

Achieving better value for money and improved outcomes in government and public services

Reform-Microsoft seminar series

Education

Kevin Brennan MP, Shadow Minister for Schools

Wednesday 6 July 2011

Health

Norman Lamb MP, Chief Parliamentary and Political Advisor
to the Deputy Prime Minister

Thursday 8 September 2011

Central and local government

Rt Hon Margaret Hodge MBE MP, Chair, Public Accounts Committee

Tuesday 13 September 2011

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Attendees

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Dale Bassett
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Steve Beswick
Education Director, Microsoft UK

Sarah Bickerstaffe
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MP

Kevin Brennan MP
Shadow Minister for Schools

Bernadette Brooks
General Manager, Naace

Guy Hewett
Head, New Line Learning Academy

Kevin Rennie
Head of Education, PA Consulting

Alan Richards
Information Systems Manager,
West Hatch High School

Graciano Soares
MEd Manager, RSC London

Amanda Spielman
Research and Development Director,
ARK Schools and Chair, Ofqual

Glenys Stacey
Chief Executive, Ofqual

Isabel Sutcliffe
Director, Regulation, Standards and
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Will Tanner
Researcher, *Reform*

Stephen Uden
Head of Skills and Economic Affairs,
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David Vanstone
Head, North Cestrian Grammar School

Alison Wood
Head of Educational Policy, AQA

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Cynthia Bower
Chief Executive, Care Quality Commission

Howard Catton
Head of Policy, Royal College of Nursing

Neil Churchill
Chief Executive, Asthma UK

Professor Paul Corrigan CBE
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Lord Turnbull
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Reform comment



Dale Bassett,
Research Director,
Reform

This series of three *Reform*-Microsoft roundtable seminars explored how to achieve better value for money and improved outcomes across the public sector. Each seminar focused on a different area: education, health, and Whitehall and local government. What was striking was the common themes and central issues that emerged across the three events. As the public sector continues to grapple with spending cuts and the Government advances its Open Public Services agenda, the events raised some excellent ideas and case studies for achieving genuine transformation across government and the public services.

The discussions made one important fact very clear: while technology can make a big difference in improving services and value for money, it is not an end in itself. Technology enables the public sector not just to cut costs but to adopt fundamentally different ways of doing things. Services can be provided in much more efficient ways; citizens can interact with government and public services through an entirely new approach that puts the user at the heart of the experience. This is not just about the back office but the front line of service delivery, and this kind of transformative approach is necessary to generate significant improvements in outcomes and reductions in cost.

The starting point has to be the outcome – usually defined in terms of the user. What is it that a particular service is actually trying to achieve? This is the essential first step in redesigning services and their interaction with individuals. But it raises a big issue: this new model relies heavily on citizens engaging deeply, regularly and easily with government and public services in a way that has not traditionally been the case. That engagement

challenge is one of the biggest obstacles to transformation, but it is also a challenge that technology is well-placed to help solve.

Putting users and outcomes at the heart of public service delivery also entails new thinking about who delivers those services. Private sector providers, charities and social enterprises are leading much of the innovation in this space and will often be best-placed to deliver services, raising questions over funding models and commissioning. Technology will also empower government and public services to work with partners in new ways to improve the quality of their offerings and reduce costs.

Clearly there are many exciting possibilities in the new world that is now evolving. One important issue is whether the capacity exists within government to deliver on these possibilities – or if not, whether it can be developed. Incentives for civil servants and public sector workers, commercial skills and capabilities around outcomes-based commissioning and procurement are all areas that will need to be addressed if government is to realise the full potential of transformative service delivery.

What is certain is that, if these obstacles can be overcome, citizens will benefit from more flexible, responsive and customised public services than could even have been imagined just a few years ago. At the same time, government will be able to reduce its costs, helping the public sector to meet the fiscal squeeze and allowing resources to be focused on those who need them most. The Government's challenge is to ensure its reforms allow this brave new world to be born.

Summaries of discussions

Education

Kevin Brennan MP, Shadow Minister for Schools, began by highlighting the significant cuts to schools' capital budgets and therefore the importance of discussing value for money and the role of technology as an educational tool.

He argued that value for money should be central to education: "Value for money is important for all of us across the board, whatever side of the political spectrum we're on. If we're not getting value for money out of the money we're spending on education, making sure that every penny is spent in order to achieve the best possible outcomes for young people, then we're wasting our time and we should be absolutely focused on the business case for every penny that we do spend in our schools and in education."

Kevin explained the importance of technology and the role it can play in the classroom: "To be able to immediately

know whether everyone in the room has understood the concept ... it doesn't substitute good teaching technique – but the ability to be able to know that is very powerful."

