a particular sense of attachment and collective commitment to public services in Wales—and there is empirical evidence to support this view. Research shows that overall net satisfaction with most public services is higher in Wales than in other parts of Britain and that, except in the health service, the Welsh public is more optimistic about prospects for improvement in services (Ipsos MORI, 2006).

The citizen/collaboration model in practice
So, for a variety of principled and practical reasons, user choice and competition are off limits in Wales at least for the foreseeable future. This makes it an interesting case study for policy-makers and researchers alike. The key question is how well the citizen/collaboration model operates. Does it promote service improvement or do the self-denying ordinances of policy-makers who have ruled out competition and user choice condemn the Welsh to sub-standard and inefficient services?

One way to investigate this question would be to compare the performance of services in England and Wales. But—for a variety of reasons—comparative analyses are difficult. A study of performance indicators for health, education, police, fire and local government services between 2000/01 and 2004/05 found evidence that some services in Wales had performed less well and improved more slowly than those in similar areas of England (Andrews and Martin, 2007). However, this study covers a period when the citizen/collaboration model was still in its infancy. Unfortunately, analysis of more recent performance is not possible.
because changes in the indicators mean that similar data no longer exist. This article therefore draws instead on qualitative data provided by two recent reviews of public services in Wales which between them offer assessments of the effectiveness of and challenges facing the citizen/collaboration model.

The Beecham review, published in 2006, provided an overall assessment of Welsh public services (Welsh Assembly Government, 2006b). The Webb review, published in December 2007, offered a more in-depth analysis of a specific policy area—the provision of 14–19 education (Welsh Assembly Government, 2007). Both inquiries adopted a similar approach. The Beecham review took oral evidence from over 300 representatives of a wide range of public service providers—at national and local levels and from across the statutory, voluntary and business sectors. The review team analysed a range of strategies and reports and more than 120 written submissions, as well as visiting two local authorities and holding two workshops with practitioners. The Webb review took evidence from more than 70 witnesses, including representatives of the Welsh Assembly Government, employers, employer organizations, Sector Skills Councils, the Sector Skills Development Agency, trades unions, local authorities, the Wales Local Government Association, the voluntary sector, schools, colleges, providers of work-based learning and higher education institutions. The review team carried out 28 site visits and held nine focus group discussions with providers of further education, local authorities, and users.

The Beecham review endorsed the Welsh Assembly Government’s overall strategy for public services delivery, concluding that the citizen/collaboration model could be made to work. But it argued for fundamental changes in both central and local government. It observed that although in theory the Assembly Government is relatively compact, and ought to be able to ‘join up’ its policies, different departments had different planning cycles, performance frameworks, funding regimes and legislative requirements. The result was a multiplicity of guidance, performance targets, bidding timetables, monitoring requirements and inspectorates which impeded collaboration ‘on the ground’ between local authorities, the police, fire services and the NHS. To complicate matters, policing is a non-devolved function and therefore accountable to the Home Office. The contrast between the Assembly Government’s relationship with health trusts and local authorities was particularly marked. The NHS was managed—even micro-managed—from the centre, while ministers took a far more ‘hands’-off’ approach to local government.

The Beecham review team reported significant local barriers to collaboration. They noted a culture of compliance/dependence—too many local service providers were waiting to be told what to do by the centre. However, national politicians and civil servants often saw their role differently: as creators of policy frameworks who need not take much interest in or responsibility for implementation. And there was a disjunction between policy teams and those who were required to implement policy. The antipathy towards league tables and the dearth of published performance data made it difficult to compare performance between areas or organizations. As a result there was a lack of incentives for good performance, few sanctions for failure, and no systematic basis on which to identify and share good practice. Despite the talk of a ‘citizen/collaboration model’, there was neither adequate data about what the public wanted from or thought of public services, nor a coherent strategy for promoting informed public debate about policy options. The report therefore called for ‘engaged leadership’ from the Assembly Government and proposed a range of changes to the machinery of government designed to turn the rhetoric about citizen-centred policy-making and public service delivery into a reality.

The Webb review of 14–19 education found that significant progress had been made since devolution both in developing policy and improving levels of educational attainment. It noted that Further Education Institutions (FEIs) in Wales had on the whole exceeded government targets relating to the quality of teaching and for learner achievement. GCSE and A level scores had improved and levels of attainment at primary level in English, mathematics, and science had outstripped those in most English regions. But, on the downside, there had been limited progress in tackling the underlying causes of the basic skills deficit. Existing provision was not fully responsive to the needs of employers, nor did it guarantee learners access to a full range of vocational and academic learning opportunities. Too many young people went on to become economically inactive, and there was also a need to strengthen provision for the most gifted and talented students. The review team noted that the causes of educational underachievement are complex and multi-factorial, but concluded that the
nature of the education system in Wales was part of the problem. It had failed to develop and engage learners who wanted or needed vocational and practically based learning opportunities. Some small sixth forms could not operate economically or efficiently and offer a full range of curriculum options. There were, the report concluded, too many separate institutions operating at a local level to be viable in such a small country as Wales; a problem that will increase as student numbers decline in future.

The contrast between the Webb review team’s conclusions and those of the Foster and Leitch reviews in England (DfES, 2005; HM Treasury, 2006) are instructive. All three reviews agreed that training must equip learners as effectively and efficiently as possible with the skills and capabilities they need to fulfil their own potential and to meet the future needs of employers. However, the Webb review team took a different view from Foster and Leitch of the best means of achieving these objectives. Leitch argued that the supply of further education programmes has been substantially determined by the providers and needs in future to be driven by learners and employers. He believed the way to achieve this goal is to subject all providers to the disciplines of the competitive market-place so that they are forced to become more responsive and efficient to survive.

