



Office of Public Services Reform

Choice and Voice in the Reform of Public Services

Government Response to the PASC report – Choice, Voice and Public Services

Cabinet Office

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Choice and Voice in the Reform of Public Services

Government response to the Public Administration Select Committee's Report - Choice, Voice and Public Services

The Government welcomes the report of the Public Administration Select Committee (PASC) on Choice, Voice and Public Services.

If individual citizens are to feel that they are in the driving seat of the public services they use, then it follows that there must be opportunities for them to express opinions and have them heard and acted upon (voice), and to select outcomes which are particularly appropriate to them (choice). Without these two mechanisms, the experience of public services could be understood by the user as a journey in which there is scant opportunity to select the destination or route, nor much say in which vehicle is used or how it is driven.

Personalisation, if it is to be experienced as an everyday reality by ordinary people, can only be delivered if people feel that their wishes are not only listened to but also acted upon. In a diverse society, robust choice and voice mechanisms can help policy makers and public service managers rise to this challenge.

Significant progress is being made as demonstrated by the examples in this paper. The Government believes that further strengthening of choice and voice mechanisms can contribute significantly to improvements in service delivery.

The PASC report is therefore a welcome contribution to these important issues, which cut across all our public services.

The Public Administration Select Committee's Recommendations and the Government's Responses

PASC Recommendation:

1. The evidence suggests that while choice is regarded by the public as an important feature of good public services, it is not necessarily their highest priority. Such schemes as direct payments of social care and choice based lettings demonstrate that users often value the opportunity to take charge of certain decisions about services and to exercise greater power, control and choice in their lives. Some of the most frequent users of public services appear to place greater emphasis on practical choices which have a direct and immediate impact on their quality of life than on the choice of service provider.

Government Response:

The Government welcomes the recognition of the impact of choice in the direct payment of social care and choice based lettings schemes. It believes that choice is an important issue for many service users. For example, the MORI survey for the Department of Health national choice consultation in Autumn 2003 found that 76% of patients and the public think that the main priority in health care is involving patients in decisions about their condition/illness or treatment. Choice is being introduced by the Government as a route to empowerment and also as a response to increasing expectations of service users.

We know that choice of provider is popular with service users who have had the opportunity to choose. 86% of patients taking part in the Coronary Heart Disease Choice Pilot said they would recommend it to another patient. In the London Patient Choice Pilot, 67% of patients choose to attend an alternative hospital to secure faster treatment. In many cases, however, choice is

primarily a means to better services rather than an end in itself, so users are unlikely to cite it as their first priority. At the same time it is important to recognise that choice of provider and other choices (e.g. over type of service and other 'practical' choices) are complementary and mutually supportive rather than mutually exclusive. Choice of provider can provide an important spur to the introduction of further practical choices which are important to citizens. Choice can also provide a direct mechanism to enable service users to secure the service they want, e.g. patients choosing a hospital that can offer a shorter waiting time.

The Government believes that practical choices and choice of provider can both be important to service users and can act as a powerful means of driving service improvement. That is why the Government has put choice at the heart of its programme of reform for public services.

2. We believe that some of the problems with choice would be eased if there was more acknowledgement of its limitations. Rhetoric does not match the reality. Too often the 'choice' label is applied to schemes in which the most the consumer can hope for is second, third or even fourth choice. It should always be made clear to people what they can realistically expect from the choices they are offered.

The Government does not agree with the Committee's conclusions on the reality of choice schemes and would argue that the focus should be on the opportunities presented by choice rather than perceived limitations. Choice presents real opportunities for people to shape their public services. The introduction of choice alone is not enough to drive reform but well-designed choice schemes can help to ensure that policy outcomes are fair and meet other government objectives (e.g. efficiency and

value for money). The Government agrees that users of services need to be clear about what they can reasonably expect from their services.

The choice agenda presents challenges to service providers but can act as a real stimulus to improve service provision. Good information has an important part to play in helping users exercise choice. For example, in relation to school admissions, Local Authorities are required to publish information so that parents have a better idea of which schools are popular and the chances of their child gaining a place. In healthcare, from the end of this year patients needing planned hospital care will be able to choose from four or more hospitals (or other healthcare providers) commissioned by their PCT. To support this, the website www.nhs.uk is being enhanced to provide GP staff and patients with easy access to comparative information on NHS providers to enable them to choose.

There is also progress towards meeting users' expectations. For example, in education the Government has made it easier for popular and successful schools to expand, by allowing all schools to publish their own proposals to expand, introducing a new strong presumption that these proposals should be approved and by making capital available for the expansion of successful and popular secondary schools. New regulations and guidance will be introduced to speed-up this process. The DfES is also seeking to improve the quality and accessibility in local advice and information about childcare and widening the range of information on services to support parents and children.

The Government therefore believes that, whilst many challenges remain, much progress is being made in delivering meaningful choice to users across public services.

3. Secondary schools find it difficult to respond flexibly to the demand generated by parental choice. It is unrealistic to expect schools to expand and contract in the way that is sometimes suggested. Nevertheless, educational choice, especially choice of subject, can be enhanced by imaginative collaborations and partnerships between schools which make the most rational use of resources.

The Government recognises that it will be a challenge for individual schools to give the breadth of provision – both in respect of subject choice and in other areas such as out of school activities and childcare – which parents now demand. It views high quality collaboration as a key complement to strong autonomous institutions and greatly encourages partnership working as a way of driving up standards, ensuring comprehensive provision and breadth of choice, and enabling the most effective use of resources.