"We know the challenge that we face with the public finances and we know the power of technology to be able to both improve attainment and educational outcomes, but also deliver good value for money if the right investments are made and the right use is made of that technology."

Steve Beswick, Education Director at Microsoft UK, observed that "there has been considerable investment in IT over many years in the education sector. When it's used correctly it can make a massive difference in areas such as just engaging kids. It surfaces talent."

"We can use technology not just for teaching and learning, but also for saving money ... we call it the 'business' of

education, and IT has definitely got a role to play in that ... So in the same way that a private company does that, there's no reason why, in time, a school can't do that as well."

Steve noted Microsoft's work showing that with more intelligent use of technology a typical English secondary school could save up to £350,000 over three years.

Alan Richards, Information Systems Manager at West Hatch High School, set out the case study of his school's paperless school project, which has transferred the bulk of data and information for pupils, teachers and parents to an online system. This has significantly reduced costs simply by reducing paper usage and printing.

"But the other side to that, as well as saving that amount of money and that paper was that we were then able to give access to that data to both the parents easily, the students themselves and staff within school. If you imagine a student, we have that report or academic review day. The student used to write those targets in the back of their planner. Where did that planner end up? Bottom of the bag. Did it ever come out again? Yes, at the next one when they had to review their targets. So it sort of never came out again."

"Whereas now, using Microsoft SharePoint, every time a student logs on they see that straight away when they log on. They get presented with their targets. That's the first thing they see every time they log on to a computer at school. So they know what their targets are. So it's a constant refresh and reminder what they should be. The targets are sent by email to the parents so they've got them in electronic format, and the staff can actually access those targets on that SharePoint quite easily – search for a student, search for students that haven't met targets, and start to actually have intervention strategies with those."

"This week we're launching an online homework system for all of our



Kevin Brennan

students. The parents have access so they can actually see when homework is set, due dates, actually keep track of what homework their kids have actually got.”

This approach is transforming the involvement and motivations of pupils and parents, as well as improving teaching by giving staff better access to data. “Our whole idea is to involve the parents more. We give them the data. We get them to see what homework the students are being set.”

Graciano Soares, MEd Manager at RSC London, discussed the importance of ensuring that schools and colleges get the right solutions that suit their needs and complexities: “the complexity of the sector makes it quite difficult to find a single solution.”

He showed that institutions can use different combinations of solutions, including outsourcing, to achieve their goals and reduce costs. “Redbridge College is using a combination of solutions to achieve different things. One is, of course, Moodle because it’s the system that they use, and I know that to save money they’re not holding that in-house. They are outsourcing it. And that has really been a good source of efficiencies for them because what they’re doing now – it’s quite easy now to roll out one course after the other, year after year, without having to spend much time – and very often that is reduced to one individual or a group of people doing a single job.”

Fiona Aubrey-Smith, Head of Educational Development at UniServity, argued that technology used well can improve the quality of teaching: “Actively engaging with that technology is that catalyst point that enables teachers to think: right, how can I improve my own teaching practice? How can I improve the learning outcomes with particular students who have particular needs, as Steve was referring to with the elements of differentiation.”

Guy Hewett, Head of New Line Learning Academy, is “looking to use technology to develop a ‘stage not age’ approach to education. You can link a stage not age model with a blended learning approach which involves the kind of traditional pedagogy that would make Michael Gove happy, and I think there is a place for that in certain set-ups in school, but also a more technologically enabled model.”



Graciano Soares and Amanda Spielman

“Places like Khan Academy, I think, do that. We’re working towards that. Going along hand in hand with that, and I know we talked about this a couple of weeks ago, I think we would need some sort of models of e-assessment to take place in this country.”

Guy set out how a different approach to education, powered by technology and high-quality teaching, can transform the classroom and have a major impact on both outcomes and costs to schools. He described New Line Learning Academy’s “plaza-based” teaching model.

“The classes are about 100 students. And at the moment we haven’t gone far beyond the tradition there of roughly four teachers, so the ratio stays the same. But with effective technology and blended learning there would be no reason at all – and we are moving in this direction – why you couldn’t have perhaps one, maybe two outstanding teachers and a couple of TAs working on a blended learning model with mentoring of the students with stage not age assessment, particularly if it’s electronic, and you’ve then got, I think, a better model for the 21st century and probably, dare I say it, a cheaper model as well. So that’s about, I think, the use of technology rather than the technology in itself.”

Fiona Aubrey-Smith explained that “a shift to that kind of practice, that’s

implying that the sense of responsibility for the active learning, the understanding the targets, understanding objectives, is subtly shifted then from a teacher having to own and understand all of that information to the teacher facilitating the students taking the lead on that.”

