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**A Changing Policy Toward  
the British Public Sector  
and its Impact on Service Delivery**

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Dominik Antonowicz

## **A changing policy toward the British public sector and its impact on service delivery**

### **I. Public Service: a Policy Review**

In the evaluation of innovative models of public service, it is worth beginning with an examination of the intellectual background and the principles of political agendas which have underpinned the concept of British public service in recent years. This chapter will present the differences and similarities in defining the role of the state and also the consequences for public service management which stem from them. There are three major sets of principles which constitute the government's policies toward public service in modern British politics: the post-war settlement underpinned by social economics, the New Right based on a neo-liberal set of values and the New Labour approach which aimed to combine social values with market mechanisms. Each of them has had a great impact on the development of public service and has contributed, at least to some extent, a valuable input.

The Conservative administration in the 1970s was very much inspired by an emerging neo-liberal branch of economics –public choice theory. The New Right expressed traditional liberal means of thinking, having focused on the efficiency of the market as a method of passing information and aiding decision-making, as well as maintaining the freedom and rights of the individual. Milton Friedman, one of the leading advocates of public choice, argued that *'the best role for government is a limited one'* and his thesis played an important part in the Tories' political agenda. The criticism of the post-war economic order became more intense in the 1970s when public spending was generally considered to be a key factor of economic failure and the extensive number of welfare state institutions were seen as destroying incentive and weakening competitiveness (Walsh 1995:60). In 1979, the Conservative Party won the General Election and its political success was largely based on the forceful criticism of the post-war settlement dominated by Keynesian economics and Beveridge's social policy. These had resulted in the rapid growth of the institutions of the welfare state, state activity and state provision of service. At this point, the new Conservative

government led by the Prime Minister, Margaret Thatcher, aimed to substitute for Keynesian economics the principles of monetarism and for the welfare institutions the *laissez-faire* concept of government (Hornton & Fernham 1999; Hilton & Wilson 1993; Hughes 1998).

This new set of political and economic principles had a profound influence on the new trend in public policy presented by the Conservative government, which was reflected in a wide range of legislation enacted by this and later Tory governments. Most of them, as John Wilson (1993) pointed out, expressed an ideological commitment to reducing the scope of public sector activity and increasing the role of the private sector. The business approach to service brought a variety of dramatic changes in the structure and the means of public service management by establishing a highly competitive environment. The new vision of public service separated the service purchaser from the provider and also set the „arm’s length” regulations for development relationships which were based on contracts. The flagship initiatives introduced by the Conservative governments: Compulsory Competitive Tendering (CCT), Next Steps and The Citizens’ Charter made significant savings in public expenditure (see the econometric studies by Szymanski and Wilkins, 1993; Domberger et al. 1987, Cubbin 1987). They also established internal and external competition and citizens became customers equipped with statutory customers’ rights. Moreover, the new rules required a customer focus performance, measured by a broad range of indicators which encouraged managers to take personal responsibility for their activity. These reforms were neither isolated events, nor the work of a moment. They took a long process of building a market-oriented culture and introducing private values into the public realm (Glamour 1992; Watt 1996).

By and large, the policy of the Conservative administration, coming from the principles of Public Choice Theory, created a legal framework and political demand for establishing new models of public service organisation which would be able to face competition with the private sector. It was meant to manage public service with an emphasis on controlling, measuring and monitoring activities and labour disciplined to productivity. The new managerialism appeared with merit pay and also strong emphasis on short-term targets. The new model of public service organisation aimed to establish a greater use of internal and external market mechanisms which was determined by the nature of the contractual relationships with other public/private bodies. Finally, citizens were re-defined as customers and service users, ideally, with rights to choose the most suitable service supplier (Watt, 1996).

The introduction of market mechanisms considerably increased efficiency in the public realm and, as Walsh (1995: 38) argues, it improved the methods of working, and introduced new equipment. There was also some progress in productivity from workers and vehicles; however, the market reforms in public service were also accompanied by side effects (Stoker et al. 1999; Cubbin et al. 1987)). A dogmatic use of market mechanisms caused far-reaching fragmentation and also a „silo structure” combined with a ‘tunnel thinking’ approach to social problems which appeared to be ambiguous and multifaceted. Therefore the market-oriented drive found that it could not tackle intractable problems but was in fact creating new ones (Alexander 1991). Furthermore, the contractual relationship between the citizens and the public service organisations and the large scale of privatisation seriously challenged the democratic accountability of service. Growing concern was also linked with the political pressure from central government on public organisations to search for quick financial gains which disregarded the public service ethos. Jervis and Richards (1996) distinguished a triple deficit in public management which stemmed from the Conservative adherence to the free market. The first deficit is strongly allied to the deficit in democratic accountability to the members of the local community/society in the decision-making process, since the market as a means of organising economic activity recognises individuals as a collection of consumers but not as society. The second deficit of public management was related to innovations in developing ways of working through alliances or partnerships because a highly competitive environment did not support co-operation as a form of economic activity. The last category revealed the failure of addressing intractable issues and generated a blame culture in public service organisations (Jervis and Richards 1996: 18-22).

#### *New Labour – New Hope*

The arrival of the Labour government in 1997 brought some hope of restoring the traditional values of public service which had been overshadowed by market competition. There was no doubt that the pragmatically driven New Labour movement, aiming to stay in power longer than one term, would not want to restore a hierarchical, bureaucratic form of public service. Despite the desperation of the Old Labour activists, the new Prime Minister clearly stated that the government had no intention of revisiting the post-war settlement: *‘the values remain the same but the policies needed to put them into practice have to be modernised’* (Driver and Martell, 1998:26). Janet Newman argues (2001:40) that, by saying this, Blair revealed the image of the Third Way and its key agenda – modernisation - which aimed to reconcile the economy and the state, private and public, government and people.

The coherent intellectual roots of New Labour seem difficult to identify. The moral background comes from ethical socialism, which sees socialism as a moral crusade, not the product of class conflict. Yet the Third Way approach expressed a conservative critique of liberal individualism (Driver and Martell 1998:16). These ideas were picked up and developed mostly by Anthony Giddens (1994;1998;2000;2002) Alan Touraine (1971), Jurgen Habermas (1989) and Ralf Dahrendorf (1996). Their studies formed a solid intellectual background for the Third Way in the UK. In other words, market dogma was to be replaced by a pragmatic approach to the use of market mechanisms which were supposed to be fostered, not replaced. The power of the market was as much constrained as the power of government, leaving room for ‘the social investment state’ (Giddens 1988: 99-118) in which people and communities became ‘capital’ essentials for economic development (Giddens 2000:52; Newman 2001:42). The intellectual foundation of The Third Way became the nucleus of Modernisation – the New Labour flagship reform in public policy, which was established to re-build public service in the UK. There was no doubt that Blair’s government would not continue the Conservative policy, yet to return to pre-Thatcher times appeared to be equally impossible; therefore the government had to address the issue of public service, defining its role and principles in a new model of the state. The modernisation agenda delivered a new mixture of priorities for public service organisations which, in part, continued the concept of New Public Management but involved values traditionally regarded as a core part of leftist ideology. This was reflected in the White Paper ‘*Modernising Government*’ which maintained a focus on market mechanisms by finding in them ways to improve efficiency and quality of performance. „*We will build on the many strengths in the public sector to equip them with a culture of improvement, innovation and collaborative purpose*” (Cabinet Office 1999:6). Competitiveness as such was considerably softened and given to managers as a tool which could be used to help in achieving social outcomes, rather than a purpose in itself. The modernisation emphasised the importance of intensifying inspections and audit regimes; in contrast to the past, however, their role was allied more with participating in a process of continuous improvement than with hounding public sector management (Newman 2001: 40-78; Driver & Martell 1999: 32-74).

