

# Do the Public Back More Reform of Public Services?

## An overview of the latest opinion research

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### Summary



This research briefing gives an overview of the public's attitudes to key issues of public services reform – specifically, issues of choice, quality and the use of more providers from outside the state, including charities, social enterprises and businesses. It uses new polling carried out for this study, as well as examining what is known from existing research.

In summary, the research shows that:

- Many people feel they lack access to good services in core public service areas, including schools and NHS services
- People want more choice of providers coming in to deliver public services, and this desire is especially strong among poorer and more vulnerable groups of people
- To deal with poor quality services, most people (including a majority of public sector workers) support the idea of allowing business and charity providers to replace services or to set up new alternatives
- What matters most to people is how good services are, not which sector provides them
- While there is support for private, charity and social enterprise provision, this is less strong for for-dividend private sector provision in some front-line services

The main implication for government of this research is to understand that the controversy created by allowing in charities and enterprises to run services is largely manufactured by vested interests who oppose this change. It should not be confused for public opposition and politicians need not shy from radical reform. Initial recommendations are:

**1. Introduce new legal freedoms to guarantee choice:** bring forward a legal right for people to be able to choose to receive public services from any qualified provider they wish. But ensure this is enforced by legally removing the state's right to retain monopoly provision (by introducing a '**purchaser-provider split**' – explained later) in every area where it is possible to have services delivered by a range of providers).

**2. New safeguards against profiteering:** reassure people about the involvement of independent providers, particularly for-dividend firms, by introducing **safeguards** such as requirements to reinvest profit over a certain level back into the service, or asset locks on public service property so it cannot be closed and sold off.

**3. Introduce public service 'league tables':** unmask the quality of different services and help people choose between them by partnering with providers of commercial comparison sites to quickly produce simple performance tables, similar to those already available for schools, for every key public service area, including GP surgeries, hospitals and back-to-work providers.

**4. Introduce School Enterprise Zones:** the acute shortages of school places in poorer urban areas is the most urgent problem in public services today, so turbo-charge the Free Schools programme by removing all planning requirements for school development and removing restrictions on who can run state schools, including social enterprises and for-profit companies, in clearly defined areas and with profiteering safeguards.

# What do people say about the quality and choice on offer in public services?



To understand whether people feel they have a genuine choice of public services, it is important to look not just at whether they have different options available, but what kind of choice they say they have. Specifically, we need to understand whether they feel they can access a good option, not just any option. People in isolated communities, for example, have few schools, but may be happy with the quality of those they have access to. People in urban centres may be near many schools, but be unable to access a good one. Choice and quality go hand in hand.

This is the problem with the bulk of previous research, which has tended to view quality and choice separately, so we commissioned new research from the independent pollsters, YouGov, into people's experiences and perceptions of the choice and quality of public services on offer.

We selected health and education as areas to ask about, as polling routinely identifies that people view these as the most important front-line government-funded services. Within those, we selected schools, GP surgeries and NHS dentists, since these services are very numerous and most people have at least some experience of using them. Other main services, such as hospitals and post-16 education institutions, for example, are less universally used.

For each of our core services, people were asked whether they believed:

- they had a choice and could choose an option they felt was good quality
- they didn't have a choice but their only options were good
- there was a choice, but they couldn't access a good option
- they had no choice and the only option available was poor

A summary of key findings is below, and note that for simplicity, the figures refer to responses where an opinion was recorded (i.e. 'don't know' answers were excluded).