Good progress is already being made. Specialist schools, for example, have an opportunity to join specialist networks, sharing subject expertise. A proportion of specialist funding is to be spent on the school's community plan, to encourage collaboration between providers and the community. Education Improvement Partnerships (EIPs), launched earlier this year, are an enabling mechanism to help schools work together in networks and to help rationalise the many current "single-policy" partnerships into broader arrangements.

In addition, the Government has put in place the Expansion of Successful and Popular Schools (ESPS) programme, which allows all schools to publish expansion plans and provides a new strong presumption in favour of approval for popular and successful school expansion proposals.

The White Paper, '14-19 Education and Skills', published in February 2005, added impetus to this drive for collaboration. It sets out an expectation that schools collaborate with each other, with colleges and with training providers to deliver a comprehensive "offer" to young people. This will ensure that young people have choice about where to study and what to study. This will include the opportunity to take new employer-designed diplomas covering the different sectors of the economy. There will be a national entitlement to all 14 diploma "lines" by 2015. A prospectus of options will be made available to all young people, setting out what will be on offer to them in their area.

4. We believe that the evidence shows that specific, limited and targeted schemes for provider choice, such as the London Patient Choice Project and the Coronary Heart Disease Choice schemes make effective use of NHS capacity. They demonstrate that well-designed schemes can help the NHS put choice of provider to good use for the benefit of patients. However, recent ministerial comments about the potential for hospital closures in the era of patient choice raise serious concerns about the future of local service provision, and indeed about the future overall capacity of the NHS. Private hospitals have few additional resources to offer, as most of their major operations are carried out by surgeons who also work in the NHS.

Patient choice over the provider of treatment has already demonstrated benefits for patients and the NHS. The Committee is right to highlight the success of the Coronary Heart Disease (CHD) and London Patient Choice Pilots. Both schemes proved popular with patients and have helped reduce the waiting times for patients. Over 82% of patients involved in the London Pilot said they would consider choosing an alternative hospital. 67% of patients did choose an alternative hospital. Nearly half of the patients in the

CHD pilot chose an alternative hospital. The evaluation of the London Patient Choice Pilot demonstrated that the pilot had reduced waiting times overall, and that take up of choice was consistent across socio-economic groups and black and ethnic minority groups.

Extending choice to all patients who would wait more than six months has helped to reduce the number of patients waiting over six months for their operation, so that no patient should have to wait more than six months for surgery by the end of this year.

Moving to choice at GP referral will further extend the benefits of choice to a wider group of patients. Patients will be able to choose the service that best meets their needs and hospitals will need to take seriously the concerns and needs of patients if they are to attract referrals through patient choice. Alongside the financial reforms in Payment by Results, patient choice will provide real incentives for hospitals to improve performance. However we will ensure that choice and the changes it brings does not mean the unavailability of Accident and Emergency and other core NHS services.

Patients will not be forced to choose a service against their wishes. If a service is failing to provide the quality of care and experience available elsewhere, this will be apparent from a reduction in referrals and measures will be taken to improve performance. But this depends on other services being available for patients to choose. While this level of change may feel uncomfortable, it is necessary to drive up standards across the NHS. The anti-choice argument is in many ways even more uncomfortable - why should patients be forced to use a particular service when a better service may be available elsewhere?

The Government believes that the Independent Healthcare Sector (IS) can make an important contribution to the NHS.

Additional capacity, be it staff or facilities, can be supplied through the IS. The IS can also provide new ways of working and innovative approaches to providing services. The first wave of national IS procurement will deliver around 200,000 operations a year to NHS patients. The use of additional (i.e. non NHS staff) will ensure that more patients will be treated than otherwise possible. The procurement has also brought on stream innovative solutions such as the mobile cataract unit that has improved access for NHS patients.

5. The introduction of choice-based lettings has eased the process by which tenants are matched with suitable accommodation, and has enabled tenants to take more control. However, there are limits to the amount of popular housing available, and tenants' first choices often cannot be met. The limitations as well as the benefits of such schemes need to be recognised.

The Government welcomes the Committee's conclusion that choice-based lettings has enabled tenants to take more control and has eased the process by which tenants are matched with suitable accommodation. Choice-based lettings have delivered significant improvements for tenants and landlords. We know from the evaluation of the ODPM choice-based lettings pilots that tenants and applicants welcome the transparency of choice-based lettings and consider that, whilst it requires more effort on their part, the benefits are definitely worth the extra effort.

The ODPM pilots also demonstrated that even in areas of very high demand for social housing, choice-based lettings alter fundamentally and for the better the relationship between landlords and tenants. The Government recognises that, given the constraints on social housing, not everyone can get their first choice. That is why the

Government is taking steps to relieve the pressure on social housing, alongside the introduction of choice-based lettings. The Government is increasing investment in the supply of new social homes. Funding for affordable housing will rise to £2 billion by 2007-08. Together with improved efficiency, this increased funding will enable the supply of new social homes to increase by 50%.

The Government is also encouraging a wider "housing options" approach to ensure that people are fully informed about all the housing choices available to them, not just social housing. Local Authorities can support people looking for homes to choose the option that is best for them, giving information on opportunities for low cost home ownership, the private rented sector and housing mobility schemes, as well as making more and better information available about other related housing services, such as staying put initiatives and adaptation services. That is why the Government will encourage the extension of choice-based lettings to cover low cost home ownership options and properties for rent from private landlords, as well as social housing.

The Department for Work and Pensions supports the extension of choice-based lettings and agrees that it is important to ensure that tenants are fully informed about housing options available to them. Improving the transparency of lettings policies and encouraging tenants to take responsibility for their housing choices will greatly assist with the reform of Housing Benefit.

