

POLICY REVIEW: PUBLIC SERVICES

January 2007

This paper is based on documents prepared by the Prime Minister's Strategy Unit to facilitate discussion in the Policy Review. The paper is not a statement of policy.

Contents

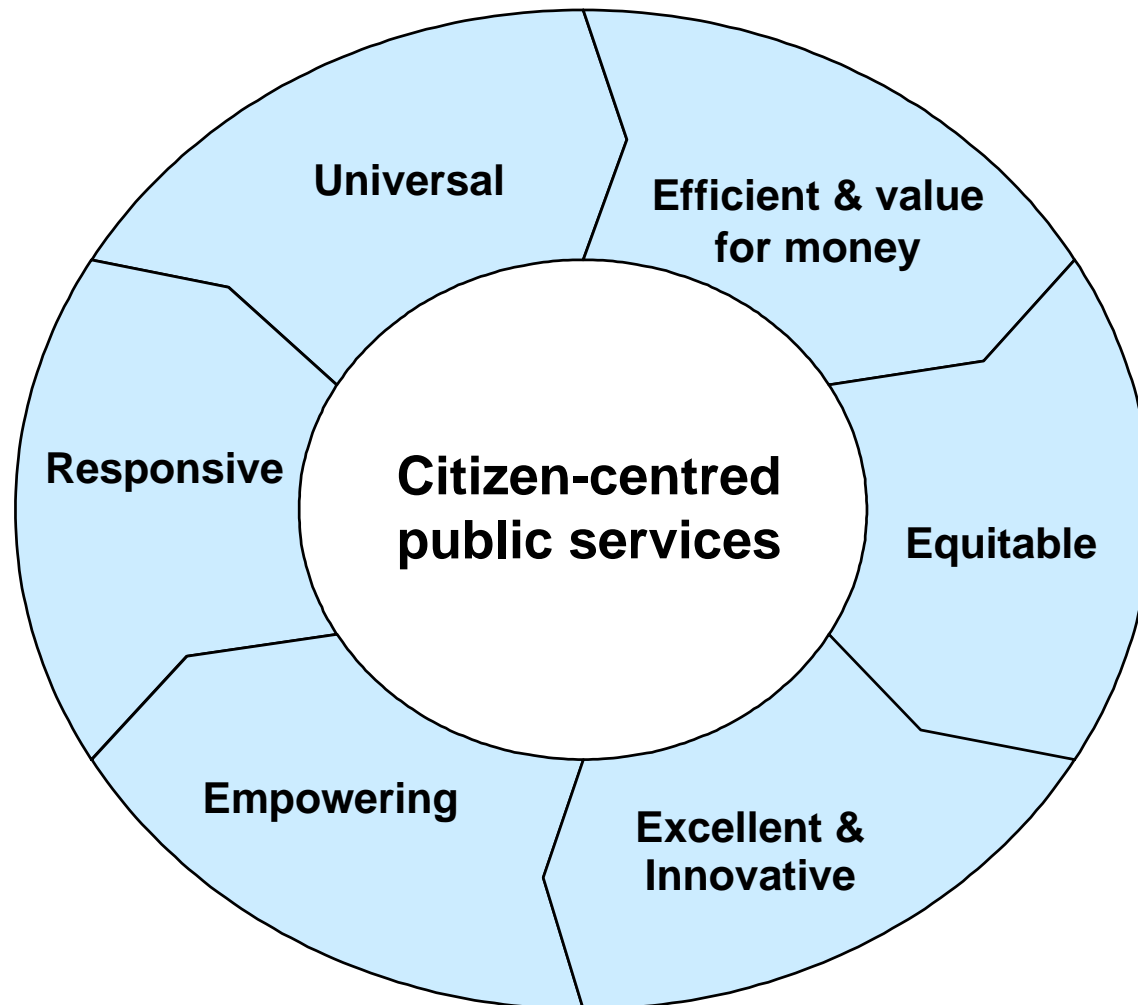
Progress and achievements since 1997

Key national and global trends and challenges

How other countries are responding

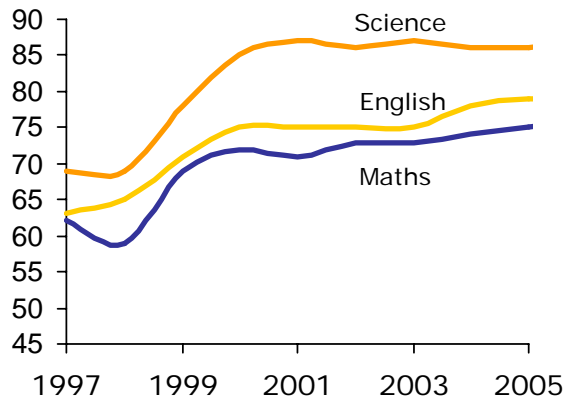
Key issues

The Government has clear aims and objectives for public services

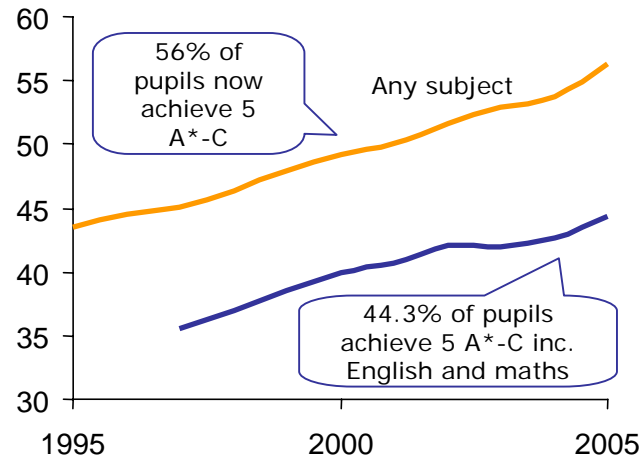


There have been many improvements across public services, including progress in education ...

Primary attainment has risen Per cent of 11 year-olds reaching level 4 or above ¹



Secondary school attainment has steadily improved Per cent of 16 year-olds reaching 5 GCSEs A*-C or equivalent ²



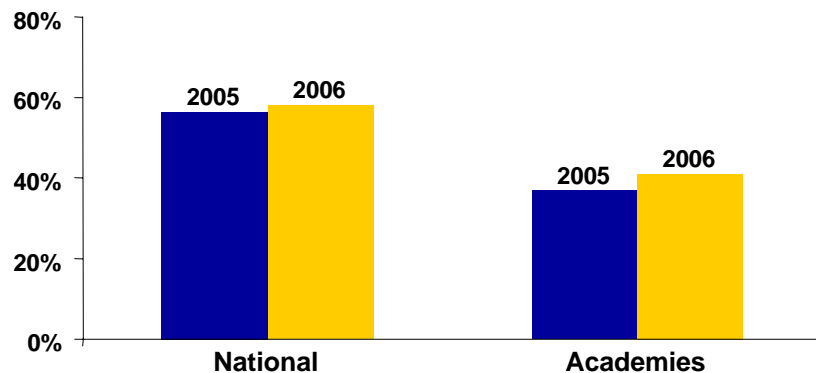
UK universities remain at the top of world rankings ³