## A) Schools



- Around half of parents who expressed a view (48%) said there was a choice of state schools in their area and that they could access a good one, while 29% said they had no choice of different schools but that the local one was of good quality (this latter figure rose to 48% for people who lived in rural areas)

- One in five parents who expressed a view (22%) felt they had no options to access a good school in their area: most because they could not access one of the good ones (17%) and others because there was no choice and the local one was poor quality (5%)
- Numbers of people who said they lacked access to any good schools rose to nearly one in three living in cities (30%), almost twice as many as in rural locations (17%). The worst area was London, where the figure was 34% of people who expressed a view in the poll

## B) GP surgeries



- Of people who expressed a view, about half (52%) said they had a choice of different surgeries in their area and could access a good one, while a third (33%) said they had no choice but that the local one was of good quality – this view was highest among people living in rural areas, at 52%
- One in seven people (14%) said they had no option for accessing a good surgery in their area: either because they could not access one of the good ones in their area (6%) or because there was no choice and the local one was poor quality (8%)

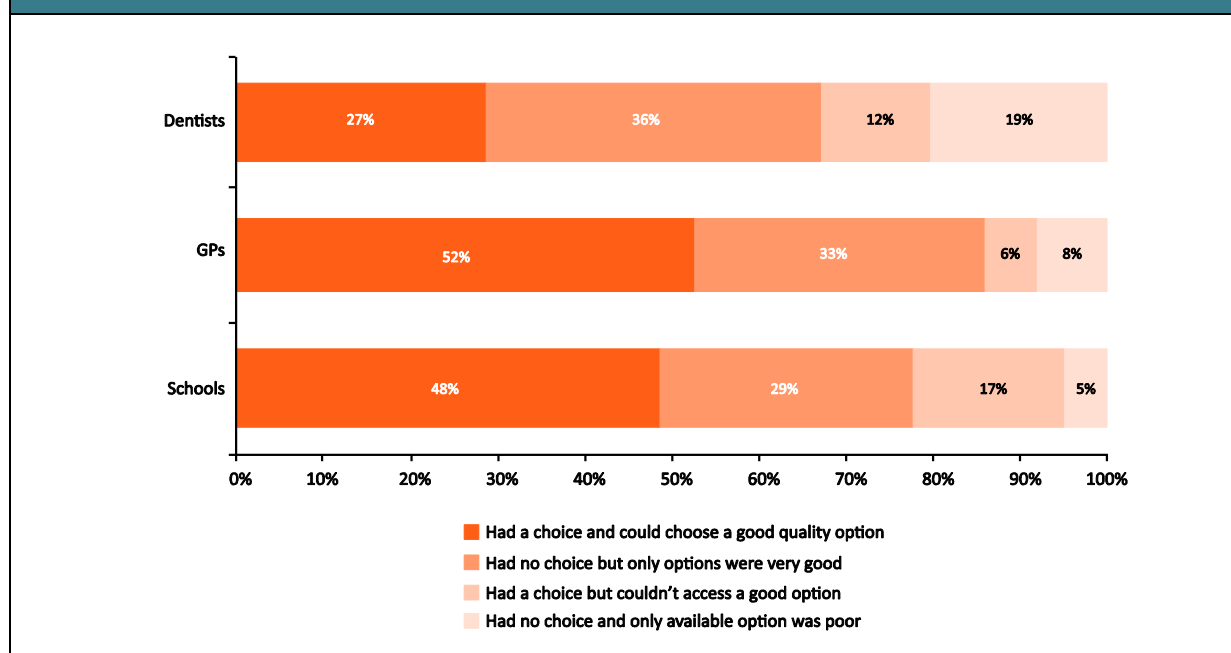
## C) NHS dentists



- Just over a quarter (27%) of people who expressed a view said they had a choice of different NHS dentist in their area and could access a good one (the figure was 19% in rural areas), while over a third (36%) of people said they had no choice but that the local NHS dentist was of good quality
- Nearly a third of people (31%) said they had no options to access a good NHS dentist: either because they could not access one of the good ones in their area (12%) or because there was no choice and the local one was poor quality (19%)

Figure 1 summarises these results:

Figure 1: Perceptions of choice and quality of public services



## How much do people value choice in public services?

The first question here is whether people actively want a choice of different providers of public services, including non-state providers, or not. The most recent study of the public's opinions on this was conducted by the Confederation of British Industry (CBI) in association with the Association of Chief Executives of Voluntary Organisations (ACEVO), a representative body for charities.<sup>1</sup>

The CBI-ACEVO research, published in July 2012, showed a clear majority of people (75% of those polled) supported having a variety of different providers delivering services rather than monopoly government provision. This research also showed that diversity in provision was perceived by the public to have clear advantages, including greater financial efficiency (65%), better results delivered for people (70%) and a better focus on service for users (71%).