ODPM have recently consulted on proposals to help more people get a foot on the housing ladder. The proposals, which we aim to introduce by April 2006, incorporate three variants of a new HomeBuy scheme, offering choice in the type of home people can buy.

- New build and Open Market HomeBuy will offer simpler, fairer assistance for people who want to buy a share of a new home built with public subsidy, or a share of a home that is for sale on the open market; and
- Social HomeBuy will introduce new opportunities for social tenants who could buy a share of their home even if they could not afford to buy all of it.

The consultation also included proposals for a new system of Zone Agents that would provide a one-stop-shop for low cost home ownership options in sub-regional areas.

Tenants can also participate significantly in delivery and choices for their service. For example, repairs and maintenance services demonstrate where tenants can influence, at different levels, the planning, design and delivery of services. This is usually exercised collectively and can operate across a Local Authority area or on local estates.

Many tenants are involved in the selection of service providers or contractors where Local Authority services are to be managed by another organisation. Under Best Value, they are also involved in drawing up and setting service standards, and monitoring and reviewing delivery and performance against those standards.

At neighbourhood or estate level, tenant management is a landmark policy in tenants exercising choice over service design and delivery under a binding agreement with their Local Authority landlord. Around 250 tenant management organisations (TMOs) currently manage around 85,000 social homes in England. In most cases, TMOs perform better than their landlord authority and compare favourably with the best Local Authorities in terms of repairs, re-lets, rent collection and tenant satisfaction. TMOs also carry out social and community development activities, such as running credit unions, to

help improve the quality of life in their communities.

6. We have concluded that choice can be consistent with equity, but only if schemes are well-designed and motivated by a desire to reduce unfairness. We believe that certain types of selection by provider in a public service can be incompatible both with equity and with the principle of choice for the user. The Government should, in particular, consider the effects on its wider objectives of selection by schools.

The Government welcomes the conclusion that choice can be consistent with equity and agrees that schemes for choice should be well-designed and operate fairly.

The Government is conscious of the potentially negative impact on equity of school selection within a choice-based system as is borne out by evidence from recent international studies. The Government agrees that choice systems must be well-designed with the specific intent of avoiding unfairness and segregation. However, provided that they are designed in that way they can contribute to improved educational outcomes for all, as well as reducing unfairness and inequity.

The Government has already taken steps to reduce the impact of selection. There should be no increase in the number of schools selecting by academic ability, and legislation prohibits the introduction of new selection. In areas where selective schools already exist, the Government gave local people mechanisms to challenge and determine the future of selection in these schools.

We are moving towards a system where specialism is the norm - driving whole school improvement in every school whilst challenging and rewarding the best. Any school with a specialism may select up to 10% of pupils by aptitude in certain subjects (visual and performing arts, languages and

PE/sports). Specialist Schools, like all schools, are subject to the School Admissions Code of Practice. Evidence suggests very few specialist schools do select - less than 6% of schools that were specialist in summer 2001 did so.

The Government has also made changes to selection regimes. For example, in November 2004 the Government decided to withdraw the option of introducing selection by aptitude in Design and Technology and Information Technology – whilst allowing schools already using such selection to continue to do so.

The Government is also increasing effective choice for disabled children who wish to go into mainstream schools. This is being achieved through the inclusion of the provision of education under the Disability Discrimination Act and the requirement for schools and LEAs to plan for greater accessibility for disabled children. Financial support has been provided through the Schools Access Initiative.

Providing easily available information and support is essential to ensure equitable access to choice. The Government believes that good progress is being made on this. In health, for choice at referral, a core dataset of information will be provided on www.nhs.uk to help patients choose. This will include information on location and access, waiting times and hospital performance, drawn from the Healthcare Commission's star ratings. It is also recognised that some patients will need more information and support to help them make choices. PCTs are expected to provide appropriate information and support within their communities to ensure that all patients are able to benefit from choice (see Recommendation 20).

7. We believe that costs as well as benefits result from the creation of markets and especially the use of private provision in systems to enhance choice in public services. The NHS, for example, is still coming to grips

with the implications of the guaranteed level of private sector provision in the current patient choice scheme, and it is likely that it will, to an extent, prove to be wasteful of NHS resources. This effective transfer of commercial risk to the NHS will need very careful monitoring. If necessary, the design of the patient choice system will need to be changed, perhaps with less emphasis on guarantees for private providers.

The Government believes that the significant benefits to users from the creation of markets can outweigh the additional costs involved. All systems carry costs. However, competition incentivises providers to improve the quality of their service, to increase their responsiveness to users' expressed needs and wants, and to use their resources more efficiently so as better to attain these ends.

The rationale for plurality in healthcare is to offer patients greater choice; to drive improvements in quality and productivity; to create sufficient capacity to improve patient access and deliver the six month and eighteen week waiting time target; and to stimulate innovative service delivery. For example, the first wave of Independent Sector Treatment Centre schemes will provide up to 250,000 operations this year, compared to over five million elective operations in the NHS. Contracts have been guaranteed for five years in order to attract new providers and ensure a sustainable 'IS' (Independent Sector) market providing services to NHS patients. A second wave of procurement has been announced and will also provide guarantees, but at a declining level. In the medium term both the 'IS' and the NHS will be expected to operate without guaranteed volume/value contracts.

The Department for Work and Pensions has established pilot Employment Zones where the private sector delivers employment services to customers. Although very early days, cost-benefit analysis has found that this provision has been more effective than in areas outside Employment Zones.

8. The Government's plans to prevent the practice of 'cream-skimming' by private providers of public services appear to us to be sketchy and inadequate. Ministers need to make an urgent effort to ensure that private providers do not exploit choice schemes to the detriment of the public interest.

