2020 Public Services Trust
at the RSA

Looking forward: 2020 Public Services

CBI Public Services Conference

16th June, 2009

This presentation

- 2020 PST is running a major Commission on the future of public services
- Chaired by Sir Andrew Foster, final report published in 2010
- Context for the Commission and public services in 2020
- First commissioned research project: Scoping the Challenges, ‘Drivers for change, citizen demand in 2020’ published last week
- Some early thoughts on a new settlement

Scoping the challenges - context

- Current crisis - after a decade of plenty, the public finances will be tightly squeezed:
  - 0.1% a year real cut in total spending over SR2010 period
  - IFS forecasts a ‘plausible scenario’ of DEL cut by 2.3% a year in real terms in 2011 – 2014
  - Investment spending cut in real terms by 17.3% in 2013-14
  - A further 3.2% GDP fiscal tightening needed in 2014 – 2018
  - Public sector net debt estimated to reach 80% GDP by 2011

Source: Tetlow, G. ‘Public Spending’, Institute for Fiscal Studies (2009)

Scoping the challenges - the future

1. **Demographic driven demand** – not just ageing, but younger society, with missing middle – vertical family, implications for dependency ratio
2. **Shifting identities** – challenges for mix of services/ how organised from diverse family, community & national identities
3. **Meeting diverse demands** – reconciling differences of interest and priority across society
4. **Rising citizen expectations** – better service standards, more from public services
5. **Technology** – opportunities/problems, organisation, capability/digital divide

3 Scenarios for the future

- **Core scenario**
- **Positive scenario**
- **Negative scenario**

Core scenario

3 Scenarios for the future

- **Core scenario:**
  - Economy grows, boosted by creative services
  - Technology continues to change people's lives
  - Citizens want better standards, more choice & vfm
  - Culture of fear & anxiety, especially about health and security
  - Partial success on $C0^2$ targets
- **Positive scenario**
- **Negative scenario**

Positive scenario

3 Scenarios for the future

- **Core scenario**
- **Positive scenario:**
  - Strong economic growth
  - Considerable progress in education and training
  - Society is healthier
  - Technology enabling innovation & high public service satisfaction
  - Success on CO^2 reduction
- **Negative scenario**

Negative scenario

3 Scenarios for the future

- **Core scenario**
- **Positive scenario**
- **Negative scenario:**
  - Japanese ‘lost decade’, stubbornly high unemployment
  - Education system a barrier to growth and social mobility
  - Social tension & fragmentation along ethnic, cultural, gender, socio-economic, and generational lines
  - Public reluctant to trust the state with data info, stalling digital progress
  - Climate change low on agenda, Britain missing carbon targets.

Underlying factors

- Economic performance is key
- Rate at which unemployment reduces together with what happens to long term unemployment
- Chronic health conditions on rise
- What happens to inequality?
- Behavioural challenges continue to grow – health, climate change, anti-social behaviour
- Family under strain
- Fear and insecurity

Policy implications

- **Cost pressures:**
  - HMT assumptions of spending retrenchment vs increased demand in short term unemployment
  - medium term demographic change
  - carbon reduction
  - child poverty
- **‘Cuts’ dilemma:**
  - Little sign the public will accept worse public service outcomes, though big choices will have to be made
- **Consent:**
  - Big question about state legitimacy vs the individual (in terms of ethics and efficacy, behaviour, data etc)
- **Capability:**
  - Can government harness power of technology and information to enable citizen centric services?

Challenges for public services

- How to consolidate and accelerate public service improvement in tough times?
- How to build on consensus on fairness, society and the public realm?
- How to strengthen social institutions, family and community in face of future challenges?
- How to extend social participation in economy and community to create sustainable society?
- How to achieve once in a generation productivity and innovation gains?

Towards a new deal between citizen, society and state

- **“A revolutionary moment in the world’s history is a time for revolutions, not for patching”** *William Beveridge*
- Time for a national conversation about a public services settlement for the future
- Once in a generation opportunity to embed change and transfer power to citizens and local communities
- This must be about people having the rights and capabilities to achieve the lives they choose.
- It’s also about individual and social responsibility, what people themselves will need to contribute to achieve a fair and cohesive society.

Understanding the choices – fiscal options

- Need to map what public money is spent on – ie on which social objectives?
- How effective is this at delivering on outcomes?
- Who contributes and who benefits, over the lifecycle, by socio-economic background, region etc?
- What's current scale of co-payment? What are options:
  - Extending co-payment
  - Hypothecation
  - More explicit targeting and redistribution & means testing
  - Extension of contributory principle, nat. insurance etc

A new social contract - rights, responsibilities and responsiveness

Citizen power

- Mix of outcome entitlements & service standards to create bottom up pressure:
  - Schools
  - Hospitals
  - Child poverty
  - Social housing
  - Policing
  - Morbidity
- Ability to determine outcomes via choice and more personal budgets in:
  - employment services & skills training,
  - care & disease management,
  - community regen & housing
- Voice in decisions about public service priorities

Citizen responsibility

Citizen responsibility

- Responsibility to contribute through taxation, co-payment, hypothecation.
- Individual agency - to recognise that outcomes will depend on individual contribution - better health; taking up educational opportunities
- Social responsibility - reducing CO^2; civility and public realm/space
- Encouraging social contribution – eg care credits (Japan)
- Conditionality attached to rights – e.g. GP appointments, employment, training & rehabilitation opportunities.

Responsive state

- State and market providers held to account for delivery:
  - higher standards
  - big productivity and innovation gains
  - better measures of outcomes
- Use consumer information insight & IT to segment and target services - social marketing & social geography
- Emotionally intelligent & able to nudge as well as nanny
- Organised at right scale, locally where people live and identify with their place.
- Downsized and rationalised at the centre

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