UK Rank	World Rank '06	World Rank '05	Institution
1	2	3	Cambridge
2	3	4	Oxford
3	9	13	Imperial College
4	17	11	LSE
5	25	28	UCL

- In 2006 there were 5,800 more good or excellent primary and secondary schools compared with 1997, while in around 100,000 more pupils reached the expected level in English and Maths on leaving primary school than in 1997
- There are now only 47 schools where less than 25% of pupils gain 5 good GCSEs, against 616 in 1997, and there are now 768 schools where over 70% of students gain 5 good GCSEs, up from 83 in 1997
- There are over 36,000 more teachers than in 1997
- The proportion of 18-30 year olds in higher education has risen to 42%—four times the number 25 years ago
- The proportion of adults in the workforce with at least a Level 2 qualification has risen from 65% in 1997 to 73% in 2005

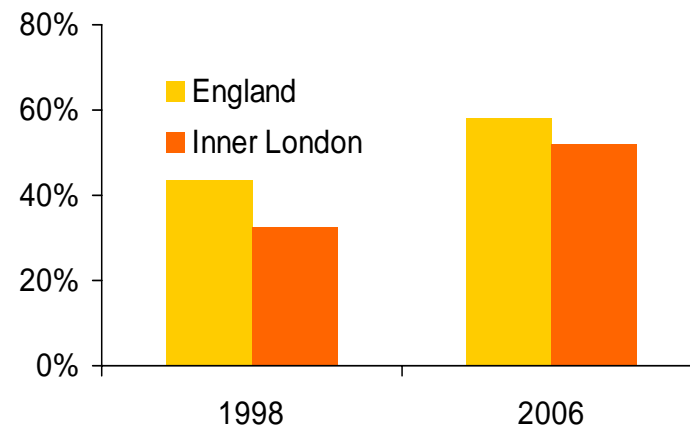
... improvements in academies, specialist schools and schools in disadvantaged areas, particularly in London...