“When we look at what it is that engages learners, when we look at the sorts of things they already engage with – say, social networking – is because they’re the ones in the driving seat of what’s going forward.”

Alan Richards said that this is exactly what West Hatch’s paperless school project is trying to do: “actually giving the students, and the parents to a certain extent, the information. It’s OK if we did everything we used to be doing on paper and they never saw those targets. Parents didn’t know when homework was set. It’s about giving the student and the parent that data to hand, whether it’s sent to them by email or, like our students, log on. They see what homework they’ve got. They’ve seen what their targets are, so that they can make those informed choices, so that they know what their targets are, what they’ve actually got to do to achieve those targets.”

Kevin Brennan asserted that “we have age not stage because in an analogue world that is a convenient way to organise a school.”

Isabel Sutcliffe, Director of Regulation, Standards and Research at Edexcel, warned of “the obsession with measuring outcomes by examination success.”

“You’ve got this momentum of the opportunity of what technology can do – but this sort of block about how we measure outcomes. We could measure the same outcomes but we would have to adopt a different way about how people can achieve those outcomes if we embrace this idea of stage not age.”

Glenys Stacey, Chief Executive of Ofqual, raised a note of caution: “There are some issues, though, about moving away wholesale from the sitting down at desks at a certain age, and here other stakeholders interests sort of come into play, particularly those of higher education. There are assessments made about the totality of demand upon a student at a certain age. So if he’s taking 10 GCSEs all at once, that is a significant demand. If he’s taking them and he’s expected to get between an A and C, then they’re looking at the totality of the grades across the number of exams. And that is how it works at the moment. So moving to on demand would change that dynamic significantly for higher education.”

She also warned that “what we don’t want is an assessment or a test that tests the students’ ability to use the IT rather than to master the subject of the examination or test.”

Alison Wood, Head of Educational Policy at AQA, said that “what really matters is getting a very good handle on what these students know, understand, and can do, making sure that that assessment is validated and, as Glenys says, really does assess what we’re trying to assess.”

“The ideal assessment assesses around that level of ability of the child. So proper high quality adaptive testing which enables you to be very certain in your inferences about that pupil, that student’s level of attainment is really key to celebrating success across the span to telling students and teachers and parents very accurately where that student is and therefore what they need to do next.”

Amanda Spielman, Research and Development Director at ARK Schools and Chair of Ofqual, warned against focusing too heavily on the skills people will need in the workplace.

“I think it’s terrifically important to remember that the best curriculum and educational models are those which have a very clear understanding of the development from the fundamental knowledge and achieving deep knowledge and the skills applying constructively – that knowledge constructively and creatively – and build that systematically through to prepare people for later life.”

“There are many areas of life where the skills that are important, and principles that are important to teach are utterly different from how an adult

actually functions. So much of primary maths can be done with a calculator, but you’re actually developing the hugely important skills and understanding of things like proportional reasoning.”

“So functioning like an adult or encouraging children to function like an adult is simply irrelevant until they’re several stages further on. And keeping that distinction, it’s very tempting in many areas just to say we should be making it as much like the adult experience as possible. We’ve got to keep a proper focus on the true underlying educational principles of what’s happening in school and make sure that the use of technology, the use of assessment and everything around it is properly geared to the real educational purpose.”

Kevin Rennie, Head of Education at PA Consulting, observed that the focus should be on what makes the difference to outcomes.

“Why do you save money? You save money either because you have to, which is one of the current things, or because you need to focus on what’s important – or both, of course. And so for me I think the question is: what is important? And I think Amanda started to open that one out about saying actually you need to go back to the fundamentals about an engaging curriculum, about great teaching, about motivated students. And technology has a role to play in that.”

He raised the question of how to drive parental engagement, noting that “you don’t need a laptop now to check what your kid’s homework plan is. You can do that on your mobile phone as long as you can afford the data package.”

“But the whole [distinction between analogue and digital] is now just breaking down. It doesn’t really matter. The point is actually that my child is engaged. So she says: ‘Daddy, can I use your phone?’ She’s on task. This is the real point, I think, about technology, is that it can keep children on task as long as they’re not – I played too many games when I was a kid and I had my computer. So the evidence shows that if you can keep the kids on task learning, then you’ll do better.”

Kevin Brennan summarised the discussion, saying that “value for money is absolutely key to everything that we all should be doing in any case and should be built into everything that we do.”



Steve Beswick, Alison Wood and Isabel Sutcliffe

Health

Nick Seddon, Deputy Director of Reform, opened the discussion by setting out the scale of the challenge facing the NHS: “We all know we need to make eye-watering savings in healthcare in the UK over the coming years. £20 billion is the oft-cited – and now oft-dubbed – Nicholson challenge.”