The leftist spirit of New Labour was reflected in the heavy emphasis on the empowerment of all the actors in the co-governance process, such as communities, front-line staff and public service managers. The relationship between the client and contractor became more collaborative, being based on long-term agreements because modernisation shifted the focus of public service from short-term efficiency to long-term effectiveness. This was reflected by

the replacement Compulsory Competitive Tendering (CCT) under the Best Value regime in local governance. Finally, New Labour kept its commitment to the communitarian view of society by addressing the problem of social exclusion and by aiming to increase public involvement in the policy-making process. Indeed, the concept of joined-up government entailed horizontal integration based on partnerships with public, private and voluntary organisations but also the vertical integration of central and local tiers of government. It also increased opportunities to engage citizens in designing and delivering public service (Social Exclusion Unit 1998; Stewart 2000; Richards et al. 1999; Newman 2001).

New Labour's view of public service placed it on the boundaries between the private and public realm with an attempt to match private sector attitudes to public service ethos. But this innovative combination of principles could not be applied so long as traditional models of public service were in force. Neither the Weberian model of a hierarchically organised, impersonal and input-oriented organisation nor the highly competitive, partly-privatised and fragmented public service were able to deliver the new set of principles which underpinned New Labour pragmatism. Therefore there was an obvious need clearly expressed by central government, for public service employees and society to develop alternative models of public service organisations which would combine the organisational culture of the private sector with the public service ethos.

## **II. Private versus Public. A New Look at the Old Debate**

The old debate about the ownership of public service organisations is closely related to the modern history of British politics. Public ownership was cemented and expanded during the post-war settlements until the late 1970s, when a new set of political and economic principles came with the Conservative administration. Margaret Thatcher's government redrew the boundaries of the state, aiming to substitute market mechanisms for politics in the allocation of resources and modelling public service on business approaches to organisation and management. The policy was underpinned by two major pillars; the first - *liberalisation* - which involved a great use of market mechanisms by introducing competition into the provision of publicly provided goods and services in order to improve efficiency and value for money; and the second - *privatisation* - which transferred ownership from the public to the private sector on an immense scale. It brought about a growing number of private enterprises seeking profits in the public realm and public organisations primarily focused on financial

gains (Hinton & Wilson 1993; Asher 1987). There is no doubt that the whole debate about ownership in fact concerns the style of management and priorities in the process of delivering service. Publicly owned organisations seem to have a high degree of public trust and they are also accountable to citizens through their political representation. Therefore their advocates claim that this is the only institutional way to deliver a genuine public service. Moreover, altruism, if left to market mechanisms, appears not be performed optimally, whereas the public service ethos ought not to be dominated by profit making.

*„Instead of being trusting and grateful, we have become suspicious, hypocritical and demanding. Although this might have its benefits in certain situations, in others something precious will have been lost” (Corry et al. 1997)*

The introduction of private provision and competition to the public realm aimed to supply public sector organisations with the best techniques and practices of the private sector and to transfer the managerial and customer-oriented culture to the public realm. It was meant to increase accountability because it emphasised personal responsibility, which required clear standards and measures of performance and also laid stress on output control; and it was meant also to stop political involvement in public service delivery, leaving the provision to ‘the invisible hand of the market’ (Watt 1996; Hood 1991:4-5).

### ***Pragmatism First***

The advent of New Labour brought a significant shift to the discussion about public service provision. The new Prime Minister, Tony Blair, gave a very clear statement that what really counts in the public realm is what works. Hence, it is outcomes, not ownership, which matter in the modern public service; therefore the traditional political debate about private and public ownership became no longer meaningful so long as the tasks were being performed.

*„We know now that better government is about much more than whether public spending should go up, or whether organisations should be nationalised or privatised. Now that we are not hidebound by the old ways of government we can find new and better ones” (Modernising Government 1999: Para 1)*

In other words, New Labour opened the door for any form of public service organisations which would be able effectively and economically to address public issues. This institutional



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pluralism *implicitly* justified any form of ownership of public service organisations: private, public or mixed as far as it could achieve public objectives. The policy of New Labour aimed to bring to an end the stereotypical way of thinking that the private sector culture can be developed only in a private sector organisation and the public service ethos exists solely in the public realm.

*„The public and the private sector are breaking down in many areas, opening the way to new ideas, partnerships and opportunities for devising and delivering what the public wants”  
(Modernising Government 1999:Para 1)*

The practical input to this debate was expected to be delivered by innovative models of public service, and indeed they illustrate different means of transferring features, traditionally ascribed to either public or private organisations, across boundaries and applying them whatever the form of ownership. In other words, they show the gradual decrease in importance of the traditional debate between the political left and right about the question of ownership in the public realm and suggest a shift in the debate to alternative forms of delivering public service.

#### *Contracts for outcomes*

The intensive debate about the nature of public service provision in fact deals with the process of introducing contracts into the public realm. Kieron Walsh (1995) distinguishes two approaches to contracting services. The first one defines the outcome to be achieved, leaving the choice of method to the contractor, whereas the second approach states the methods which are to be used. The choice between these two depends on the complexity of the service and indeed many public services organisations have a difficult task to specify because of the ambiguity and strong interdependence between different segments of society. The introduction of a contractual relationship has been perceived by many as a threat to the public service ethos, though it does not exclude any other forms of cooperation. Working Links, the private sector enterprise, has developed a very successful partnership based not only on written agreements but also on assuming the existence of trust between the partners and the recognition that consultation and not punishment is an appropriate means of dealing with failure.

The most important aspect of the innovation in Working Links' performance is a sensibly designed contract between Working Links and the Department of Work and Pensions, which combines the business approach to service with the public service ethos. It is a classic example of a contract for outcomes which creates a straightforward and measured relation between the public interest and commercial return. The contract was drawn up with a special caution that people who had been unemployed for a long time may find it very difficult to come back to work and adopt a new way of life. Therefore a fundamental part of this contract is the recognition of a social problem which is to be challenged. In the case of the long term unemployed the problem is closely associated with the fact that low-skilled and unmotivated people are bouncing on the bottom of the labour market, accepting low-paid jobs where is no investment in people and then dropping out and claiming benefits again. Aiming to set up a contracting organisation which could address the issue effectively, the achieved outcomes must be monitored and measured in order to establish criteria which relate the effectiveness of the service with commercial revenue. Therefore the contract states that to make a profit, Working Links must place their clients in the workplace and, sustain this employment for at least 13 weeks, apparently the critical period in this connection.