The Government is strongly committed to the prevention of 'cream-skimming' or 'risk selection' in public services – something which providers (whether public or private) may have an incentive to attempt in a choice-based system. A combination of the following two measures can adequately address risks in this area:

- a. Funding which sufficiently compensates providers for providing services to more 'costly' individuals (e.g. school funding weighted for deprivation, hospital funding properly reflected in Healthcare Resource Groups).
- b. Regulation and statutory guidance to prevent inappropriate selection (e.g. service guarantees in health, School Admissions Code of Practice).

The Government is working hard to ensure that policies are carefully designed to protect the public interest. For example, in education changes to the School Admissions Code of Practice, to which all schools must have regard, makes inappropriate selection more difficult. In addition 'cream-skimming' is likely to be more of an issue in areas where there are insufficient school places that are attractive to parents. The Government's policies - to expand successful and popular schools, to provide capital assistance for groups setting up new faith schools, and making it easier for new providers including parents' groups to open new secondary schools - will reduce the opportunities for 'cream-skimming'.

It is critical in our NHS that more complex procedures are properly rewarded to ensure

their availability and the Payment by Results scheme has been designed to do that. We have developed a system of tariffs that is sensitive to the complexity of treatment involved where more complex cases receive a higher tariff so that the NHS is not burdened by any extra cost.

The main ways in which the tariff differentiates complexity of treatment are:

- Different tariff categories for different complexities of treatment, for example one tariff for treating a patient with complications or co-morbidities, and another for treating a patient with no such complexities;
- Supplementary payments for treating long stay patients;
- Tariff top-ups for providing specialised services; and
- Additional funding for intensive care.

The National Independent Sector procurement exercises have been built on detailed capacity planning to understand the services needed to deliver high quality, low wait services for NHS patients. Contracts with the IS have been agreed on the basis of this overall required capacity.

The Treatment Centre programme aims to deliver high quality, highly productive, services by focusing on high volume routine elective work. This is not 'cream-skimming' – it is an effective approach to the delivery of high quality care for patients and value for money for taxpayers. Nor is it solely an IS initiative, the NHS has opened 35 Treatment Centres which have treated over 160,000 patients.

Under patient choice, providers (IS or NHS), will have to declare the services they offer and the range of patients they can treat. Patients will then choose from the clinically appropriate services on offer, and book their appointment. There will not be an

opportunity for the provider to reject clinically appropriate patients. Payment by Results will also help by allowing higher payments for more complex treatments.

9. The Government should also consider the broader public administration implications in cases where direct public provision of services is brought to an end. In particular, Ministers should consider: the effects of the loss of in-house expertise and infrastructure, which can make it difficult to monitor contracts; the earmarking of funds for private contracts for several years ahead, which can bind successors and restrict their ability to set suitable priorities in the public interest; and a loss of knowledge and learning that comes from the removal of direct contact with users.

The Government recognises that more needs to be done in this area. It is important to have skilled teams managing the writing and subsequent monitoring and re-bidding of contracts, to ensure a) public interest and satisfaction is maintained, and b) flexibility, where the public interest changes over time. Project teams are encouraged to take a longer term view of the supply side, and to consider how to secure good value for money not only for an initial contract but also for a re-compete, by assessing market capacity and likely developments. The development of procurement skills across government, which has been a priority for a number of years, is an important contributor to this.

The Government recognises the importance of professional skills and has taken steps to enhance and develop these. Across the Civil Service, Professional Skills for Government (PSG) provides a firm commitment to the idea of valuing every individual in the Civil Service as a professional. That means recognising their skills in their current jobs, and providing a clear framework for how they can develop their careers. And it means developing skills that will allow Civil Service departments and agencies to act for governments in the future.

Centres of Excellence also play an important part in development of skills and expertise. They work not only to support strategic oversight and delivery of programmes but also to consider how to deliver ongoing improvements in programme and project delivery capability across their department, its agencies and Non-Departmental Public Bodies (NDPBs).

The Government also believes there are significant benefits in long-term partnerships with alternative providers as they provide opportunities for innovation, efficiency and new investment. Introducing alternative providers also helps to drive up commercial capacity amongst public service organisations. Such arrangements, recognising that new providers will have to make a significant investment in entering a new market, also help to attract and build market capacity. The development of a mixed economy and new contracting arrangements such as PFI has led to more sophistication in public contracting. It has also resulted in the development of change and payment mechanisms which balance the benefits of stability with flexibility and maintain the important focus on service users.

It is also worth noting that the NHS Improvement Plan envisages that up to 15% of operations may be carried out in the independent sector. This would still leave 85% within the NHS which would not present a serious risk in terms of loss of expertise. In some areas of NHS activity, the independent sector will have little, if any, role. We will also ensure that independent providers continue to provide adequate training opportunities for health professionals.

10. We consider that there is the potential for conflict between two central goals of Government policy: the drive to produce efficiency savings and the desire to expand choice for the users of public services. It is also disturbing that there are continuing doubts about the effectiveness and efficiency

of the financial and computer systems on which the NHS is basing patient choice.

The Government does not accept that there is a conflict between choice and efficiency. The introduction of effective choice requires there to be a flexible supply side, but does not necessarily require a large amount of spare capacity which could be detrimental to efficiency. The evidence suggests that the introduction of choice can increase both allocative efficiency – matching resources more effectively to preferences - and productive efficiency – getting the most out of the money spent.

Successful private sector services, in which competition drives the need both to offer choice and to be cost-effective, show that there does not have to be a conflict between choice and efficiency. It is important to recognise that the Efficiency Programme is not primarily about cost saving, rather that efficiency gains must produce the same – or improved – quality of output.