The largest-scale recent study was the 2009 release of the Social Attitudes survey, which made public attitudes to choice in public services a key focus of the edition.<sup>2</sup> The central conclusion of the research was clear:

*“There is widespread public support for the idea that people should be able to exercise choice when using public services.”*

The earliest more detailed programme of research on the public’s views about choice in public services was carried out in 2004 by the Audit Commission, involving large-scale polling as well as more qualitative interviews with service users. Carried out to inform the debate over the then-Labour Government’s plans to bring more choice of providers into public services, the report concluded that:<sup>3</sup>

*“There is no doubt that the public want more responsive public sector services and to see more choice of provider and of services as a way of getting them.”*

For health services specifically, the 2009 Social Attitudes survey showed that “three quarters (75%) feel that people should be able to exercise ‘a great deal’ or ‘quite a lot’ of choice about which hospital they attend.” This was followed up in 2011 by the Department of Health, which ran a survey on whether people wanted *more* choice in the NHS.<sup>4</sup> The study showed that 81% of respondents favoured more choice in terms of which hospital or clinic they are treated in, while 79% wanted a greater say over the quality of treatment they got from the NHS.

For schools, the 2009 Social Attitudes research showed that “more than eight out of ten people (81%) believe that parents should have ‘a great deal’ or ‘quite a lot’ of choice about which state secondary school their child attends.” The latest edition (2011) followed this up asking whether people thought choice should be a fundamental **right** for people. It said: Almost seven in ten (67%) agree parents should have a **basic right** to choose their children’s schools.”

## Who most values choice in public services?



The existing research in this field clearly shows people with fewer resources or greater vulnerability, such as poorer or elderly people, are keenest on choice:

- The Audit Commission research, mention above, found that: **“Generally, the least privileged people (social classes D,E) were most in favour of choice as ‘absolutely essential’ in all of the service areas we tested in our survey – these are the people who have the least spending power to secure choice at present and depend more on council services to a greater degree than other people.”**... **“Fewer respondents from the highest socio-economic**

**groups rated the choices as ‘absolutely essential’ – this may be because they already have the buying power to secure what they want in the marketplace.”**

- The 2009 Social Attitudes survey confirmed this, concluding: **“Choice is most popular among people on low incomes.”**

In terms of health services specifically, the 2009 social Attitudes research mentioned above showed poorer parents most wanted a choice of provision, while the aforementioned 2011 Department of Health survey showed that women and older people (who tend to be relatively greater users of the NHS) were most likely to want more choice in the NHS.

Editions of the Social Attitudes survey have attempted to go further than this and ask people to try to ‘rate’ choice in education and health services against other priorities in those service areas. They placed choice of services against the most important access and quality issues, and unsurprisingly found that choice is not as urgent a priority as is the core fundamental purpose of the health and education systems themselves:

- **Health services:** The 2009 study showed that, when asked to rate functions of the NHS for importance, 78% of respondents chose “make sure people who are ill get treatment quickly” as of prime importance, while 6% chose “make sure people have a lot of choice about their treatment and care”
- **Schools:** the latest edition (2011) showed 67% of people agreed that “Make sure all children, however able they are, do the best they can” was the highest priority for schools, while 4% thought the biggest priority was to ensure “parents have a lot of choice about the kind of school their child goes to”<sup>5</sup>