Working Links as a private sector enterprise is contracted by the Department of Work and Pensions and this fact has an immense influence on the way in which the service is delivered. It gives the organisation a clarity of vision and purpose and also helps to avoid the confusion and fragmentation caused by central government regulations. These regulations tend to classify people into different categories, generating a variety of trainings, courses and much consultation but very poor outcome. Moreover the publicly owned organisations face a wide range of difficulties causing operational inflexibility and an excessive number of financial constraints; whereas Working Links, being a private enterprise, may rely on its staff, assuming that freedom to act is absolutely essential for dealing with human beings and thus it helps to achieve better outcomes. This gives Working Links a great advantage in the speed of decision-making because the front-line staff is able and even required to make their own decisions about what is suitable for their clients, simultaneously saving time and money on passing piles of papers upwards and asking for permits. The businesslike organisational culture plays a significant role in devising and delivering effective help to the long-term unemployed and fostering true customer awareness. The financial flexibility and the freedom to act helps in developing an individual approach to customers, bearing in mind that citizens struggle with a variety of specific problems which are hard to categorise. Dealing with the long-term unemployed, the overall social context must be taken into account because it has a

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great impact on the personal situation of these people. Last but not least, the relation between social outcomes and profit-making is clear and reminds us that Working Links was established to help unemployed people get jobs and provide them with sustainable support to keep them at the workplace and not the reverse. This insignificant difference has great implications in practice, emphasising that the welfare of human beings is the most important element in this business.

### *Leadership*

The contract for outcomes applied in Working Links illustrates that the public service ethos can play an extremely important role in a for-profit organisation. However, the question remains whether the transformation of values would work the other way round, that is, whether the private sector culture might be developed in a publicly owned organisation. The answer lies in the Benefits Service in one of the Inner Boroughs of London – Camden. This is an organisation responsible for monitoring needs and delivering financial support to those whose economic situation does not allow them to maintain a flat or a house. The Benefits Service in Camden deals with a very sensitive group of citizens, because of the nature of the service, which was devised to help the least wealthy people and also because Camden is a multi-ethnic community with a great number of ‘hard to reach groups’. To make matters worse the service has been recently struggling with shortage of staff due to the poor financial conditions which are all that local governments can offer and a very specific labour market in London. Despite this demanding environment in which it is very difficult to operate, the Benefit Service in Camden appears to be extremely successful in delivering public service. The service is managed as a ‘business’ underpinned by strong search for excellence - ‘*To do things right once and only once*’ (Lesley Pigott, Head of the Benefit Service), by performance management and the development of human resources. As Rouse argues (1997:87) successful performance management depends upon having appropriate procedural practice and cultural characteristics within the organisation. In order to evaluate performance management in the Benefit Service in Camden an analytical framework proposed by Jackson and Palmer (1993) has been applied. This organisation seems to have an organisation mission which is reflected in the mission statement, ‘*Paying on time with courtesy and respect*’. It is focused on delivering accurate service to citizens and achieving the social outcomes for which the service was intended. Performance is monitored by a variety of specific indicators closely related to the objectives of the service which help to measure the progress/regress of the delivering service, such as the time when benefits are paid, the speed of any necessary action

and the time customers spend queuing. Furthermore, the service carries a customer survey to measure customer satisfaction. Finally, the Benefits Service has introduced supportive performance architecture consisting of internal indicators which help to evaluate individual and team work and eventually improve performance. It also introduces understandable and transparent rules and clear responsibility for the work to be done.

In a competitive environment such as the free market, the strong initiatives to search for development and improve performance are reflected in the profit mechanism and translated into financial returns, whereas in the public service such feedback is much less forceful. Instead of market mechanisms, the Benefits Service in Camden is led in a commercial way by the strong leadership of the management staff. The personal view of the Head of the service on what the service should be like and her commitment to share this view with the rest of the staff lie at the heart of the innovations in Camden. Moreover, these attitudes enable the citizens of the borough to increase their trust and raise the reputation of the service and of the senior officers who have a major impact on its funding. The strong managerial leadership and political skills seem to dismiss, at least to some extent, all the worries associated with budget implications, allowing the management flexibility to plan, devise and deliver the service instead of responding *ad hoc* to the current situation.

In conclusion, in the difficult situation imposed on the Benefits Service, a business culture based on performance management appears to be the most effective way to pay benefits '*on time with courtesy and respect*'. In other words, in the process of delivering the service the private sector values and support for the altruistic approach to customers generate a unique mixture of business methods achieving public outcomes.

#### *An Alternative Form of Ownership*

Insofar as the innovative models of public service may appear to illustrate traditional forms of public service organisations but with new features, the paper will include also alternative models such as staff buy-out privatisations. One of the leading examples in this area is Greenwich Leisure Limited, which presents the development of the third way of ownership and management. Greenwich Leisure Limited (GLL) is a 'not-for-profit' industrial and provident society with an employee-controlled board. It operates under the Industrial and Provident Society Act and is owned and controlled its staff who have chosen to become members. Each of them has one and only one share worth £25 which guarantees the owner

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one vote at the annual general meeting. These shares cannot be exchanged and employees lose them when they leave GLL. This alternative form of ownership of the public service organisation has a profound influence on the means of management and service delivery. Greenwich Leisure Limited is managed by a board elected by the staff members at the annual meeting. The board meets every two months to evaluate day-to-day operations run by the management team which is directly accountable to the board. Each board member has a responsibility which includes regularly meeting with a subscribed group of employees in order to pass information downwards and bring ideas forward. This system of governing and communication, called 'the buddy system', was devised to raise awareness about the business and moreover it fosters corporate organisational culture (Sesnan 2001).

The model of staff buy-out privatisation generated the capacity to improve the efficiency and effectiveness of the leisure services but more importantly, it also helped to address a very important social agenda of regeneration.

*„The new structure has created empowerment, enthusiasm and ownership among staff at all levels, leading to improve the commitment to delivering a quality service” (Mark Sesnan Managing Director of GLL).*

The new form of ownership of the organisation freed it from local government bureaucracy and eased the decision-making process, giving more flexibility to the management staff. It has also widened the range of creative opportunities in the fast-moving leisure and fitness market. Consequently, the quality of service has gradually increased and made GLL competitive with other private sector organisations operating in this field. The new way of work has proved a great success and led to opening of new facilities and extending the existing ones, instead of closing centres and introducing a job-cuts scheme, as had happened in the past. The brand of service has become more popular and respected in the borough. However the great improvement would not have been achieved without the power to reinvest generated profits. Mark Sesnan, the managing director of Greenwich Leisure Limited called this scheme 'a virtuous circle' because it exemplifies 'the more investment, the higher the return, the greater the opportunity to take on new projects and the higher the staff motivation'.

Despite its business orientation, Greenwich Leisure Limited managed to deliver its public service mission while trying to engage the most disadvantaged groups of citizens, who are often excluded by the private sector organisations. These social objectives are reflected in the

long-term strategy, which includes „*providing the most accessible range of leisure facilities to the community it serves*”. In order to do this, GLL introduced the Greenwich Card scheme which reduces rates for local citizens but also provides special concessions for people who receive benefits. Thus citizens whose financial situation rules out full-price services may receive them for half price at all centres and indeed more than 35,000 take this opportunity and use the leisure service of this scheme (Sesnan 2001).

The innovative models of public service have proved that public ownership does not necessarily imply a specific means of managing a service. Characteristics such as the public service ethos or business values, traditionally connected only with particular organisational forms, can be equally successful applied across boundaries. Hence, the old political debate about the ownership of public service organisations becomes irrelevant and should be converted to a search for new institutional forms which would combine what is best in public and private provision and place it in one organisational framework.