Payment by Results introduces a rules based funding system which will, for the first time, allow openness and transparency into NHS funding. It supports choice by giving financial rewards to those hospitals which attract patients. Improvements in clinical coding will be an inevitable, and welcome, result. Whilst we recognise the concerns which have been raised about the possibility of gaming or other manipulation of the system, we are currently working with stakeholders to develop a code of conduct for Payment by Results which will set out the behaviours which we expect all parties to employ. This code will be subject to a wider consultation over the summer. The code itself will be backed up with a detailed assurance regime. The core elements of an assurance regime will be in place before the scope of Payment by Results is extended from 1 April 2006.

Choose and Book is the service used to enable choice and electronic booking at the point of referral. Thousands of NHS staff have been consulted over the development of the Choose and Book system. As a programme, Choose and Book is currently, and forecast to remain, within budget. Whilst clearly requiring an initial investment, Choose and Book is expected to produce efficiencies across the service.

The Choose and Book service delivers a significant number of benefits to patients and both primary and secondary care trusts. For patients, Choose and Book offers them the opportunity to make a choice of when, where and how they are treated, it gives certainty of getting an appointment quickly and helps them make an informed decision from knowledge of location, waiting time and type of care. Patient confidentiality is protected by built-in security features such as data encryption, passwords and Smartcards. The Government believes that involving patients in their care will lead to better outcomes.

This will result in a number of significant benefits for primary and secondary care healthcare providers, for example the patient being seen by the right consultant at the appropriate time with referrals being made through agreed pathways, saving staff time through not having to chase referrals and a reduction in the number of Did Not Attends (DNAs). Findings from early research has shown that for those patients that made their booking through the Choose and Book we have seen a healthy reduction of patients who did not attend their appointment. Further research into the impact of Choose and Book on DNAs is currently being undertaken, but we believe it is having a widely positive impact across the early adopter sites.

11. We consider that the evidence about the effect on the overall performance of public services of the introduction of greater choice

is still scarce and inconclusive. The pilot schemes in health which have been evaluated give some grounds for optimism, but their results will not necessarily read across to the much larger national schemes which are now being introduced. The evidence from the USA and elsewhere on education choice suggests that some schemes are effective while others are not. Choice on its own does not deliver better performance, although it may help.

The Government considers that there is a reasonable and growing body of evidence concerning the positive effect of well-designed choice schemes on the performance of some public services. While it may be the case that choice 'on its own' would not always result in better performance, when it is part of a broader set of reforms it can and often does result in better performance.

For example, in health, the Government considers that the evidence from the choice pilots does already confirm the positive impact of choice and can be interpreted in the context of the introduction of choice at referral nationally.

As the report recognises, the pilots demonstrate the positive impact the introduction of choice at six months has had on driving down waiting times. In the Coronary Heart Disease (CHD) choice programme, there was a considerable fall in the number of patients waiting over six months for cardiac surgery, from 2,093 at the start of the pilot in June 2002, to 375 in June 2003. Evaluation of the London Patient Choice Project shows that choice has had a positive effect on waiting times in ophthalmology, and that the convergence of waiting times between London Trusts has increased equity of access for all patients.

Introducing choice for all, through well designed schemes such as choice at six months and choice at referral will extend

these benefits across the NHS.

In 'Education in the UK', Bradley and Taylor (2000) found that, following the 1988 Education Act, a school's exam performance was found to be responsive to the (logged) exam performance of other schools in the same district.

Internationally, Bergstrom and Sandstrom (2002) found that government-run schools in Sweden which faced a lot of competition from state-funded independent schools improved faster than those that did not.

The Government however agrees that choice is not the only means to improve performance. A range of initiatives across public services are used in addition to choice to deliver the overall strategy for improvement.

12. Local government can do much on its own initiative to offer more choice to the users of public services. Although some councils may be resisting reform, much innovative work is being done at local level. However, Local Authorities do not always believe that they receive the appropriate credit and support from central government. The Government must ensure that local government is fully engaged in all relevant aspects of the design of schemes to increase choice.

The Government agrees that local government should be fully engaged in all relevant aspects of the design of schemes to increase choice. Indeed local government has played a key role in developing the choice schemes currently available. For example, over 20 Local Authorities were involved in piloting the choice-based letting schemes, and local government has also played a key role in devising innovative ways by which people can contact their authority, including video link, text messaging, integrated call centres and one-stop shops. Local Authorities have helped to develop and trial various e-

government tools to improve the accessibility of local services. Through the Innovations Forum, the Government is working with excellent Local Authorities to build on the good practice already operating by developing projects and initiatives which can help to extend choice in local government.

The Government also accepts that local government is already doing much on its own initiative to extend choice. The Beacon Council Scheme continues to recognise and disseminate good practice in making local public services more responsive, accessible and tailored to the needs and preference of local people.

As part of the local vision debate, the Government will continue to work with stakeholders to expand opportunities for local services to offer increased choice for local people, and to make services more accountable, responsive and joined-up.

13. We conclude that the Government needs to look more carefully at the detailed design and implementation of schemes for user choice. Evidence from the front line of public services suggests that greater provider choice in NHS healthcare is being introduced with insufficient attention to the need to win the acceptance of either users or staff. We hope that the reforms being carried out to the system by which parents choose secondary schools will be effective in reducing the inequities and distortions which have arisen in the system.

The Government considers that there are many potential benefits of choice-based systems for staff, as well as for users in sharpening incentives for improved service outcomes. They can provide a means by which top-down targets and central controls can be relaxed, giving more autonomy to services, and rewarding high-performing public servants.