## Conclusion



**People overwhelmingly want a choice of different providers in public services rather than monopoly state provision. This view is especially strong among people who have least power of choice generally, such as poorer and elderly people. In terms of priorities, people do not see choice of provider as more important than urgent issues such as getting timely treatment in the NHS if sick, but the public perceive choice, and choice between different providers of public services, to have its own intrinsic importance and value.**

# What do people think about different types of providers of services?



A key aspect of the public service reform debate has been the entry of different providers from the private, charity and state sectors. The most recent research attempting to gauge the public's views on this was a Populus survey published in July 2012.<sup>6</sup>

The first question Populus looked at was the degree to which people were concerned about non-state providers operating in public service. The study showed this not to be a priority concern: 75% of people agreed that 'the most important thing is to have high quality, free, public services not who is involved in running them.' Only 25% of people agreed with the statement that, 'Private contractors and voluntary organisations have no role to play in delivering frontline public services.'

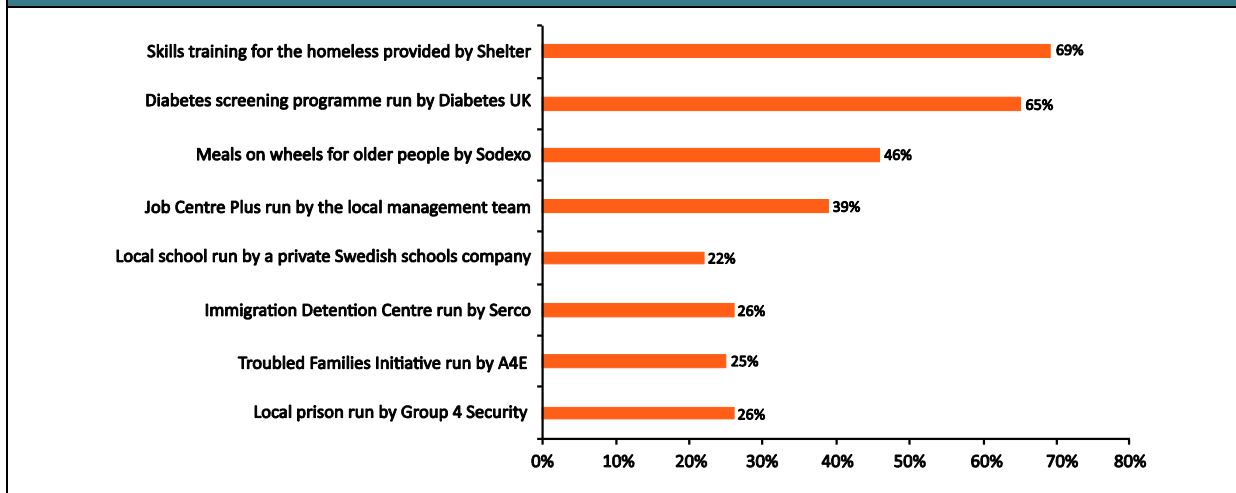
However, support for different types of provider varied, depending on the activity performed. The survey found that there was relatively less enthusiasm for seeing services traditionally seen as state-provided, including prisons and policing, run by private firms. A schools example given was that, while 73% of people were happy for private firms to provide catering in schools, only 22% were comfortable with 'private Swedish companies' actually running schools (though this would obviously have been testing different concepts than just the fact that the firm was for-profit).

The research found that people seemed to be very comfortable with the idea of charities delivering services to vulnerable or sick groups of people (65% comfortable with a diabetes screening programme run by Diabetes UK, for example).

Figure 2 gives some examples of the concepts tested:



**Figure 2: Areas in which people feel comfortable with services being delivered by a non-traditional state provider? (Relates to people who had heard of the organisations cited)**



The idea of using non-state provision becomes more appealing if it is shown to be attached with clearly defined benefits. The Populus research found that 65% of people believed that private or voluntary sector providers should be allowed to deliver a service if it can be done ‘more efficiently than the state’.