Norman Lamb MP, Chief Parliamentary and Political Advisor to the Deputy Prime Minister, argued for the importance of reform: “The great irony is that despite what all of the people who oppose any change say, actually doing nothing will lead to the crisis and the denial of healthcare to those who most need it. If we could deliver the same degree of innovation in public services as

the private sector has delivered over the last decade, we could be delivering the same level of public services for £63 billion less than we are now.”

He set out the Government’s approach to driving value for money in the NHS, through QIPP – Quality, Innovation, Productivity and Prevention. “The challenge is how we get effective incentives to actually deliver the objectives of QIPP because I think unless we get the incentives right it simply won’t happen system wide.”

“One of the key things that emerged from the listening exercise that I was encouraged by was the identification of integration. At its best it can be very, very powerful.” Norman said that the use

of technology is critical to achieving this: “We know how effective it can be and we know how we failed miserably in this country to deliver on technology at an enormous wasted cost of the national programme. If you can tie in investing in telecare rather than commissioning it entirely separately, then you provide an incentive for the provider of the care to invest to provide the support that enables people to live much longer independently.”

Mark Ferrar, National Technology Officer at Microsoft UK, described how technology can help to realise cost savings and improved outcomes in healthcare by transforming the way services are provided.



Kishore Sankla, Neil Churchill and Martin Else



Norman Lamb

“First I’m going to talk about prevention, and in Microsoft we talk about helping people move from being merely ‘health involved’ – almost healthcare happens to them in issues related to them and their families – to becoming ‘health informed’, and then on to becoming ‘health engaged’. By ‘health engaged’ we mean both involved and informed and to take positive actions and to use the information available to them for better outcomes. In Microsoft we call such people ‘health influentials’.”

“The UK unfortunately has one of the lowest proportions of health influentials of any population, with only 13 per cent of the population engaged at that level. This engagement deficit, we might term it, may cost the NHS as much as £6 billion a year. Microsoft HealthVault allows people to take control of a broad range of their own health information, store it and share it as they need it. HealthVault lets people consolidate health information inside one safe account, staying informed and actually managing their health and well-being.”

“We’ve also seen Kinect [a motion-based controller for the Xbox gaming console] being used inside an operating theatre, which is dreadfully exciting because you can see surgeons being able to manipulate MRI scans in 3-D using just their hands, gesture and voice, and they don’t have to leave the operating

theatre to do that and then have to scrub up and come back in. Well that means massive savings of time for staff.”

Kishore Sankla, Chief Executive Officer of Solutions 4 Health, which provides smoking cessation services to Primary Care Trusts, set out a case study of how technology can change the nature of health provision to improve outcomes for patients at a reduced cost.

“We’ve been able to deliver a service which is highly flexible, and when I mean flexible we deliver the service seven days a week which starts at 5.00am and which goes on until midnight. We deliver services to the most hard to reach communities out there. We’re talking about people in refuse collection centres who can’t normally go to the regular clinic. We start there at 5am and deliver until 8am. We deliver service to the Royal Mail before they go out and deliver their postal services. Shift workers, 4am, 5am. We deliver service to the taxi services at nine o’clock until midnight.”

“This, in my opinion, is how you achieve better value and how you improve outcomes because if you actually go and analyse the people who we’ve served and the people who we’ve helped, it is the ones with the worst health outcomes. It’s the ones which have the highest smoking cessation rates, have the highest chronic disease rates, have the highest COPD [chronic obstructive pulmonary disease]

rates, have the highest asthma rates. These are the people within the community who actually have the highest cost back to the NHS, and to be able to deliver a service directly to that group of people has a huge impact. And the biggest difference is by being really innovative, by not conforming to the usual nine to five, it means that our staff can use our mobile clinics – they use a whole fleet of Smart Cars for the mobile clinics – and we actually drive our service to the heart of the community.”

Kishore noted that his business highlights what can be achieved when a company is commissioned to deliver innovative solutions on a payment by results basis.

He demonstrated the change from reactive to preventative healthcare. “As GPs, the way we deliver our services is very reactive. We make an appointment with our patient. We see them again in six weeks’ time and we say to them, you know, how is your asthma or how is your COPD or how is your diabetes. We need systems where we can proactively manage them, so if their condition deteriorates or if they have multiple conditions that aren’t easily flagged up to us, let’s get them support and treatment before they have a condition. So our systems are out there which proactively monitor people’s conditions which warn them of changes in their health and get them treated a lot quicker than before the event actually happens. And in my view that actually saves the NHS huge amounts of money.”