The Government agrees that consultations with users and staff should be integral to schemes to provide choice. It is also important to retain the support of staff, users of public services and stakeholders while implementing schemes to provide increased choice in order to avoid the danger of schemes not winning acceptance.

But great care is going into the design of new services. For example, feedback on secondary co-ordinated admissions for September 2005 suggests that more parents than before have been offered a school of their choice. For most, the application process has been simpler and clearer. Far fewer pupils have been left without a school place early in the school year. In health, detailed consultation with users and the NHS is essential to inform policy making.

The choice of provider policy has been developed with the full involvement of the NHS through design workshops involving clinical and managerial representatives from across the country and regular discussion with the 28 Strategic Health Authority choice leads. The policy also benefited from significant piloting through the London Patient and Coronary Heart Disease choice pilots and eight local pilot projects.

14. The Government needs a more coherent approach to the question of what is the most effective method of providing a representative voice for the users of public services. The uncertainties over Sure Start and foundation hospital boards raise questions about the voice of service users. The Government has welcomed innovation in the field of 'choice'; it should equally welcome innovation in 'voice', initiating a programme of pilots to test and assess the merits of various models.

The Government recognises the importance of voice mechanisms to enable the users of local public services to express their views about the effectiveness of services, and to press for improvements where providers under-perform. Choice and voice need to be provided together where possible - each is less effective on its own in empowering users and developing responsive public services. Therefore the Government recognises the need to strengthen representative and individual voice mechanisms. It is important that people are able to help shape the local public services they receive, and become more involved in the democratic life of their community.

Over the last five years, the Government has developed innovative mechanisms for supporting and enabling greater voice for citizens and service users. On an individual level there is a new structure to assist patients and carers with concerns and complaints – Patient Advice and Liaison Services (PALS) exist in all NHS trusts and primary care trusts, whilst a new national statutory service, the Independent Complaints Advocacy Service (ICAS) is in place to provide independent support to complainants. At a community level, patients' fora have been established to feed the views and experiences of patients and carers into the boards of all NHS organisations. Local Authority overview and scrutiny committees have been given powers to review and scrutinise the planning, provision and operation of NHS delivery, providing democratic accountability in the NHS. Finally, a duty has been placed on the NHS to involve and consult patients and the public in the planning and development of services, and to involve them in decisions affecting the operation of services.

The Government's creation of NHS Foundation Trusts gives them the freedom to implement new governance structures that give service users and staff the opportunities

to influence the stewardship and strategic development of the organisation. NHS Foundation Trusts have a duty to engage with local communities and encourage local people living in the communities served by the hospital, patients and staff to become members of the organisation. NHS Foundation Trusts are required by law to take steps to ensure that the membership is representative of the communities they serve. NHS Foundation Trusts are accountable to their members via a Board of Governors elected from and by the membership base itself. Partner organisations are represented too. The Board of Governors represents the interests of the members and partner organisations in the governance of the organisation. In this new governance process, the Government is shifting accountability from the centre to service users and staff in a real and tangible way by enabling NHS Foundation Trusts to engage and involve them pro-actively through becoming members of their local hospital. NHS Foundation Trusts also have as an integral part of their organisation the voice of service users and staff through their Board of Governors. Governance arrangements for NHS Foundation Trusts are new; the positive results which are emerging nevertheless provide an excellent base from which to learn and build.

Working with Local Authorities to improve neighbourhoods, the Government is looking at ways to strengthen voice mechanisms for users of public services. The January 2005 local:vision discussion document 'Citizen Engagement and Public Services: Why Neighbourhoods Matter', sets out the Government's ideas for increased opportunities for people to get involved and have a say at the local level. The Government is looking at ways of drawing together the existing best practice from service providers engaging with users.

Following on from the March 2005 local:vision discussion document "Securing better outcomes: developing a new performance framework", the Government will also be working with stakeholders to explore how a new local government performance framework can help to strengthen local accountability. This will include ensuring that performance information is relevant to local people and enables comparison of the performance of their council with that of others; developing a range of opportunities for empowering citizens and service users, and gathering the views of the public about services as part of external assessments of councils' performance.

In education, opportunities for young people to shape policy are being extended, for example through the recent consultations for '14-19: extending opportunities, raising standards' and 'Every Child Matters'. Key stakeholders are also being given increased voice through a national programme of strategic area reviews, the involvement of 'critical friends' in policy formulation and the promotion of representative involvement in governing bodies. For 16-19 provision, governing bodies now involve representatives of the local community, parents and young people themselves in the management of their institution. A strategy for increasing parents' involvement in children's education has been introduced to give parents more voice, for example, through the introduction of home-school agreements. Initiatives such as the Connexions services are giving learners a key and active role in designing educational services.

The Government has developed a strategic approach to empowering citizens to voice their concerns and shape public policies and services in the recently published (28 June 2005) cross-government 'Together We Can' document, which includes an action plan with specific commitments to develop and expand

a wide range of practices to enable users and the public to have more say in the public realm.

The action points cover four sets of policy areas: Citizens and Democracy, Regeneration and Cohesion, Safety and Justice, and Health and Sustainability. Together they send a clear signal about the importance the Government attaches to enhancing the voice of the public in improving public services.

15. We repeat our earlier recommendation that the Government should move promptly to introduce legislation to remove the 'MP filter' on cases which are sent to the Parliamentary Ombudsman. There should be early action to modernise the system by which the Ombudsman's jurisdiction is determined, so that it should become the presumption that her jurisdiction includes any central government body.