This concept was also identified in the Royal Society of the Arts’ seminal work on public services through its ‘2020 Public Services Trust’ project, showing that support for reform and introducing more choice is higher when clear benefits are shown.<sup>7</sup> Their work showed that only 11% of people thought that the private sector should be prevented from providing public services, while 81% accepted the treatment of patients in private facilities if that meant quicker treatment.

While the public appear to accept the concept of NHS services being run by non-state providers, including for-profit firms, there is relatively less appetite for this in schools. A poll by the think tank, Reform, in May 2011 found that 49% of still people thought state schools should be delivered by government. However, more people thought that government, charities and the private sector (31%) should deliver services than just government and charities (17%).<sup>8</sup>

The Populus work, mentioned above, highlighted areas where the public felt the private sector added particular value, including better value through better purchasing (75%), using technology to reduce costs (74%), using technology to improve quality (72%), using technology to provide access to information (73%), and managing large infrastructures (64%).

Research explicitly testing attitudes to public service delivery in the context of the financial motives of the delivering organisation is patchy, but a recent poll conducted on behalf of the Social Enterprise Coalition appears to show relatively lower appetite for the extraction of shareholder value from public services work.<sup>9</sup> The figures must be treated with caution (note, for example, that the 'social enterprise' option is the only one where the concept of service *improvement* is attached), but the figures showed that, when asked which type of organisation is best-placed to provide public services (cited as leisure, health and transport services) UK adults chose the following:

- 43% chose 'A community business that reinvests its profits to improve services'
- 36% chose 'The government or public sector'
- 4% chose 'A business that makes profit for its owners and shareholders'
- 3% chose 'A charity'

## Conclusion

**There is clear support for different providers from the private, charity and state sectors running public services. There are clear qualitative differences in views on which kinds of services different providers run, however. For-profit or for-dividend firms can be preferred for 'back-office' functions unless linked to specific problems, such as improving efficiency, while charities can be preferred for work with vulnerable or sick people.**

## Perceptions on how to improve services

The research presented above shows that people certainly see positive qualities in having a diversity of providers delivering public services, such as improving choice, efficiency and innovation. But whether introducing new providers into public services is seen as a good way of improving the actual quality of services for people, remains the least well-researched subject. We conducted new polling into this issue.

We wanted to test key reform concepts relating to the current policy context. The Government has explicitly chosen a course of not increasing the funding going to public services (in fact all bar NHS services have been affected by reductions in spending; some significantly), and the Opposition has not set out an alternative spending path, so we asked people what they thought the most effective

way of improving the quality of services people could get was, without increasing public spending on them. The options were:

- Appointing new managers in the existing organisations, under strict performance targets
- Bringing in external providers, like charities or businesses, to take over the existing services
- Allowing new providers, like charities or businesses, to set up alternative services so there was more choice

In analysing the results, we looked at differences between people in terms of voting alignment, social class and whether they worked in the public sector or not. The summary of our findings is below. Again, all figures reflect those who expressed an opinion: respondents simply answering 'don't know' were excluded from the analysis:

- A majority of people (60%) thought that if a school, GP surgery or NHS dentist was providing a poor service, businesses and charities should be brought in to run them – either via expanding choice by opening new alternatives (40%) or taking over the management of existing ones (20%)
- A minority (40%) of people thought the best way to improve the quality of services people could get was to stick with existing providers but use new management and performance targets
- Of those who expressed a view, Labour voters were most likely to believe in sticking with poorly performing existing providers, under new management and performance targets – with 56% of Labour voters in favour, compared to only 28% of Conservatives and 31% of Lib Dems
- Public sector workers were more likely than those in the private sector to think new targets for existing providers would be the best way to give people better services (by 47% to 37%), but a majority of 53% of public workers still thought allowing in new provision would be more effective
- Of those who expressed a view, the social group 'C2' (skilled working class) was most likely to want businesses and charities brought in to run services, with 65% in favour, followed by 60% of C1 people (lower middle class), 58% of the top social groups (known as AB) and 55% of the bottom groups (known as DE)