GCSE results for Academies



Based on the 14 Academies who had results in 2005 and 2006

% attaining five A*-C grades

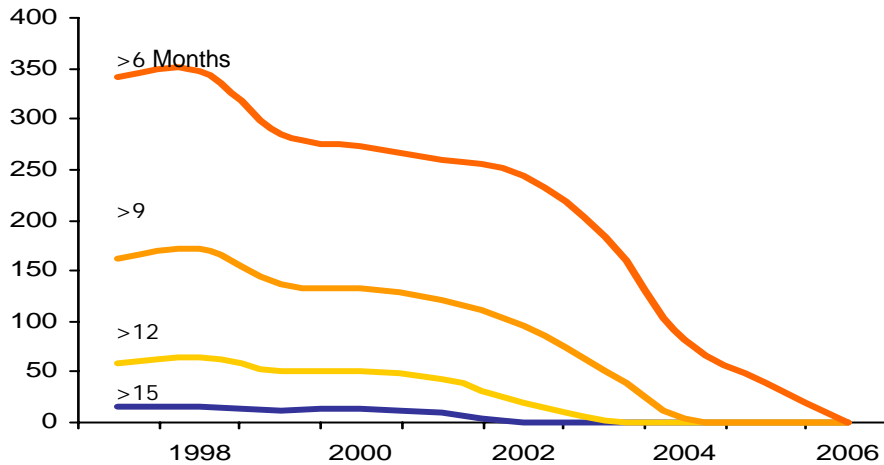


- DfES aims that by 2010, around 100 new secondary schools will have opened under the Building Better Schools for the Future programme, and over 400 will be under construction
- In disadvantaged areas, the probability of gaining at least five A*-C grades including English and Maths was 7% higher in specialist schools in 2004/5 ¹
- The improvement in GCSE performance in Academies was close to three times the national average between 2004 and 2005
- Controlling for other factors, improvement in attendance has been greater in Excellence in Cities schools ²
- In 2006 there were no local authorities in which less than 40% of pupils achieve 5 A*-C grades at GCSE. In 1998 170,000 pupils studied in such local authorities
- In terms of the percentage reaching expected levels, there has been a narrowing of the gap between those who do and do not receive free school meals - though more needs to be done to narrow this gap further³
- There has been particular success in London: overall GCSE performance is now above average, and inner London has improved markedly ⁴

...continuing improvements in the quality of healthcare ...