The Government believes that the public sector Ombudsmen have a vital role to play in maintaining and improving the quality of our public services. The Government is working closely with the main public sector Ombudsmen to take forward some aspects of Ombudsman reform by means of a Regulatory Reform Order under the Regulatory Reform Act 2001. The proposed reforms would amend the relevant legislation to enable the Parliamentary Commissioner for Administration, the Health Service Commissioner for England, and the Local Government Ombudsman to achieve a more modern, responsive and co-ordinated complaints handling service for the users of public services. A consultation document on this will be published shortly. However, the Government takes the view that there is a strong argument of principle for retaining the role of the constituency Member in dealing with complaints from his or her constituents.

The scope of the Parliamentary Ombudsman's jurisdiction is kept under review. The

Government undertakes an annual exercise to review and update the schedules to the Parliamentary Commissioner Act 1967 listing the bodies within the Parliamentary Ombudsman's jurisdiction. In October 2004, in response to a request from the Parliamentary Ombudsman, the Government extended her jurisdiction to include the role of the Government Actuary's Department in relation to the prudential regulation of insurers prior to this function being transferred to the Financial Services Authority in April 2001, to enable her to conduct a full investigation into Equitable Life.

16. We commend comment cards as a straightforward but effective means for establishing user experiences from which the providers can learn and improve their service.

The Government supports the view that public service providers should foster a culture of listening to the views of service users, encouraging feedback about services, and acting on citizens' and users' comments to make services more responsive to needs, expectations and preferences.

Whilst the Government also agrees that comment cards are a useful mechanism for establishing user experiences, there are many other mechanisms available to assist public service providers. Indeed, service providers use a variety of means for gathering and analysing citizens' and service users' views and complaints, including feedback forms, comment cards, citizens' panels, patients' fora, focus groups and area committees. Some Local Authorities are also exploring the possibility of using Customer Relationship Management systems to help understand citizens' and users' needs. In the NHS, a Centre for Excellence in Patient and Public Involvement will be established later this year to provide advice, guidance and information on how best to seek the views and experiences of patients and how the data can be fed into service improvement. Direct user

involvement from education includes parent representation on school governing bodies and input of parental views to Ofsted school inspection visits. There are similar direct involvement mechanisms in further education.

17. We believe that there should be a more concerted approach to the measurement of public satisfaction with public services. The Canadian experience has shown that such an approach can be very useful in ensuring that lessons are learned and services improved along the lines that consumers require. Consideration should therefore be given to the development of a Public Satisfaction Index (PSI) which would be used to measure satisfaction with individual services. This should play a part in performance assessment and should be rigorously audited by an independent body such as the National Audit Office or Audit Commission.

The Government recognises that there may be some advantages to a more concerted approach to the measurement of satisfaction with public services although there would need to be a careful analysis of the costs as well as the benefits. The possibility of a public satisfaction index is being investigated further. There will need to be careful consideration of whether it is feasible to design an index which achieves simplicity of measurement whilst adequately reflecting the diversity of public service provision.

18. Building on the success of NHS Direct, we believe the trial of a Public Services Direct would be a valuable addition to the voice mechanisms available to users.

The Government agrees that access to information on public services can support voice mechanisms available to users of public services. At a national level, Directgov is the UK Government's primary channel to deliver electronic services and content. In addition to being the Government's flagship website, it

provides content through digital interactive television and kiosks. Directgov is intended to be the primary destination for citizens to access government information and services and is designed around citizen needs rather than the complex structures of government. Directgov currently links to or houses over 400 citizen facing transactions, forms and tools. The current aim is that all government electronic transactions will be made available via Directgov.

In addition, the Government is helping Local Authorities improve access to various local services. For example, using 'e-pay', councils can offer local people opportunities to pay council tax, rents & fines electronically; using 'Parsol' (Planning and Regulatory Services online) customers can view planning applications, and 'e-TSN' (Trading Standards National) works with Consumer Direct to share complaints data about trading standards.

19. We recognise that, just as there are constraints on choice, there are constraints on voice, whether expressed in representative bodies or through complaints systems and user surveys. More careful and imaginative consideration needs to be given to making voice mechanisms effective. The problems being encountered by the Parliamentary Ombudsman in gaining active and practical government support for modernisation is one example of the current difficulties. Together, choice and voice can contribute to making public services responsive and giving more power and control to those that use them, but they must be treated with equal seriousness by the Government.

The Government accepts that careful and imaginative consideration needs to be given to making voice mechanisms effective, and has outlined its approach to strengthening such mechanisms in its response to Recommendation number 14.

20. Patient care advisers have been crucial to the success of the pilot schemes for patient choice. It is clear to us that something similar, and indeed something rather more ambitious, would be of considerable benefit to those patients who are now offered the wider choice of hospital for elective surgery, and in particular those patients who are especially vulnerable and find the NHS system difficult to navigate. We are disappointed that the Government has not yet acted to ensure that adequate support and advice will be available. The Department of Health, working closely and consulting fully with local NHS bodies, should give urgent consideration to encouraging the provision of adequate support, through patient care advisers or other means, to make sure that some patients will not be disadvantaged by the introduction of NHS patient choice.

The Government agrees that the evaluations of the London Patient Choice Project and the CHD Choice Scheme recognised the valuable role played by patient care advisers (PCAs), both clinical and non-clinical, in supporting patient choice. For example, the evaluation of the London Patient Choice Project found that support from PCAs led to equitable access to choice of an alternative hospital and that over 93% of patients rated the PCAs' services as 'good', 'very good' or 'excellent'.