### **III. The relationship between the service producers and consumers**

The nature of public service organisations is closely associated with the concept of the society to which the service is to be delivered. In many ways, it shapes the relationship between the producers and the consumers of public service by defining their rights and responsibilities. The post-war settlement is described by Marwick (1990:45) in these words: „The totality of schemes and services through which the central government, together with local authorities, assumed a major responsibility for dealing with the different types of social problems which beset individual citizens” had a profound influence on the shape of post-war society. Economic management and effective welfare provision constrained and stabilized free market competition and also brought greater equality to society. The welfare state underpinned by collectivism generated a static model of society which relied heavily on public institutions and, despite leaving private property rights intact, the state took often a dominant role as an owner, planner, investor and provider (Driver& Martell 1999). Indeed, the state’s involvement in day-to-day life heavily disadvantaged society, making it over-dependent on institutional help and support. Furthermore, despite an excessive number of public servants and its heavy involvement in citizens’ lives. there was a sharp split between government

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institutions - the providers of service - and citizens, the consumers of the service. Public service organisations were seen as a part of the hierarchical organised state with a command and control management. Moreover, the top-down communication made little impact on the way in which such service was devised and delivered. Finally, by defining citizens uniformly, public service failed to recognize the diversity of human beings and to generate opportunities; instead it provided an equal form of treatment which did not meet public expectations (Ridley 1995).

By contrast, the policy introduced by the Conservatives promoted a different model of society. It rolled back the frontiers of the welfare state, assuming that the market is the best way of delivering service (Skelcher 2000). Market mechanisms appeared to be much more successful in responding to individual needs because of the plurality of service providers. This approach reflected the hierarchy of values which underpinned New Right thinking, at the top of which were placed individualism, personal freedom, choice and inequality. They became the foundation of an 'enterprise culture' which promoted dynamism and individuals seeking for excellence. It replaced a 'dependency culture' – by now over-developed by the social democratic state (Newman 2001). This significant shift also changed the nature of the relationship between the citizens and the providers of public service. The Prime Minister and main architect of the Conservative agenda Margaret Thatcher said, „*there is no such thing as society, we are all a bunch of consumers*”. This sentence became a symbolic definition of a new kind of relationship between citizens themselves and the new role of public service organisations. The dogmatic acceptance of collective welfare was replaced by a dogmatic embrace of the free market. It led to the disintegration and atomisation of society and also introduced a contractual relationship which formalized and made shallow the relations between citizens and service producers (Colling, 1995). It is true that citizens got the freedom to choose between a variety of service providers; however, the ruthlessness of the market mechanism failed to deliver altruism and the collective ethos optimally. In addition, the privilege of having a choice was accompanied by the insecurity of the risk of failure and responsibility for picking wrong options.

The policy of New Labour put heavy emphasis on renewing civic society, attempting to engage both individuals and communities as partners in addressing intractable social problems.

*„State and civil society should act in partnership, each to facilitate, but also a control upon each other ... Community does not simply mean trying to recapture lost forms of local solidarity; it refers to practical means of furthering the social and material refurbishment of neighbourhoods, towns and larger areas” (Giddens 1988:79)*

It was a fundamental difference from neo-liberal individualism and welfare collectivism because the new approach aimed to foster the ‘social capacity’ of public service and to promote self-help and lifestyle choices (Newman 2001). Moreover, the renewal of civic society was underpinned by a modernized state and linked with a quasi-contractual relationship between state and citizens, based on responsibilities and obligations as well as rights (Barnes and Prior 2000; Lund 1999). In other words, Labour proposed an alternative construction of the social settlement supported by a modernized welfare state and the conception of ‘active citizenship’. This agenda involved innovative forms of service provision which would be the third way between the post-war collectivism and New Right’s radical individualism (Etzioni 1995).

### *Closing The Gap*

The third way in public service, then, meant moving away from the hierarchal and market order toward networks and partnerships. The idea of partnership aimed to reconcile the old enemies: public and private, state and citizens, as well as to overcome the vertical and horizontal fragmentation within the public realm. It was also a significant move from centralised government toward a corporate governance as a means of addressing social exclusion and tackling ‘intractable problems’ (Newman 2001). This new strategy was applied in the Benefit Service in Camden which deals with very vulnerable customers and their financial situation. Moreover, these people often tend to be excluded from mainstream society due to additional (cultural) barriers which made social integration even more challenging. Therefore an emerging psychological gap between the service and citizens became significant and many citizens entered the Benefit Service as outsiders and even enemies. This vicious circle was strengthened by cultural and linguistic diversity which, to a large extent prevented the organisation from delivering a service to those most in need. In order to reduce this gap and move closer to the citizens, the Benefit Service established a variety of partnerships with voluntary organisations which were firmly within the ‘hard to reach’ groups and respected by them. By providing information as to the purpose of the Benefit Service and by offering



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support in claiming benefits, Camden improved the effectiveness of the service which for many paved the way for them to return to the community.

A different form of partnership was used in the Young Offending Teams in Lewisham. The team was established to prevent young offenders from re-offending and one of the methods of doing so was to confront an offender with his/her victim. This exercise was voluntary in character and was set up to help offenders to understand the devastation and pain they had caused. It also gave them an opportunity to begin a process of gradual rehabilitation by apologising. This approach illustrates a paradigm shift in addressing what the service calls 'wicked issues' by modernizing the public service. Young offenders were to be defined as people with problems, not as problems themselves and this small but significant difference produced a wide range of consequences for setting objectives in public service performance. It also blurred the boundaries between the producers and consumers of the service and reduced the social distance between them because YOT played a role of enabler and facilitator, knowing that young offending is a wicked issue and, in order to address it effectively, cooperation on a partnership basis is needed.

#### *Mutual Inclusion*

Civic society, which lies at the heart of the New Labour project, is based on 'active citizenship' and 'communitarianism' and both these concepts are reflected in an alternative form of public service. They were built on new *mutualism* – a neo-socialist intellectual movement which assumes that people have both rights and responsibilities toward each other. Its advocates, such as Gareth Thomas and Douglas Alexander (New Mutualism 2001), anticipate that direct and active involvement by people in public service would refresh the public realm and reduce the gap between the producers and users as well as rebuilding commitment to society. The idea of *mutualism* in public service was developed in a variety of different forms and scales. One of the interesting examples of successful development in new mutualism in the public realm was devised in Northampton Football Club (Framton, Michie Walsh 2001). Supporters are the consumers of leisure and entertainment service offered by a club. They follow a club, attend matches and purchase souvenirs. It is this loyalty which offers each club a virtual monopoly market; players, managers and directors come and go, whereas supporters always stay whatever the situation. For some people football may not appear to be a classic example of public service but it is an important use of leisure and an integral part of the community, in the case of Northampton being firmly tied into the

community by the conditions of the lease. Supporters have recently begun to take a more active role in the club's performance and have become a part of their clubs as an active lobby group; moreover, by establishing trusts and purchasing stakes they have gained influence on the way their club is managed (Lomax 2001).