## Focus point: why increasing choice in public services benefits the poorest



### Summary

Our new analysis of OECD data shows Britain's poorest families are the most dependent of any in the developed world on government-funded public services. Because poverty is about more than just income – it is about the ability to make choices, take responsibility and exercise control – increasing choice within public services is one of the most important tools we have in social policy today. The Government has a clear moral duty to take this action.

Most arguments for increasing people's choice in public services (apart from that people want it) have been broadly economic, advancing the view that a diversity of providers of services allows for competition between them and therefore quality and efficiency can be quickly raised. Different choices also mean people are far less prone to being forced to accept no option but a poor service.

Analysis by researchers presented above, such as the Audit Commission, says poorer and more vulnerable groups of people are those who most desire more choice in services, both because they rely on services more and lack the ability to have much choice in other areas of their lives, due to financial and physical constraints.

Analysis of the latest data from the OECD on the use and value of public services for different income groups shows, published in June 2012, shows why this is a particularly pertinent issue for Britain today.<sup>10</sup>

### What the OECD data shows



The recent data report from the OECD examined the goods and services that households pay for directly, as well as the main government-funded public services they consume – including education, healthcare, children's services, social care and social housing – in order to assess the value of public services to a household's consumption power.

Looking at the average level of public services households use, the report showed (unsurprisingly) that poorer households relied on public services by far the most in terms of their overall consumption of goods and services.

In Britain, the main public services were shown to be worth more than a quarter (around 27%) of the average household income, and this rose to around 80% of household income for households in the poorest fifth of the population. For the richest fifth of households, the value of public services was barely 10% of their income.

In reality, this difference is likely to be wider still, because rich and poor households do not use public services equally: the poorest tend to be the biggest consumers. The data did not measure the relative use of different groups explicitly, but we can see the differences in data on the proportion of public service spending taken up by different income groups.

The report shows that the poorest 20% of households in Britain consume 27% of government spending on the main public services, while the richest 20% consume only around 14%. **This difference is the widest in the entire OECD.**

The most positive way to look at the disparity in spending between the poorest and richest in Britain observed by the OECD is that it appears that resources are targeting the poorest. But, given the extent to which public services dominate poor households' consumption, the overall picture is that Britain's poorest families are the most dependent of any in the developed world on government-funded public services, notwithstanding relative differences in the proportion of GDP actually spent on them.

## Conclusion



The reason that increasing choice in public services is so important becomes clear if you accept that poverty in Britain today is not just about income: it is about disempowerment, lack of choice, lack of control over the decisions that affect you and your family.

This reflects the modern conception of the real nature of poverty now being used by organisations that measure and define it, like the United Nations and the OECD. Modern approaches to understanding and tackling poverty have moved beyond the old conception of just a lack of money, and instead adopt what is termed the 'capabilities approach', involving issues of choice, power and control as being central to the capabilities of people to escape poverty or protect themselves from it.

Given that so much of our public services are being used by the poorest, and that so much of their ‘consumption power’ is invested in them, increasing choice and control within these services has to be a good in itself. Along with more traditional policies, like paying benefits to ease immediate financial hardship, increasing choice becomes a crucial means of helping tackle the most disempowering effects of poverty.

## Recommendations for Government



This research has shown that people clearly back reform to bring more provider diversity into our public services. The Government should crusade on behalf of the public, and especially the poorest, to progress this reform as soon as possible. Three initial recommendations are brought forward from the Better Public Services Project:

### 1. Introduce new legal freedoms to guarantee choice



Government should **bring forward a legal right for people to be able to choose to receive public services from any qualified provider they wish.**

While the Government has sought to consult on a version of this, any such right for people would be meaningless unless the field from which that choice could be made was backed by an equivalent right for any qualified provider to meet this demand by providing services in any service area. This means **the state’s right to retain monopoly provision must also be legally swept away.**

Reform on this front has, for years, been incremental and sporadic, and it should be made universal and immediate by introducing a legal requirement for a ‘purchaser-provider split’ in every area of government service where it is possible to have a service delivered by a range of providers.