The policy for both choice at six months and choice at referral recognises the role PCAs have to play in offering choice to patients. However the two processes are different. For choice at six months, patients currently waiting must be contacted and offered choice. For choice at GP referral, the choice is offered at a more natural point in the care pathway and may not require as much dedicated support. The choice guidance reflects this difference - for choice at six months, guidance expects PCTs to establish a system of Patient Care Advisers who will support patients in making their choices. For choice at referral, PCTs are expected to

provide the appropriate information and support to enable all patients to benefit from choice. The policy guidance recognises that some patients may require additional support to help them make their choice and expects patients to be able to access local support services for this. It requires PCTs to consider the level and targeting of support needed within individual communities as part of their local implementation planning.

The Government is proposing to evaluate the support arrangements introduced by PCTs to support choice at referral. This will inform an assessment of the support required by patients for Free Choice from 2008.

21. The Government should urgently examine the scope for an expansion of the Expert Patients Programme (EPP). EPP is an important and innovative way in which patients can equip themselves with the information and expertise needed to strengthen their hand in the era of choice. It needs to be promoted by the Government with much greater vigour and commitment.

The NHS Improvement Plan published in July 2004 made a commitment for the Expert Patients Programme to be available through all PCTs by 2008. The Government has committed to treble investment in the EPP. The pilot phase of the EPP ended in Autumn 2004. Since 2002, over 22,000 participants have completed the EPP (including the pilot). The Department of Health anticipates that this will increase to provide approximately 40,000 course places within the next two to three years. Expansion will be through PCTs and partners in the voluntary and community sectors.

In the longer-term, the EPP will continue to grow and will become self-sustaining as the social capital, skills base and infrastructure within PCTs and the voluntary sector are embedded. The EPP will form one of a range

of self-management options for patients with long-term conditions and it will be included in care plans.

22. The experience of school lotteries in the USA suggest that there should be further exploration by the Government of the use of that method of allocating places in this country.

A lottery approach to oversubscription does well in the tests of objectivity and fairness but fares less well in delivering choice. It also does less well on the third test set out in the School Admission Code of Practice – clearness. A complete lottery system may disempower and cause confusion amongst parents compared with more commonly used criteria such as sibling links, distance from the school, ease of access by public transport, medical or social grounds. In evidence to the Select Committee on Secondary Admissions, the Government emphasised that parents should be able to assess their chances of getting a place at a preferred school. The Select Committee also expressed concern about the effect of a lottery approach on admissions of different groups of children, and in particular that the impact of failing to get a place at the nearest school will disproportionately burden poorer families.

Using a lottery system is neither illegal nor identified as poor practice under the School Admissions Code of Practice. Schools may consult on using a random lot in their admissions arrangements if they wish, for example as a tie break. Any lottery criterion would be subject to the local consultation process and any objections could be referred to the Schools Adjudicator.

23. We believe that progressive vouchers should be given serious consideration as one way of combining choice with equity.

The Government agrees that the funding system for schools should be equitable and should offer extra support for children from disadvantaged backgrounds. The existing system for distributing funding from central government to LEAs takes account of their levels of deprivation; and the formulae that LEAs use to distribute funding to their schools must also take account of the deprivation in their schools. The Government believes that decisions on the division of resources between schools and for pupils are best taken at local level, to take account of local circumstances.

The Government understands that Professor Brighouse's proposal is that each high-need child should attract three times the regular per pupil funding, delivered through existing funding mechanisms, but not available for use in the private sector. This would cut across the current system and would substitute central determination for local discretion in resource allocation.

There would need to be a national definition of a high-need child. If a simple definition is used, the risk is that significant numbers of children will be missed. If a more complex definition is used, there is a risk that the costs of assessing children would escalate. The costs of educating high-need children also vary more significantly than those of educating other children; a flat rate of three times the average rate could under-fund some children and over-fund others.

24. With all these models available, it should be possible to devise a developing set of Public Service Guarantees (PSGs) which may apply either nationally or locally and which would be pledges of services being provided to a minimum standard. They would: support policy outcomes; be precise as to the level of service to be expected (e.g. an operation in six months, or a passport in six weeks); have a clear statement that the service could be

delivered by a provider of the user's choice and clear arrangements for redress in the event of failure.

As the report indicates, the introduction of PSGs alongside PSAs would represent an additional approach to the way public service performance is managed, though the issue of minimum service standards is already addressed in some cases in PSAs through PSA 'standards', which aim to maintain improvement sought in previous targets and preserve minimum national expectations against which performance can be monitored.

The report acknowledges that there are various possible models. For example, in the discussion document "Citizen Engagement and Public Services: Why Neighbourhoods Matter", the Government sets out ideas whereby neighbourhoods or neighbourhood bodies might agree a neighbourhood contract or service guarantee with the Local Authority or service provider to agree minimum standards of service provision across a wide range of services to reflect local priorities.

25. If Public Service Guarantees are to be credible, they will need to be monitored by a range of bodies which would co-operate to ensure that compliance with performance standards is measured accurately, and that their recommendations for improvement have authority. We are attracted by the idea of a "strategic alliance" of such bodies, which would include the PCA, NAO, the Audit Commission, OFSTED, the Healthcare Commission and others. This would develop common principles and share best practice to inform the work of all the inspecting bodies. The general issue of coherent performance monitoring, across all public services, and the most appropriate organisational arrangements to service this, is one to which the Committee will return.

The Government accepts that there are benefits in developing common principles and sharing best practice between inspecting bodies. The Local Services Inspection Forum has begun to deliver better co-ordination of

inspection programmes and promoted the use of common language. The Government proposes to go further than this and has announced a radical change programme, involving the reduction of 11 public service inspectorates to 4, in the 2005 Budget. This structural change is part of a strategy which will result in public service inspection that is more strategic, user focused and better value for money.

Any possible arrangements by which the new inspectorates could co-operate to monitor PSGs would need to be considered alongside Recommendation 24.

CABINET OFFICE

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