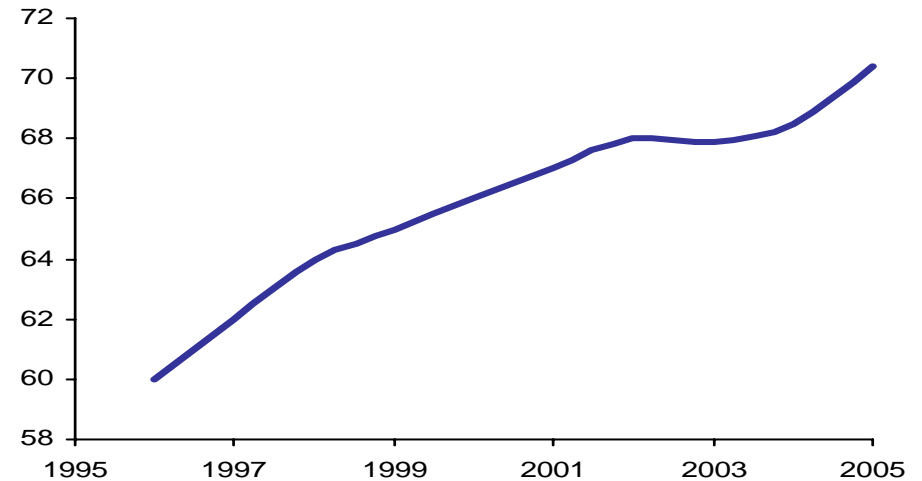
Hospital waiting times have fallen

Thousands of people waiting a number of months ¹



The number of people being treated in a day by hospitals has increased

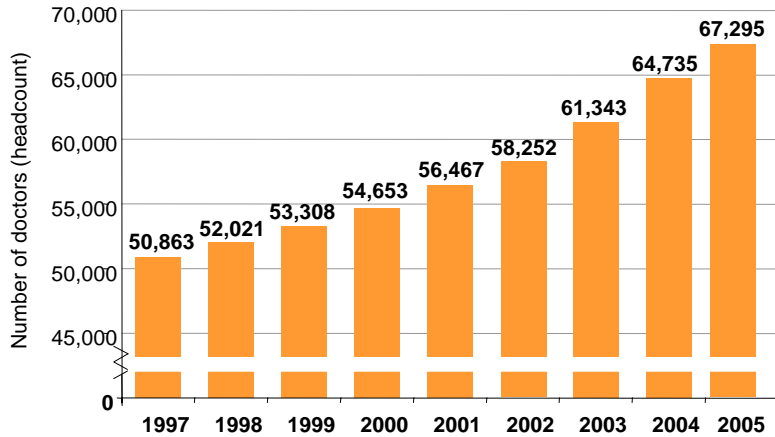
Percentage of elective general and acute operations performed as a day case ²



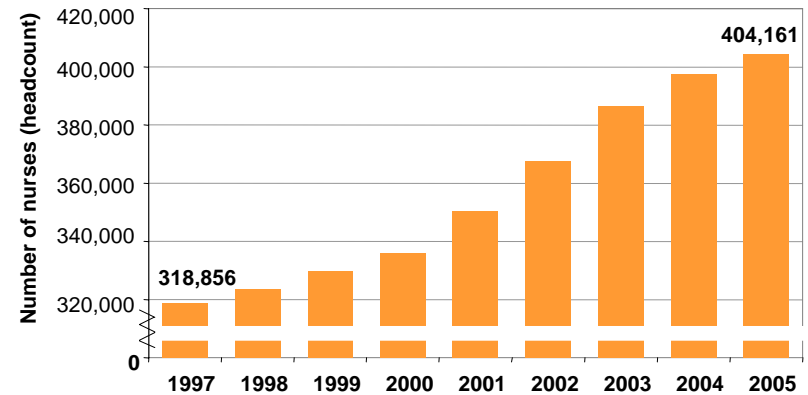
- Life expectancy is increasing at a rate of around 10 weeks per year ³
- Deaths from major diseases such as heart disease are falling ⁴
- England is on track to meet the target to reduce mortality from cancer in under 75s by 20% ⁵

... with more staff and shorter waits...