This means a body, such as a government department or local authority, cannot both decide what services it wants to pay for and then also effectively pay itself to provide those services. This situation has existed for decades and has meant that state-backed cartels, in both central and local government, have blocked out charities and innovators from helping meet people’s needs.

### 2. New safeguards against ‘profiteering’



As this research has shown, measures are needed to reassure people about introducing independent providers, particularly for-dividend firms, into some service areas. This essentially means **safeguards against profiteering.**

There are a host of measures that could be used, such as **caps on for-dividend profit, above which surpluses would need to be invested back into the services**, or **asset locks on existing public service property** handed to independent providers so it cannot be deliberately closed down and sold off for purposes such as conversion to residential property.

These measures do not need to be restrictive. The main issue is removing blanket restrictions, such as the one on social enterprise and for-profit involvement that are currently in place for schools, if clear safeguards are put in place to assure people the service will not be exploited for private gain.

### 3. Introduce public service 'league tables'



More choice is clearly demanded by people, but this can only be genuinely informed if people can very easily see the quality of different services on offer. Government officials have made attempts to release data on this, but as the Public Accounts Committee has recently shown, in evidence released in July 2012, this happens slowly and via spreadsheets that the vast majority of people can neither use nor understand.

Government should hand this job now to the experts and partner with providers of trusted online service comparison sites to create public service league tables – similar to those already available in schools – for every main public service area where a choice of provider is possible. This would include core health services, such as local GP surgeries, hospitals and NHS dentists.

### 4. Introduce School Enterprise Zones in urban areas to encourage new schools



Because a shortage of good school places is the most urgent issue in public services today, special action is needed. The Government's Free Schools programme, which allows new schools to be created by charitable trusts, is a hugely virtuous and essential reform which increases the supply of new providers. But because of a recent spike in the birth rate, there will be a shortfall of 200,000 primary school places by 2015, so further radical action is needed.

"School enterprise zones" should be designated in poor urban areas, where shortages are most acute, and other parts of the country with too few school places. In these clearly defined areas, all restrictions should be removed on who can run state schools, including social enterprises and for-profit companies. The safeguards above would apply, but in these areas, providers could set up schools without the requirement to go through the planning system which blocks so much progress.



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- <sup>1</sup> Provider diversity poll, Confederation of British Industry, July 2012
- <sup>2</sup> *British Social Attitudes 2009* Sage Publishing, January 2009
- <sup>3</sup> *Choice in public services*. The Audit Commission, September 2004
- <sup>4</sup> Department of Health press release: 'The Public Wants More Choice', 11 October 2011
- <sup>5</sup> *British Social Attitudes 2011*, Sage Publishing, January 2011
- <sup>6</sup> *Public Service Priorities to 2015*, Populus poll, July 2012
- <sup>7</sup> *Citizen engagement: testing policy ideas for public service reform*, Ipsos MORI, May 2010, 2020 Public Services Trust at the RSA
- <sup>8</sup> Reform, Quantitative poll – attitudes to private sector involvement in public services, May 2011
- <sup>9</sup> Poll conducted by YouGov for The Social Enterprise Coalition, May 2011
- <sup>10</sup> Forster, M et al, (2012) "The Impact of Publicly Provided Services on the Distribution of Resources, OECD Publishing



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The Better Public Services Project will use new evidence and research to produce recommendations for how Government can best deliver its commitments to use much more of the expertise of charities, social enterprises, and technology and business innovators, to improve our public services.

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