George Freeman MP observed that “Connecting for Health has left a legacy of huge concern about investing in the wrong technologies, well-intentioned government trying to do the right thing but doing the wrong thing. So I think there’s an issue there about how we grow from the bottom up, and how we let innovation drive the right integrated systems.”

“There’s also a question, I think, about the informatics angle of how you link the insights that come from aggregated, anonymised, national data sets of disease cohorts, and how you translate that back down into individual local practice.”

Joanne Shaw, Chair of NHS Direct, discussed how that service has improved patient engagement and reduced costs for the NHS.

“Despite the fact that we talk endlessly about patient empowerment, we actually

are depressingly reluctant to put authority and control into the hands of the patient. And that's exactly how efficiency was driven, for example, in the retail banking sector. [We need to give] people the opportunity to do things for themselves in a way that doesn't require one-to-one expert resource but enables them to take medical expertise embedded in the technology and the algorithms and in the tools and manage things for themselves."

"And that's the business that NHS Direct has gradually moved into over the last 12 years. Perhaps the biggest scale examples that we have are the national pandemic flu service where 40 per cent of the assessments were done by people themselves on the web going through the algorithm, and also our app which was launched at the end of May and has been downloaded 300,000 times."

Joanne also raised concerns over the new 111 non-emergency telephone

number to which everyone will have access by April 2013: "It's been defined in the centre. It's been mandated throughout England, and it's defined as a telephone service. And that really just makes me want to put my head in my hands because it's rolling back the multichannel work that NHS Direct has been developing, and it's taking people absolutely in the wrong direction. It's putting people on the end of a telephone and directing them to face-to-face care."

Professor Paul Corrigan CBE, former health advisor to Tony Blair, gave a stark warning about the severity of the NHS's financial situation: "If we go on doing new things and don't give up old things, we're bust in about a year's time. Because actually the NHS takes on new things and doesn't save any money. And we can't do that anymore. So there needs to be not just, in a sense, a big narrative – which there really does need to be about these difficult decisions – but actually when we sit around and talk about all these exciting new things your responsibility now is to help the National Health Service come out of your new things with a large pile of money, not a promissory note, but actually a large pile of money. And that large pile of money will mean closing hospital wards."

Kishore Sankla observed that "self-care or self-service is the way large private organisations, whether they are retail, airline, banking, they've all moved in that direction. Sad to say we haven't in terms of a health organisation, and they've had huge cost efficiencies."

Mark Ferrar concluded the discussion: "Two things that really resonate. One is the multichannel shift because multichannel enables different user experiences to match the needs of individual patients to gain access to their care. And the second thing that resonates is the elephant in the room: the 'not invented here' syndrome we see in the NHS where it won't adopt best practice around certain technologies. It does this in the clinical area where evidence-based medicine is the way forward. Why can't it do that with technologies?"



George Freeman

Central and local government

Rt Hon Margaret Hodge MBE MP, Chair of the Public Accounts Committee, began by highlighting some of the examples where Government has wasted huge amounts of money attempting to develop grand IT projects. “We’re about to produce a report on a project called the FiReControl project, where they tried to introduce a national system of accepting 999 calls for fire, the idea being that there could then be a better national response to national incidents like floods or train crashes or terrorist attacks. They have spent half a billion on this before abandoning it. They’ve created 10 fire centres – white elephant, very high tech fire centres. They never got the buy-in of the different fire services. They only started the IT more or less by the time they’d completed the first building. They had no clue how tough the IT project was going to be. And they’ve just now thrown up their hands, so they’ve literally got these 10 white elephants around the country, of which only the London one is ever going to be used.”

She described three principal drivers of poor value for money in the public sector. “One is how often lack of appropriate data is there to ensure proper value for money and better public services. My example there would be the Department of Work and Pensions, where for 20 years now they’ve had their accounts qualified. That would create horror in any private sector organisation. And it’s because of the fraud and error level in benefits. Now it’s not that bad actually. It’s not that high. But they just haven’t a clue, and they make huge efforts. I mean under the Labour Government, you know, we had endless strategies to reduce fraud and error, and I’m sure under this Government we’ve got yet another strategy to reduce fraud and error. But they just don’t share what’s working. We have no understanding of what works where, why it works, what doesn’t work.”

“Second is the failure to grow the necessary skills within the Civil Service. I’ve now been around long enough to remember a Civil Service which prided itself on being a policymaking

organisation giving the highest quality of intellectual advice to the creating of policy. Nowadays government is much more about implementation than it was in the past. And that means you need proper project management, things like project management skills or IT skills in-house. And I don’t believe it can’t be developed from the sort of cohort of people they take in. There is somehow culturally a failure to grow. I don’t think it’s about money. Everybody says it’s that, oh, people go off and earn more money in PA Consulting or Microsoft or wherever. I don’t think it’s about that. I think it’s just for some reason a cultural failure to grow those skills.”