Number of NHS doctors (GPs & consultants) in England

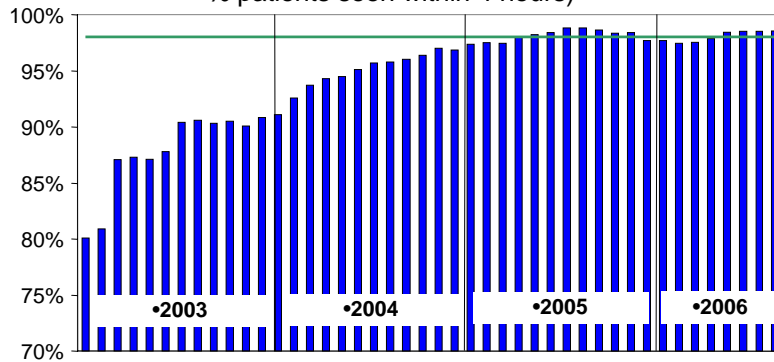


Number of NHS nurses in England, 1997-2005

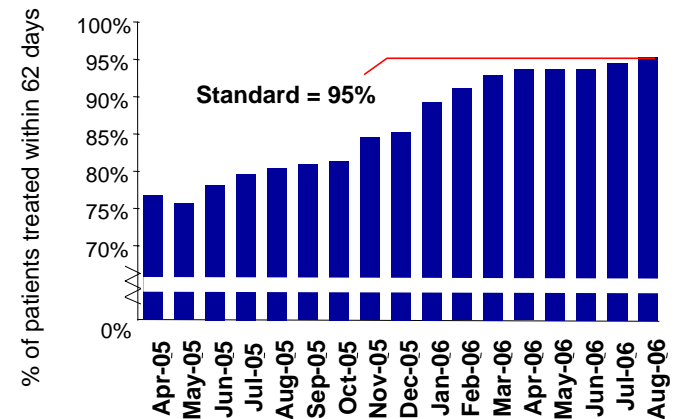


A & E Performance

% patients seen within 4 hours

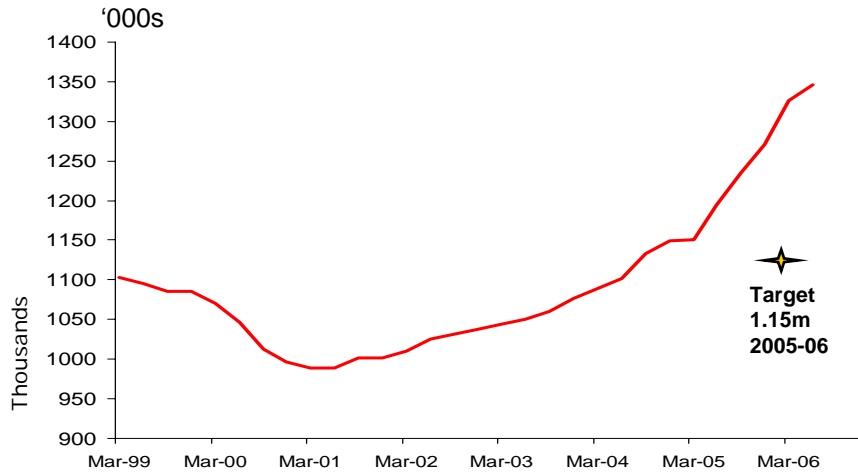


Percentage of cancer patients treated within 62 days (urgent GP referral-treatment)

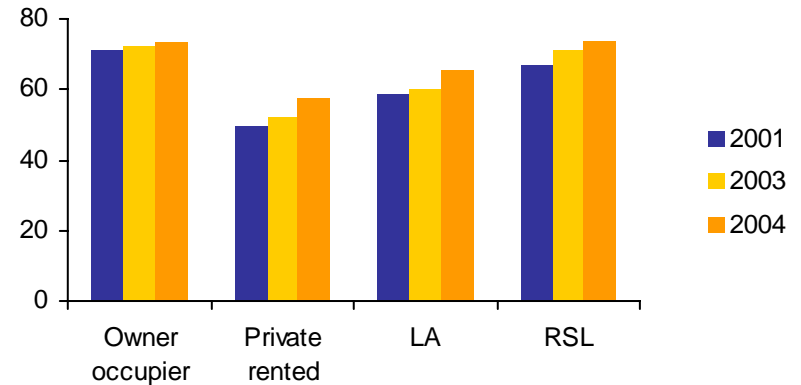


... and advances in a wide range of other areas

Offences brought to justice



Proportion of "decent homes"



Crime levels have fallen:

- 1997-2004/5, overall crime rates fell by 35%¹ and there are 45,000 more police service jobs than in 1998²

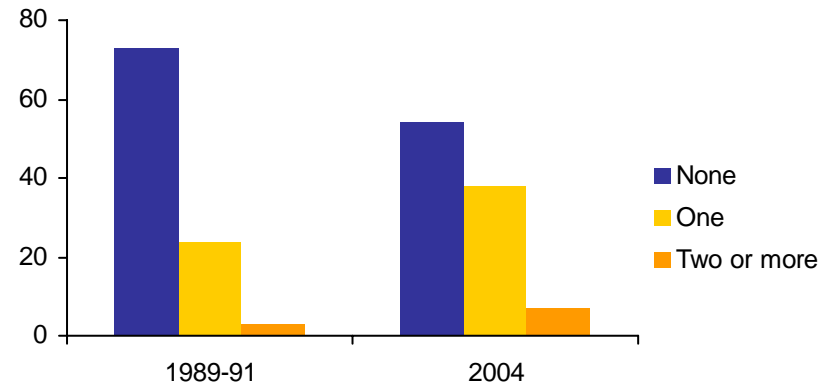
Local authorities are improving their services²:

- Over 70% are improving 'strongly' or 'well'

The environment is getting cleaner:

- Nitrogen oxides and particulate emissions declined by 51 per cent and 37 per cent respectively between 1990 and 2003³
- Household recycling rates have increased from 7% of all household waste in 1997 to 22% in 2005

Household car access for those in lowest quintile of household income



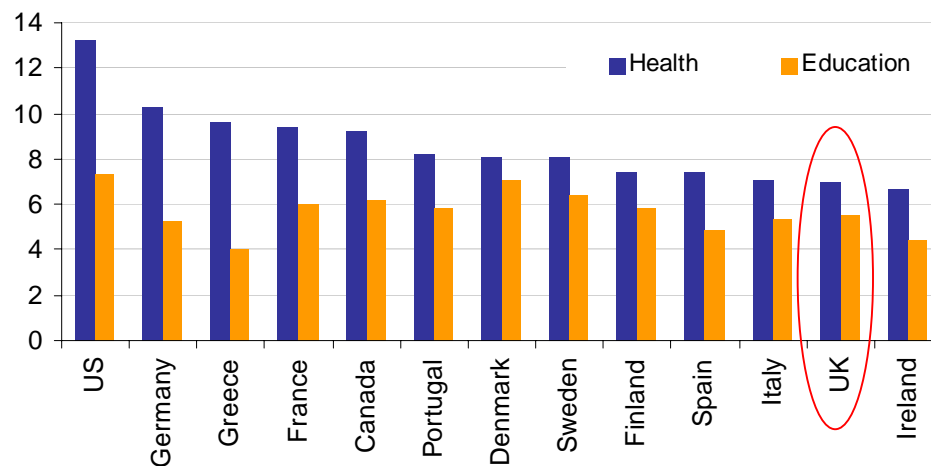
(1) British Crime Survey, 2005-06, Home Office (2) The UK Government's Approach to Public Service Reform, PMSU, 2006 (3) E-digest Environmental Statistics, Defra 2006

This progress is attributable to a combination of increased investment and improved performance management

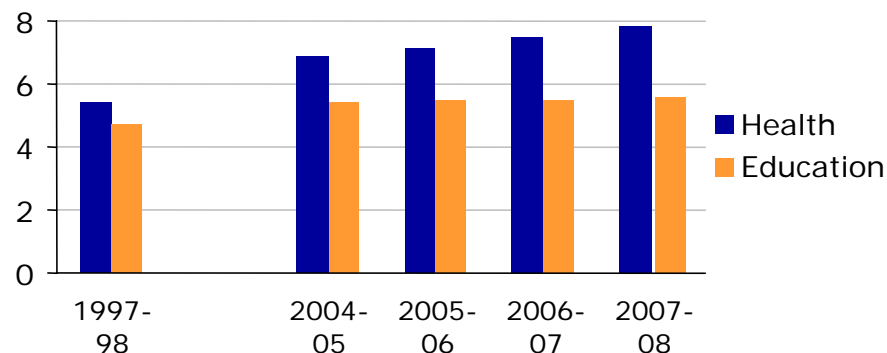
- The Government inherited public services which had experienced many years of comparative under-investment
- After the first 2 years of honouring the previous government's spending totals, spending on public services increased
- Schools spending is now £12bn pa higher and health spending over £22bn higher than it would otherwise have been

This was accompanied by a sharpened performance management regime involving targets; regulation; performance assessment including inspection; and direct intervention

Total public and private expenditure on education and health¹
% GDP, 1995



Projected public expenditure on health and education, % GDP, 1997 – 2008²



(1) OECD Health Data 2006; Education at a Glance - OECD Indicators 2004 (2) 2004 Spending Review, HM Treasury, 2004

Performance management has been refined and will continue to play an important role

Steps have been taken to refine performance management in recent years

- Fewer, simpler targets
- More outcome based, cross-cutting and floor targets
- Greater autonomy for good providers
- Streamlining the burden of regulation and inspection

CSR07 Reforms to the PSA framework:

- Decoupling Departmental Objectives from PSAs with the latter more focused on cross-departmental priorities
- All PSAs supported by a published Delivery Agreement following consultation with delivery chain
- PSAs putting greater weight to user experience and satisfaction as key outcome

The October 2006 White Paper for Local Government:

The recent White Paper sets out an improved performance framework, featuring:

- A reduced number of national performance indicators
- A revised Local Area Agreement process with local partners agreeing improvement targets with centre
- More coordinated and proportionate external assessments and inspections
- A streamlined process for providing improvement support and intervention for authorities that are struggling, with the response tailored to the nature and severity of the problem.