*„Football clubs in England have deep roots in their communities. The club community relationship has traditionally been based on mutual support. Clubs draw strength from the goodwill of the local people, who have matured and supported them over the generations. Clubs repay this by providing a community focus and source of civic pride.“*

*(Football Task Force, Investing in the Community, 1999, Para 2.1)*

*„The football club is part of the fabric of the town. In many ways a town's identity is tied to its football club. When travellers pass by on the motorway and they see a sign for Northampton they will know that we have a football club in the town. „*

*(John Dickie, former leader of the Northampton Council)*

The mutual form of governance was applied in Northampton Town Football Club where supporters formed a trust for two basic reasons: first, in order to raise money for the club and to be accountable to the supporters for the spending of that money; second, to seek effective involvement and representation for the supporters in the running of the club to prevent further crises (Frampton, Michie, Walsh 2001; Football Task Force 1998). The trust is a democratic organisation which has power to send its own representative to the club board. A representative (called a director) in order to be elected by trustees must first prove his/her loyalty in serving on the trust's executive committee for at least two years. Supporters are not only represented on the board, but also have influence through the trust executive committee and regular open meetings run by the Trust with the club's officials. The trust has lowered the barriers between supporters and the club's professional staff, including directors, managers and players, creating a great opportunity for fans to discuss and understand the club's situation and vice versa.

The trust plays an outstanding role in developing an equal opportunities policy and by eliminating racism from supporters' behaviour, drawing more ethnic minorities into football at all levels. It has witnessed significant progress in rooting out racist abuse in chants during football games and the level of respect shown by fans to black footballers has risen. Moreover, the trust put strong pressure to force the club to adjust their stadium to the needs of

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the disabled and even itself held fundraising events to units to enable visually impaired supporters to listen to match commentaries. In addition to their efforts in engaging minorities and the disabled in the club's life, the trust also attempts to articulate the needs of different supporters if they have somehow not been met by the club policy. Northampton is surrounded by countryside and many supporters who live at some distance from the club face difficulties in purchasing tickets and getting to the game at weekends when there is no public transport. Therefore the trust tries to persuade the club to organize buses on game days and change to a ticket distribution scheme in favour of the fans with long journeys.

### *Individual Approach*

The third dimension of an innovative relation between the producers and the consumers of service is based on the recognition that citizens are complex socio-cultural constructs equipped with a variety of unique features. In the past the relation between public service and citizens was very different. In the post-war period society was defined as a large number of individuals who, to a large extent, shared similar characteristics. In response to this, public service was to embody an equal treatment policy underpinned by egalitarian principles of socialism (Driver & Martell 1988). Hence, a monolithic and inflexible approach soon could not meet the growing diversity of needs and this situation could not be changed because public service was centralised and managed in a top-down command and control way. Citizens had very little impact on service because there was an enormous social gap between those who produced and consumed, underpinned by a one-way communication process. By contrast, New Right policy went to the opposite extreme and left the provision of service to market mechanisms which, in fact, are far more flexible but are also fragmented and offered a very narrow choice. The introduction of a contractual relationship into the public realm equalized the positions of producers and consumers; however it also significantly limited their relations to what was stated in written agreements. It also could be argued that contracts to some degree dehumanised public service because market rules tended to under-perform in the key features of public service: altruism, sympathy and understanding (Walsh 1995).

If different models of the consumer-producer relationship used in the past illustrate the shape of society which stood behind them, so do the innovative models of public service. Promoted by New Labour, the concept of civic society requires more flexible approach than was

available in the post-war settlement and a far deeper relationship than is written in a contract, and undoubtedly these requirements seem to be reflected in the performance of Working Links and the Camden Benefit Service. Both organisations have developed very close cooperation with their customers which relies on an individual and often even a personal contact with them, based on mutual trust and understanding. For example, finding workplaces for people who have been out of work for a long time needs great commitment and attention to discover the hidden potential in candidates and resurrect their self-confidence. However, Working Links and the Benefit Service also seem to perceive their duty in a pragmatic way, bearing in mind that the character of their services requires from customers goodwill, determination and considerable activity to reach their goal. Nevertheless, customers have also an opportunity to influence and change the way in which service is delivered. To do so, the customers' survey was introduced to give service users a chance to articulate their expectations about the service and offer suggestions to improve it further. It has certainly narrowed the gap between the producers and the users of public service, creating a two-way channel of communication. On the one hand, it enables and makes it easier for citizens to be active but, on the other hand, it helps them to shape a public service performance which would meet their needs and expectations. Finally, despite the fact that there has been always unavoidable tension between public service organisations and their customers, the cooperative nature of these mutual relationships has taken a significant step in reducing the number of conflicts and turning their outcomes to mutual benefit.

To conclude this chapter it must be said that the character of the relations between producers and consumers in public service reflects the nature of society. In the past, different approaches failed to meet either the growing diversity of human needs or under-provided the altruistic dimension of public service. By contrast, innovative models of public service have managed to adopt an alternative role as enabler and facilitator. They are an integral part of civic society promoting and shaping active citizenship, perhaps because they were often created or designed by citizens through their involvement in public life. This is possible because the new form of the relations is underpinned by partnership, mutual and close cooperation (sometimes ownership) and an individual approach to customers.

#### **IV. Risk versus Accountability**

Accountability as a concept has been always a problem because of its complexity and ambiguity; this is illustrated in a great number of definitions associated with this term. Wilson and Hinton identify accountability (1990:123) as stewardship and audit, the exercise of responsibility, reporting performance; answering for behaviour and being open to inspection. Day and Klein (1987), by contrast, see it as a 'chameleon-like' term which requires regular categorisation and clarification because the scope of its meaning has recently been extended and Lawton and Rose (1991:17) also find it a complex phenomenon which operates in a variety of different ways in different environments. Ingstrup and Crookall argue (1998) that accountability is a timeless value which has often been misunderstood and honoured most in its absence. Despite all the difficulty of defining accountability, there is no doubt that accountability is a great issue in public service and, moreover, it appears to be much broader and more complex than in the private sector. Private enterprises are directly accountable to their stakeholders through their board, whereas organisations in the public realm must be accountable to their political masters and to the citizens who use the service as well as to those who do not. In other words public service managers have to deal with a very unclear, subtle and fragile concept which must be addressed with great managerial and political sensitivity.

In the last twenty-five years the accountability of public service organisations has been the subject of fundamental reforms in the UK. The concept of New Public Management underpinned by public choice theory seriously questioned the accountability of bureaucratically organised public service. The bureaucratic and hierarchical nature of public service was heavily criticised by William Niskanen (1968;1971) for vogue accountability through a long vertical and departmental chain of command and control. In other words, critics coming from the New Right noticed the ineffectiveness and lack of transparency in public organisations. In the post-war period those at the peak of the organisations were seen as a responsible for both policy making and the delivery of service. In response, the market reform in the public realm challenged the old system and brought new forms of contractual and personal responsibility in the public sector. It improved transparency but also raised some questions regarding the new system. The first concerned the separation of the political and managerial levels which entailed the split of political and managerial responsibility. It caused massive criticism as to the loss of political control and subsequently of accountability of a core part of public service. Furthermore, the interaction between commercial and service

motivation raised some doubts as to the key feature of public service - the ethos. Finally, there were also difficulties with clarifying responsibility within a public service which was fragmented and dominated by short-termism<sup>1</sup> (Walsh 1995: 214).