“The third thing is lack of accountability and responsibility of individuals. Again there’s a tradition in the Civil Service that the way to progress and move up the ladder is to change your job every two years. And one of the really scary things is that when I was Children’s Minister, which was the job I held for the longest, at the end of my period there which I think was only about three years, my institutional knowledge was more than anybody who was working for me within the Civil Service. So there isn’t that responsibility and accountability. And so nobody feels that the buck stops with them. And this isn’t a blame game. It’s just in any organisation that individual accountability and responsibility is crucial.”

Margaret also noted the tension between localism and value for money: “NHS procurement is a classic example there. If you bulk buy you save money.”

John Coulthard, Social Enterprise Director at Microsoft UK, discussed the consumerisation of ICT and how it impacts on the way in which we interact with services and organisations. “Our travel is probably mainly booked on the internet. And organisations like, for example, easyJet, which may have been thought of as a rather, you know, grubby little airline compared to the wonderful national carrier British Airways, and is still a small organisation, perhaps, by comparison, and yet it has 196 aircraft, 2 million unique users every day on its website. It can fill an aircraft every six seconds on that website.”

“But in many ways it’s actually quite similar to the public sector in that you’ve got to do it safely. You’ve got to do it securely. You are bound by a range of rules and regulations. You know, if your supermarket shop doesn’t arrive, really it’s not a matter of life and death. But if you have a tragedy with an airline a lot can happen to you – including, with new rules and regulations, you’ll find yourself in prison.”

“And yet you would imagine that they might do this with an ICT staff in the many hundreds. In fact they have 59. They spend less than 0.75 per cent of their revenue on ICT, which would mean that if that was central government, you wouldn’t spend £17 billion. You’d spend £2.5 billion. And yet our experience of easyJet doesn’t seem like it’s being done on the cheap.”

Nigel Tyrel, Head of Environment at Lewisham Borough Council, set out a case study of major service redesign of street cleaning and refuse collection undertaken by the council. “My interests very early on were around drawing residents in to seeing what we were doing and allowing them to report and see our follow-up action in a really public way. So round about 2004 we began work on an idea that became Love Lewisham, and more recently Love Clean London and Love Clean Streets. And it’s a fairly simple idea that involves being able to post images from these kind of devices – BlackBerrys, Windows phones – you can even use MMS messages – on to a public site where people can see the issue that’s been reported, and then can see any action that’s been taken.”

“And it’s led to some fairly significant cost savings that weren’t anticipated at the outset of the programme. I’ll briefly take you through some of those. The benefits of receiving picture reports lead you to examine how you’re delivering services and reprioritise or redistribute some of the work. So, for example, some reports traditionally were thrown at a contact centre, and we’re always being bombarded about the relative cost savings between the traditional phone call and a web-based form. But what’s missed by the people that come up with



Margaret Hodge and Dale Bassett

this idea, particularly for my kind of services, is that when people either phone or they fill in a form they tend to exaggerate. They'll say oh, there's a pile of it at the end of my road. Well how long has it been there? Oh, five weeks. They want you to send someone very quickly to come and deal with it."

"So you'll be at the receiving end of this thinking I'd better send someone out to take a look because I think they're going to need a grab lorry and five blokes to load up the truck. But of course we turn up and there's a mattress and a settee. So you've wasted the resources in pre-inspection. You've been drawn into administering a fairly simple transaction, whereas the picture could have got to see oh, it's a mattress and a sofa. I'll radio the crew that's passing by the end of the road with a caged truck."

"So there have been significant benefits in terms of that transaction, but the even less obvious route of drawing in other workers – so refuse workers. People that drive refuse trucks in every borough visit every street at least once a week, and usually twice a week if they're collecting recycling. I think maybe in Richmond they were even getting three times a week

and four until they made some savings. That's a huge amount of visits and capacity to report back."

"So that's led to us being able to capture things that can become casework, so leaving a mattress at the end of the road propped up against a lamppost. You can bet your life that one person, after about three weeks, will write a really nasty letter and contact their MP or their local councillor. And then we'll have to collate a response and it gets drawn into some fairly costly administration. And for that one person who has seen that mattress there will be 10 or 20 others that can't be bothered to write to the council but will think we're a complete bunch of losers wasting their tax. It will really skew their view of us. So if we can get the bin men reporting this kind of thing, as they've been doing in Lewisham, we push away that kind of cost and we build our reputation. So residents' satisfaction has risen in Lewisham consistently over the past five or six years over and above the London average without us putting any additional resources in to street cleansing."