But there are downsides to an over-reliance on top down performance management and funding alone, and so a new phase of public service reform has evolved

This seeks to:

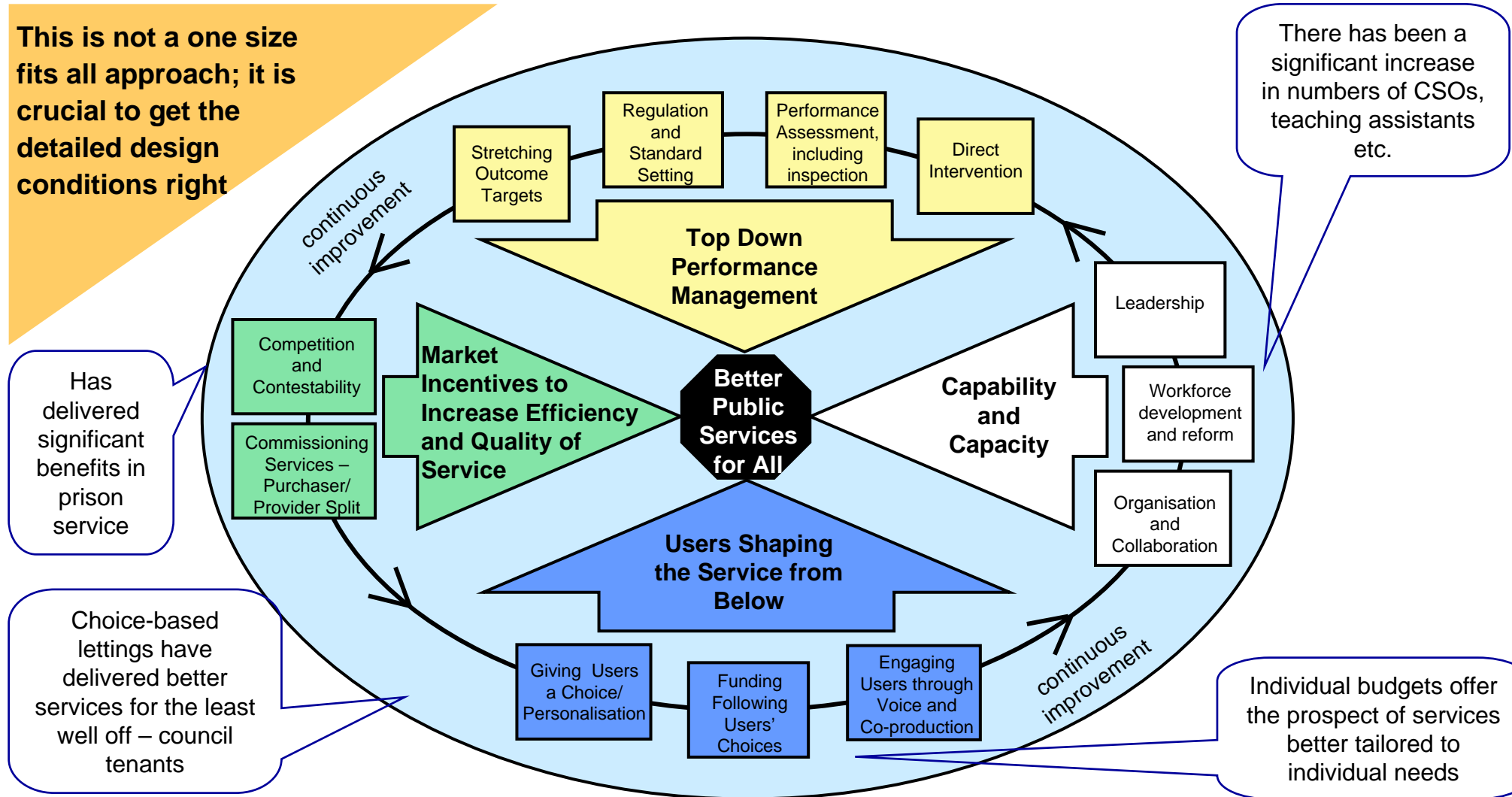
- Combine **top-down approaches** of inspection, regulation and targets
- With **horizontal pressure** from competition and contestability
- And **bottom up incentives** of choice and voice
- Supported by improvements in capability and capacity