The emergence of New Labour changed the perspective on defining accountability, seeing not only its individual parts but also discovering a communitarian aspect of citizenship (Walsh 1994). The policy of *modernising* public service aims to increase accountability in general and also to make public service organisations more accountable to the communities in which they operate. It was underpinned by the recognition that both the bureaucratic and the market oriented services had failed to hold a balance between different aspects of accountability. Citizens found themselves in a position where they had little influence on the way a service was delivered, either because of the bureaucrats' resistance or the widespread privatisation. Hence the Labour administration aimed to return public service back to the community and reduce the gap between the producers and users of public service, tying together the relationship between them. At the same time New Labour's support for alternative means of service provision caused uncertainty about whether the old forms of accountability could handle risk while still developing innovations.

### *Introducing Innovations*

The process of introducing innovations in public service is closely associated with the risk of failure, particularly in the initial stage when strategic decision must be made about the introduction of changes. There is always a dilemma between the risk-averse culture traditionally linked to the public sector, and a search for alternative means of provision. While setting up innovations is an arena dominated by professionals, any new form of public service organisation or new means of service delivery is required to have political support. The reason for this is that the politicians are the ones who are directly accountable to citizens for strategic developments in the public realm. This kind of 'political umbrella' was also a matter of deep concern expressed by the public service managers who decided to challenge their forms of service. But in interviews they admitted that when innovations were being introduced into their organisations, they had enjoyed a very good relationship with both local councillors and politicians. Political decision makers were also consulted about innovations and the positive response gave the managers significant credit and operational flexibility in

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<sup>1</sup> The phenomenon of short-termism was also witnessed in the private sector. ( Grinyer, Russell, Collinson, 1998)

managing their businesses in an alternative way. In other words, consultation and good reputation underpinned by a long record of successful performance minimises the political risk and creates a solid foundation for innovations in the public realm. The example of *Greenwich Leisure Centre* illustrates the many advantages of the local politicians' involvement in developing the innovations contributed by their insight into the service and understanding of its problems. Having realised the scale and importance of these problems, even a strong Old Labour authority such as Greenwich in 1993 was able to establish what Old Labour saw as a market- oriented initiative as a 'non-profit' industrial and provident society with an employee-controlled board. This cooperative approach to the service, based on consultations, effected a new organisational framework for delivering a leisure service in Greenwich which, subsequently, turned out to be extremely beneficial for the customers, citizens and service providers.

*„ A review instigated by Councillor Bob Harris, chair of Greenwich Council's Leisure Committee, recommended encouraging partnerships for service delivery and moving to 'arm's length influence'. This in itself was quite innovative for an 'old' Labour authority in 1993" ( Mark Sesnan, Managing Director of Greenwich Leisure Limited)*

Even if a service remains in-house in the local council, as *the Benefit Service* does, maintaining a good relationship between managers and politicians may be mutually rewarding. Lesley Piggot, the head of Benefits in Camden, has built among councillors a political understanding of service and the recognition that in fact the Benefits Service addresses a much wider and significantly important social agenda of social exclusion and eliminating homelessness. Even though the Benefits Service has not embodied any revolutionary changes to the service, a good reputation among councillors guarantees considerably more freedom for the management staff to develop the service in way they think is most benefits the community.

Another means of minimising political risk is presented by the case of Working Links. This for-profit enterprise was formed by three stakeholders with Cap Gemini Ernst & Young, Manpower PLC and the Employment Service. Operating nationwide, Working Links does not have a particular political assembly to which they must be accountable, despite having a public organisation as a stakeholder. However, before establishing Working Links *Ernst and Young* and *Manpower* had experienced working along with a variety of public service organisations across the country. It gave them great credit as solid and reliable partners and,

in addition, their good business reputation has been many times scrutinised by market mechanisms.

These examples of political support seems to play a vital role at the initial stage of developing innovations. It stems from the fact that the decision to establish new means of service provision is, to some degree, a political matter. Since the concept of public service comes from a need for collective action and collective contribution, the politicians are the ones who are accountable to the public. Therefore good reputation appears to be one of the most effective means of reducing political risk at first; however, in the longer perspective an initial reputation does not seem to be enough.

### *Managing Alternative Approaches*

Accountability in public service is a complex issue and difficult to conceptualise issue in a day-to-day business. It stems from the ambiguity and intractable nature of service and the fact that different aspects of accountability are involved in the public realm. Lawton and Rose (1991:23) give a useful list of different forms of accountability to be found in public organisations: political, managerial, legal, consumer and professional ones. All of them appear to be equally important and, to some degree, interdependent.

Nevertheless, the fundamental definition of accountability consists of the ability to monitor, measure and evaluate performance against subscribed objectives; but still the ambiguity and intractability of social objectives leaves unresolved the problem of what should be measured. The Labour governments have tried to handle the accountability of public service by introducing the Best Value regime to replace the Compulsory Competitive Tendering in local government and the NHS.

The BV regime introduced significant changes in the paradigm of internal management. The overall transformation considers the culture of the organisation and it tends to dismiss 'silo structure' and its unwanted outputs - 'wicked problems'<sup>2</sup> (see also Clarke and Stewart 1997; Jervis and Richards 1997). Best Value is expected to achieve continuous improvement in the performance of local authorities. Publishing the BV Performance Plans, evaluating the outcomes in the reviews and setting up the action plans which result from the reviews should

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<sup>2</sup> Supporting materials for the „Introduction seminar” written by Sue Richards, Institute of Local Government Studies , University of Birmingham, 2001



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lead to continuous improvement. The regime introduced a great number of detailed indicators which aimed to measure the performance of public service. This initiative considerably improved accountability of the benchmarking and evaluating services; however, a great number of performance indicators made the overall process unduly time consuming and costly. Furthermore, some organisations appear to be more focused on satisfying the BV inspectors rather than delivering a good quality of service and thus performance tends to become very much output driven (Boyne 2000; Marin et al. 2001).

Monitoring and measuring performance is an important aspect of accountability; hence managers interviewed in the research underlined how useful its results are for organisational learning. Organisations need a continuously change of their internal structure, as well as adapt to changes they meet in operational environment ( Lahteenmaki, Toivonen, Matill 2001) Politicians are primarily interested in the extent to which organisational goals are achieved but public service managers may use the same data to challenge the means of service delivery in a search for improvements. For example the Benefit Service in Camden introduced a greater number of indicators than are required by the BV regime in order to conduct a detailed evaluation of service provision. In addition, the indicators in Camden have also a great role in human resource development. They help to assess individual and team work done in the organisation and, in cases of dissatisfaction, the management staff may identify an impediment and reason for under-performance. To do so, managers aim to involve employees because they know best what is needed to deliver better performance. Sometimes there is a lack of training, disagreement with another employee or a poorly designed indicator. In general, the indicators introduced in the Benefit Service are the means and not the ends of service. Therefore they are very flexible and once identified as imperfect they can be easily changed, dismissed or replaced by better ones.