"Another less obvious thing, if we go to graffiti removal, for example, it's often

said under this broken windows idea about background to crime and all that kind of stuff. But if you remove it quickly, people are less inclined to do it again. The taggers want to leave their mark. So we've demonstrated that by reporting this kind of thing quickly – making it easy for people to report it and drawing our people into reporting it – has driven away the taggers to the extent that we now remove 73 per cent less graffiti than we did back in 2006 – thousands of meters less graffiti than in 2006."

Ray Fielding, Chief Executive Officer of Coactiva Aspiren, set out case studies of the work his company has done with government to improve value for money. "We specialise in developing propensity models which look at historical data to determine statistical models to predict future behaviour. And in the space of housing benefits in local authorities and the Department of Work and Pensions that's now being used to speed up and make much more efficient the administration of housing benefit. So when a claimant applies for housing benefit we use a statistical model to work out the risk their claim will be subject to fraud or error."

“Now the benefits of that are quite enormous because at the moment 100 per cent of claims, examined in great detail over a period of typically four weeks. Under this regime about 50 per cent of claims are processed immediately. Now that has massive savings for local authorities, also much better service for the claimants, and it’s also thought to encourage people back to work because they’re then more likely to take short-term employment. But having said that, it’s also managed to reduce fraud and error by about 9 or 10 per cent in some authorities, and in other authorities up to 24 per cent. So what it’s been able to do is focus resources much more effectively, improve the outcomes, but also quite significantly reduce costs at the same time.”

He set out another example of how good procurement can drive value for money. “A good example of how the public sector can engage with its suppliers in the right way is work we’re doing with Newport City Council to reduce costs while protecting incomes. And our contract with Newport City Council commits us to reducing the cost in the social service department by £10.7 million over three years. At the same time we have to at least protect their outcomes, if not improve them. And so far I think we’ve achieved an improvement. If we don’t achieve those

savings, we don’t get paid. So every pound we fall short is money that’s withdrawn from our payments and charges, and they’re paying around about 10 per cent of the savings they’re aiming to make. So there is a guaranteed net saving for the council. If we don’t achieve within 10 per cent of those savings, actually we won’t get paid anything at all.”

“That project has been running for about nine months. It covers IT. It covers processes, procurement, contracts. Because it’s social services it looks at such issues as entitlement and re-enablement and such complex subjects like that. That’s now forecasting savings of £22 million. And that’s all been achieved without a real threat to the services provided to children and adults in Newport. And Newport is a fairly deprived area, so it’s pretty key in that area.”

Ray concluded that “you can protect those outcomes and you can achieve savings in much the same way as you have in Lewisham. With creative approaches it’s quite possible to do that. Unfortunately the way government tends to engage with suppliers, engage procurement often mitigates against those creative, innovative solutions. But it certainly is possible.”

Stephen Hughes, Chief Executive of Birmingham City Council, described the

transformation his organisation has been through. “We engaged in this business transformation program starting in 2006, and it covers more or less all of our back office processes. Overall the programme will deliver, when it’s complete – and we are all well on track to doing it – a cumulative £1 billion net savings, cashable savings over 10 years.”

“At the core of it – and I think this was probably the useful part – one of the things that we did at the beginning was devise a solid methodology for business change. And the basic methodology is outcome based. So you start, when you’re looking at a business change, what is the purpose of this service or this thing that you’re looking at, what is it there to achieve. And then think about how is it best to achieve that before beginning to say, well, where are we now and what would we need to do to change from where we are to that ideal state. And we found that actually, both in terms of looking at the back office stuff but also in terms of looking at services, that if you start from an outcome based focus you tend to be able to deliver better results than the traditional approach, which is you try and slash inputs and keep the service as if nothing needs to change.”

“We haven’t just stopped at the back office because when we had our savings target, which was £330 million, our entire back office is only £120 million. So no matter how efficient it was going to be, we were going to have to look at frontline services. So we’ve had to look at how we can do service redesign, and the same principles apply. Start from outcomes. What are the things that you really want to achieve? So a lot of it is about commissioning, because if you do commissioning you’re reducing your overheads. You’ve got a more flexible response to service demands.”

Lord Turnbull, former Cabinet Secretary and Head of HM Civil Service, noted a central structural problem. “One of the reasons why we get some of these big IT projects wrong, well the UK is almost unique. England is a very, very centralised country. 50 million is the basic unit. A lot of these services are in other countries dealt with at the levels of provinces, states, regions or whatever. So if you try to have a project for 50 million people – and it isn’t even a pilot project – you’re going to run into problems.”