By contrast, the Webb review saw both the demand-led agenda and market competition as problematic. The difficulty with learner demand, it argued, is that the choices made by individual learners are not necessarily well informed and may not serve the best interests of the UK economy as a whole. Simply satisfying personal preferences may be fine in consumer goods and services markets where customer satisfaction is the prime consideration, but more complex objectives pervade the world of training—public funding can reasonably be focused in the main on skills that match the needs of the economy. Personal choice may not map onto career opportunities or the skills needs of the present, let alone the future, economy—or, indeed, of specific local economies. Moreover, learners’ preferences may not even be in their own long-term interests. Learner demand tends to suffer from ‘lag’. Information about changes in employment opportunities filter through slowly, and learners, their families and professional advisers may base decisions on insufficient, inaccurate or outdated information about employment prospects. Young people’s choices are also shaped by ‘fashion’—the ups and downs of subject popularity—and the prestige that schools, parents and society in general places on academic routes to college and university as opposed to practical skills attainment. Most fundamentally perhaps, learner demand has been shaped and distorted by the pattern of compulsory age provision itself—which remains essentially academic in concept. Providers are not then disinterested players who give out impartial advice. They have incentives to shape learner demand in ways which maximize their own funding.

Similarly, employers’ demands need to be treated with caution. The degree to which they should drive provision depends on how accurately they understand and reflect the current skills needs of the economy as a whole rather than those of individual employers, and on how accurately they can anticipate future needs. Neither of these aspects can be taken for granted, particularly where local, regional and/or national economies are undergoing, or will need to undergo profound and sometimes rapid change.

The review identified competition between providers as part of the problem rather than the solution. Per capita funding drives substantial competition between local providers for post-16 learners, but the review echoed Estyn—the schools inspectorate body in Wales—in seeing this competition as constraining choice. Even larger schools and colleges cannot economically provide a full range of options—especially vocational options—in the absence of collaboration. Competition could also distort the choices of young learners—some of whom were placed under considerable pressure to remain ‘loyal’ to providers despite their own expressed preferences. Webb agreed with Leitch that 14–19 education and training need to become more responsive to the needs of both employers and learners. Employers have to be given more influence over provision and services have to become more personalized. However, the review team’s proposed solution was a new planning and commissioning framework, and the creation of collaborating consortia of providers capable of delivering genuinely wider—and more disinterested—choice. Interestingly, it based this model on practice in some areas of England, where, despite the rhetoric of consumer choice, stronger collaboration is being driven by learner entitlements to a much greater degree than currently happens in Wales.
Contestability without consumerism

Neither the Beecham nor the Webb review gainsays the citizen/collaboration model espoused by the Welsh Assembly Government. But both argue that it is not currently operating in a way which inspires confidence that it will deliver more responsive and efficient public services. Both conclude that the problem is not a lack of customer-driven competition. The weakness of the current arrangements is, they suggest, that too little attention is given in practice to citizen’s needs and there are too few drivers of collaboration which is a high maintenance and inherently difficult activity. Working across professional and organizational boundaries requires a considerable investment of time, effort and leadership. What looks like a self-evident need to work together from the outside often appears from the inside to be a managerial minefield in a no man’s land of organizational and interorganizational politics (Webb, 1991). This characteristic is not because service providers lack vision or goodwill; it is the natural outcome of the existence of sector specific funding and performance regimes which mean that to succeed organizations, sections and professions have to develop and maintain group solidarity. The model of the good leader or organization focuses on the achievement of its goals first and foremost; the wider picture comes a poor second unless government can itself co-ordinate the priorities, targets and incentives that flow down to the organizations which it wants to work together. There is then a need to remove obstacles to local collaboration and create a framework which offers significant incentives for agencies to work together.

Similarly, the need to organize services around the needs of their users is not in doubt—it would be naïve to rely on the professional integrity of service providers to ensure that they always act in the best interests of users or tax-payers. The problem diagnosed by both reviews is that there is currently a lack of other forms of challenge and contestability in the Welsh system. But this does mean that alternatives to customer-driven market competition can not be created. It is possible to personalize services without market competition. Users can be empowered to make choices about what kind of service they receive, when, where and how, without being offered a choice between providers. Rigorous performance comparisons and benchmarking provide another useful source of challenge and contestability which helps to keep providers on their toes and assists them to identify good practice. Collective choice can be exercised on behalf of the users through intelligent commissioning by central or local government or other third parties. This approach has a number of advantages. It is possible to build collaboration between providers into contracts. It avoids abandoning vulnerable users to fight their corner alone. Service users need not be turned into consumers whose only role is to maximize the personal benefits they gain from public services. They can be treated as and asked to behave like citizens with obligations as well as rights. And such collective choice need not be centralized. In the English collaborative consortia cited by the Webb review, learners’ host institutions were identifying and commissioning others in the consortium to meet some of their students’ expressed needs because it was the best way to maximize student retention and success. They thereby fostered an internal market, but one based entirely on institutions mediating judgements about choice and comparative quality.

The development of these other forms of contestability would require a significant change of culture in central and local government in Wales. At present, there is still a presumption in favour of direct provision of services. Relationships with delivery bodies tend to veer between loose ‘sponsoring’ relationships and top-down micro-management of processes and accountability for inputs. A focus on effective commissioning would help to counteract this trend because it would require clarity about desired outcomes and outputs, and concentrate attention on the ‘what’ rather than the ‘how’ of service delivery.

Cosy public monopolies are unacceptable, but customer-driven market competition is not the only antidote. There are potentially powerful forms of contestability and drivers of improvement. They have yet to be fully embraced by Welsh policy-makers, but if they are then the citizen/collaboration model might yet offer an effective strategy for public services reform.

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