By contrast, Working Links delivers a different kind of service which is hard to benchmark and heavily depends on the individuality of customers and areas where they live. Thus the management is considerably less focused on the detailed monitoring of day-to-day business but instead express more concern about the outcomes alone - the number of people placed at work and their sustained employment. To achieve these organisational goals, the front line staff exercise great financial and operational flexibility because successful performance depends on their speed and effectiveness in making decisions. Leaving this freedom to act to the professionals raises the issue of who is in charge to monitor and measure performance of a for-profit organisation delivering a core part of public service. Working Links is directly

accountable to customers by putting them into workplaces and although it is a private sector enterprise established to make a profit, no decision could be made without public service endorsement. The reason for this is that there are three different types of shares, each type owned by a different partner (Manpower, Ernst and Young and the Employment Service) and any strategic decision cannot be made without the approval of all the stakeholders. This legal solution allows the Employment Service effectively to secure the public interest and improve its accountability to the public, while at the same time protecting all the partners from withdrawing or being dismissed from the partnership.

A different means of accountability is applied in Greenwich Leisure Limited. GLL is managed by the board which has representation from the council, customers, the workforce and the trade unions. They developed this institutional framework to give customers and the citizens insight into the organisation in order to protect their interests. However, although one can argue that there is no need for separate representation from the council and the customers, improving accountability to the customers of a public service may in fact lead to less accountability to the general public. The interest of the beneficiaries is not always shared by the members of the community; therefore both groups must be represented on the board. In addition there are also other forms of accountability which are primarily focused on a day-to-day activity such as a complaints procedure and a customer survey which seeks greater responsiveness to its service.

Among these different ways of improving accountability in public service there are some lessons to be learnt from the innovative models of service. The first is that political support plays an essential role in introducing innovations in the public realm and it is very important to engage politicians in the process of improving quality of service. Furthermore, the users of the service and citizens should be also be consulted to help to meet their needs and expectations. The second point is that 'one size does not fit all'. Although accountability appears to be a challenge shared by a majority of public service organisations, the research vividly illustrates that there is a variety of equally good strategies to deal with it, regarding the nature of the service and the local context. The final conclusion drawn from the analysis indicates that accountability in public service could be achieved through internal standards generated with professional peer groups. Furthermore, despite the development of contracts as a source of accountability in the public realm, the role of personal standards of conduct embodied in a code of ethics will gradually increase.

## **. Leadership**

There are a number of elements which create a foundation for well-performing organisations. The form of ownership, accountability or the relations between the producers and the users of service are very important; however, it is almost impossible to improve public service without effective leadership. Ingstrup and Crookall (1998:52) argue that leadership is no longer getting things done through other people but it is a significant factor in shaping an organisation, communicating and implementing new strategies, creating new alignments and building a corporate character. Improving public service requires many changes to be introduced and leadership appears to be an essential factor in this process. Not only does it make it happen but it also overcomes resistance to change.

The public realm during the post-war settlement was dominated by the Weberian model of bureaucratic organisation which did not require leadership since it consisted of sets of impersonal rules to be fulfilled by hierarchically organised and soulless servants. However, a concept designed at the beginning of the century simply does not function well in the rapidly changing, information-rich, knowledge-intensive society and economy of the 1990s (Ostborne and Gaebler 1992:12; Blau & Meyer 1987). Information technology led by the rapid development of the use of computers revolutionized the means of management and public service itself. The market reforms introduced in the 1980s and 1990s made bureaucracy as an organising principle no longer applicable to challenging social problems. The new sets of values including accountability, efficiency and effectiveness initially promoted by New Right and subsequently New Labour could not be met by the hierarchically organised and top-down managed organisations. Therefore the modernized public service has developed the concept of active leadership and the personal notion of responsibility for managing business. Among many characteristics which the innovative models of public service have in common, strong leadership undoubtedly appears to be the most striking. Although leading the Benefit Service may be different from leading the Young Offending Team or the Leisure Service, the main principles remain the same. They are clarity of purpose and the long-view approach to service, personal commitment and a sense of team work.

*Clarity of purpose and the long-view approach*

Each of the case studies presented in this paper addresses a very important social agenda and unity of purpose, with a recognition of its principles, plays a vital part in achieving its goals. The managers concerned seem to feel the sense of leadership and understand its implication for their services. Undoubtedly it was a very difficult task for Brendan Finnegan – the leader of Youth Offending Team in Lewisham - to persuade the members of the team to consolidate their efforts in achieving coherent social objectives within the new unit. Difficulties stemmed from the fact that the team consists of professionals with different backgrounds (the Police, social workers, probation officers, etc.) who present conflicting approaches to young offenders. However, thanks to Finnegan's clear view of the way in which youth offenders should be confronted and challenged, the overall aim of preventing offending by young people was pursued and achieved. Furthermore, he managed to impart the realistic and optimistic message that objectives are obtainable as long as service is planned and delivered carefully without the pressure created by peaks in the volume of work and a shortage of resources. It largely dismissed a threat of being bogged down in a continuous response to the current situation, which is usually what causes public service to fail.

An equally challenging task is carried out by Keith Faulkner, the Chairman of Working Links, a for-profit enterprise which was staffed mostly by former public servants. From the outset Faulkner, having been previously involved in private sector business, had a clear view of the aims and principles of the service and he has been very successful in sharing his vision with the staff. Under the profound influence of Faulkner's outlook, Working Links developed an innovative approach, relying entirely on its front-line staff, to challenge long-term unemployment. It is based on the assumption that having freedom to act is vital for dealing with human beings and thus it helps to produce better outcomes. As a result, Working Links achieves a level of performance which delivers commercial return with a net reduction in welfare spending as well as sustainable jobs for the long-term unemployed. Not least important is the passionate belief by the Chairman of Working Links that his enterprise was formed to support long-term unemployed and disadvantaged people in finding a job, not to help private sector companies in their headhunting.

This analysis indicates that a clear purpose and the long-term approach to business shape the future of public organisations. Leaders are those who show the direction and create development rather than 'pulling levers' in their day-to-day business. They have the power

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and authority to run their organisations in a way which achieves social objectives at the corporate and strategic level. In the past short-termism and the 'silo structure' of the service were generated by competitive tendering and emerged among the 'wicked issues'; therefore it puts pressure on the modernised public service to set a long view and a cross-cutting approach. In other words, clarity of purpose and the strategic plans firmly articulated by the managers and understood by the staff may build a well-performing organisation which will make an enduring contribution to the local community in which it operates.

### *Personal Commitment*

The personal dimension of leadership underpinned by a hierarchy of values and beliefs also has great impact on the style of management and its implications for organisational performance. The bureaucratic way of commanding and controlling public service appears to be a thing of the past may discourage or deprive the staff, though it has not been replaced often enough by a true personal commitment, which would show that not solemn words but also deeds matter. There has been much academic research on the personal characteristics of leaders but Burns' definition (1978) seems to fit the concept of innovation in the public realm. Burns finds leadership to be the power of „inspirational motivation which carries the ability to build commitment to goals and challenge current reality by establishing new patterns of thinking". Indeed, the managers of the researched organisations seem to be very successful at influencing people to commit themselves to organisational goals and mobilising them to challenge tough problems. As examples worth following of intense focus on personal and organisational targets, they develop a sense of integrity with organisational values.