Stephen Hughes, John Coulthard and Nigel Tyrel

Philip French, Chief Technology Officer at the Ministry of Justice, discussed the importance of incentives. “We’ve referred to the business – you know, senior responsible officers move around for whatever reason, and there have been recent suggestions that they should be stuck in a place and held to account. That’s good. There’s not a heap of reward evident that goes with that responsibility, and in the IT space I think also the role of senior information risk owner feels like a challenge that few people wish to catch, because those who understand just how risky it is may have the common sense to pass it on. Those with whom it lands probably haven’t understood the scale of the challenge. So the other side to responsibility is reward, and we might need to think a bit about that.”

Margaret Hodge agreed but argued that rewards should clearly be for success. “One of the things that drives me slightly bonkers is that I’ve got one or two of my members who every time somebody comes to give evidence they’re asked how much they earn. And I just think we’ve become obsessed with that in the wrong way in the public sector. I don’t think the rewards are that excessive – you’ve got to understand where you’re competing across the piece, and we want to encourage good people. But it would be nice to have rewards for success rather than rewards per se, and that is a real change in terms and conditions in the public sector which I’m not sure we’d get to.”

She also cautioned against a view that the public sector is incapable of delivering this kind of change: “I think we should all move away from an obsession that private good, public bad, and just think about what you want, think about your outcomes, and then find the best way of achieving that in an effective way.”

Tony Cooke, External Affairs Director, UK and Ireland at Sodexo, raised the private sector’s concerns. “I think equally the frustration from the private sector side is that there is in parts of the public sector a tendency to believe that the public sector holds a monopoly on good ideas, and it goes very prescriptive when it goes out of procurement, and that stifles innovation. But my worry is that what we’re aspiring to in terms of opening up public services in the UK is very immature relative to the

rest of the EU. And I don’t think we’re going to end up with a framework which is going to deliver against the needs that we have.”

Charles Mindenhall, Chairman of Agilisys, returned to the subject of incentives. “If the contracts are set up the wrong way with the private sector, they will behave in ways that maximise their profitability and their position – cherry picking and ignoring some of the people that they should be looking after. But they can be set up correctly as well, and Ray referenced some earlier where you get rewarded in the private sector for delivering those outcomes. And that does focus the mind.”

He raised two other important issues, around failure and cross-siloed working. “What is the price of failure? In the private sector we go out of business if we fail. In the public sector I’ve never been entirely sure what happens. Anyone who sits around the table with local authorities and the health sector and the police knows that there are enormous savings to be had if only you could join up budgets.”

Professor Nick Bosanquet, Professor of Health Policy at Imperial College London, emphasised the importance of diverse, competitive provision. “One message about the public-private balance is that centralised national monopoly is a very bad system. And there must be some incredibly strong reason for adopting it. That doesn’t mean to say that we then swing to saying we must all have an enlarged private sector because some of the most successful public-private programmes have involved competition and tension between public and private. So there could be some lessons, certainly for the health service, where we see this incredible faith in centralised monopolies. And maybe we should change the word ‘competition’ and instead have ‘pluralism’.”

Rupert Cazalet, Head of Public Affairs at Airwave, noted concerns around accountability and procurement. “Our company runs the Firelink operation which was supposed to link in with FiReControl eventually, but FiReControl has announced that’s parked for the moment. But one of the points that came out of that was that the Permanent Secretary who was up in front of you, it hadn’t happened on his watch, and all he could do was sit there and apologise, which was great, but it just became increasingly obvious that it was very



Lord Turnbull

irritating for all of you sitting there that the chap who was actually responsible was now head of government in Scotland for the Civil Service.”

“We’ve got 250 different organisations that we contract to. Now the National Policing Improvement Agency controls an awful lot of that because a lot of it is police forces. But we contract separately across the board in government, across departments, across departmental responsibilities and so on. We’ve got, I don’t know, 10, 20 people in our contracting department who look after the whole thing. I’m not quite sure how many there are in government in each department looking after our single contract. And it is just sort of madness really.”

Margaret Hodge argued that “government is really bad at thinking of strategies for failure. I think it’s got to be different from the private sector because the service has to continue in most cases. You can’t just stop. You know, a private company can stop. In the public sector the service has to continue.”

She concluded by returning to outcomes as the starting point for service design, commissioning and delivery. “It’s that shift to user, citizen, call it what you like – and it’s the shift to stop being obsessed with input and look at outcomes. And I think however we define them – whether you call them targets or whatever this present Government is calling them – they’re all trying to look at what we get out rather than what we put in.”

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