An encouraging illustration of effective personal commitment is presented by Lesley Pigott from the Benefits Service. She introduced a business style of leadership, being herself firmly dedicated to her job. Requiring a personal responsibility for achieving outcomes she is the first to do so, presents an open and transparent form of managing the Benefits. Pigott also tries to use different methods of fostering staff commitment by making the institutional environment more encouraging of it. For example, the principles of human resource development aim to create a workplace which is rewarding for employees and helps them developing personally and professionally. Employees willing to improve their skills and enrich knowledge in any needed area have a right every year to design a personal training programme. This benefits both the staff and the organisation.

A personal commitment can be equally effectively expressed in a variety of different ways. Mark Sesnan, the managing director of Greenwich Leisure Limited was one of the enthusiasts and architects of a 'not-for-profit' industrial provident society with an employee-controlled board. His dedication made a great contribution to saving leisure centres from closure and the staff from unavoidable layoff. Sesnan, being personally engaged in further expansion of the organisation and the development of leisure centres across London, shows himself a positive example of dedication and integrity to be followed by the rest. He acknowledged that sharing common sets of ideas and values with employees significantly helps him to run the leisure business and to deliver service for the citizens.

### *The sense of teamwork*

The final dimension of leadership which emerges as an integral part of successful performance delivered by 'the innovative organisations' in the public realm is a sense of teamwork. One can argue that the concept of teamwork is another managerial buzzword which appears to have a vogue meaning but this does not seem to be the case. On the contrary, it has serious practical implications for the organisation of work and the division of labour. Building a collaborative and supportive team is based on the leader's recognition of everyone's contribution to the final product. This practice must be supported by an appropriate appraisal system, which is a challenging issue for public service managers, because their organisations are very inflexible in these terms. Therefore they have to have alternative means of rewarding good performance. Moreover, teamwork requires cooperation which is underpinned by precisely designed sets of roles and not overlapping competences. In addition, power and responsibility should be delegated downwards to the point where decisions are made by the best informed and qualified person to do so. However, it is a complicated issue because of public sector accountability and therefore there is a vital role for managers to strike the right balance between delegating decision-making and accountability to the public.

There is no doubt that each of the case studies illustrates well-developed teamwork leadership. In bigger organisations such as Working Links or Greenwich Leisure Limited the principles of team leadership are spread as good practice among all the management staff and indirectly influence the overall organisation. In contrast, in the Youth Offending Team in Lewisham and the Benefit Service in Camden the style of leadership has a direct impact on day-to-day business. The research shows also that the managers who were interviewed

clearly felt part of a bigger team. The spirit of a common effort was reflected in the way in which they spoke about their organisation. None of them had a negative word to say about their staff. On the contrary, when asked about the advantages of their organisations, all of them emphasized the people whom they worked with. Furthermore, talking about their services the managers always referred to them as '*Our organisation*', '*our mission statement*', '*we achieve great performance*' or '*we fail to involve*' etc. which indicates a great sense of teamwork. However, the best illustration of the community leadership and - literally - team spirit was presented by the citizens of Northampton and supporters of the Northampton Town Football Club. Although a football club is not a classic example of public service it is a highly integrative element of the community which plays a profound role in building social identification. Finally, it provides leisure and entertainment for a large number of people who are unlikely to use other sources of this service. In Northampton the initially spontaneous social movement was transformed into a supporters' trust which plays an active role in the community. It was possible thanks to the mature leadership and strength of unity shown by the citizens of Northampton, both supporters and those who were not interested in football. Since 1993, when the trust was formed it has had many leaders, but the style of leadership, to a large extent, remains the same, unifying the community and particularly the supporters in addressing significant social issues of social exclusion.

The three dimensions of leadership - clarity of purpose and the long-view approach; personal commitment; and the sense of teamwork - have been recognized during the research as the key features of innovative forms of leadership. The most important conclusion of this chapter is that the role of leadership becomes absolutely essential for public service development. Unlike Weberian bureaucracy, the modern public service is led by certain personalities and their approach to the service, hierarchy of values and commitment have a profound influence on overall performance. Although well-performing organisations define the style of leadership appropriate to their particular circumstances, the core principles leading public business remain the same.

### **Conclusions**

This analysis of the innovative models of public service has shown that there are a number of well-performing organisations operating in different areas of the public realm which, despite impediments, can and do deliver world-class service to British citizens. Furthermore, from the case studies it seems clear that there is no ideological pattern of developing innovations

which dominates the development of public service organisations, as often happened in the past. Instead, there is a wide range of organisational forms and different means of achieving public outcomes which, despite their differences, seem to be equally successful. Moreover, the process of delivering service engages a growing chain of organisations from the public, private and voluntary sector. What matters in modern public service are outcomes. The analysis also draws five sets of conclusions regarding different aspects of the future development of public service in the UK.

First and foremost, the style of management is not longer indissolubly linked with a particular form of ownership of public service. The business culture of performance could be equally possible to develop in a state-owned organisation as the public service ethos is for a private sector enterprise to deliver. The old political debate about the question of ownership between the political left and right is no longer meaningful, since leadership has taken the leading role in shaping public service organisations. In addition the institutional form of public service is more influenced by the nature of the service and priority is given to the effectiveness of producing public outcomes not to the means whereby it is done.

The second group of remarks concern the relation between the principles underpinning public service, the model of the state and the concept of society. Public service is traditionally considered to be an integral part of the state's activity; however, the declining role of the nation-state and the growth of civil society have given public service into a new environment. They place it closer to people by strengthening its ties with the community because a society built on the basis of active citizenship requires a new role for public organisations which enables citizens to operate independently and makes it easier for them. In response to this, direct and more transparent form of accountability to the public have emerged and, moreover, the role of citizens in the process of designing and delivering service has increased. Lastly, it is possible that the direct influence of citizens has reached the level when public service may become an integral part of a self-governing society rather than an arm of the state.

The third set of conclusions is two-fold, suggesting (a) that public service organisations, released from the cage of ideological dogmatism, become more flexible and proactive in addressing intractable social problems. This is possible and even probable if managers overcome short-term thinking and take the long-term view of service, underpinned by planning future developments instead of simply responding *ad hoc* to the current situation. It also points out (b) that the public organisations are gradually transforming the principles of



service which aim to provide merely equal opportunities for their users. The process is closely associated with developing an individual approach to customers, on the assumption that as human beings they are diverse and require different treatment rather than trying dogmatically to put them into categories.

Fourthly, management in the public realm, among many other important tasks, is taking a significant role in developing a sense of teamwork within organisations. Leadership is no longer consider to be a way of getting things done through other people and public servants are no longer impersonal cogs in the machine. Their relation with the management has gained importance and would have a considerable impact on service delivery. Moreover, managers aim to establish partnerships with their employees, because in order to improve day-to-day conditions they have to delegate part of their power and responsibility downwards to the front-line staff. This in-house decentralisation increases the speed of the decision-making process and improve the effectiveness of achieving subscribed objectives.

Finally, the concept of public service is getting more diverse and dynamic. The great differentiation in the public realm is caused by a growing social and cultural diversity in the UK. The multicultural image of post-modern society calls for a variety of different organisational forms of service provision, styles of management in order not to exclude anybody from the mainstream community. At the same time the dynamism of public service is growing given the instability of the social environment, business cycles and the personal notion of management. The traditional picture of static public bodies appears to be consigned to the past and the emerging forms of public service organisations are becoming more alternative and innovative, exercising greater flexibility to respond accurately to the needs of their customers.

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