...to create a “**Self improving System**”

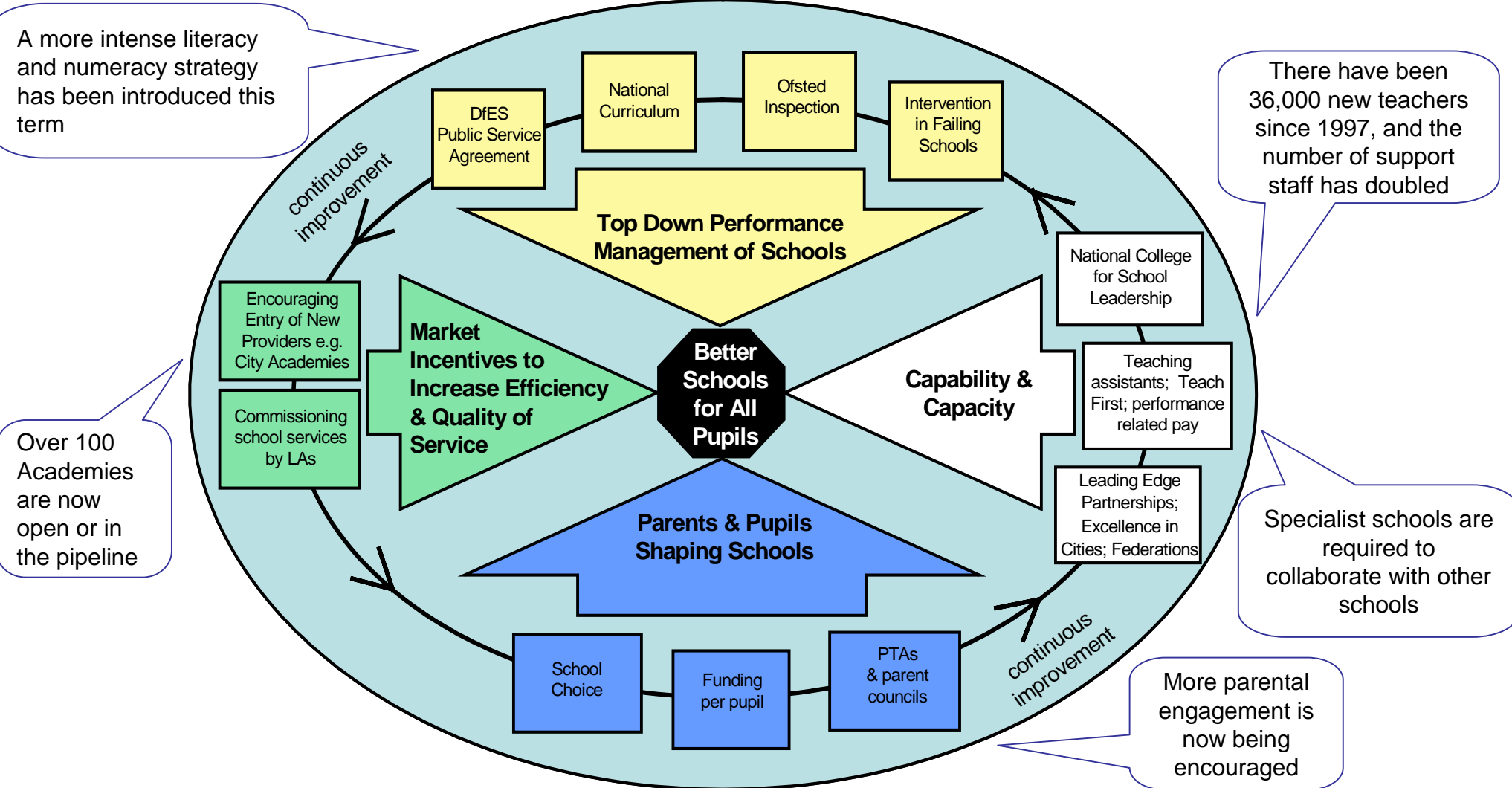
Clearly, the way in which these four elements (top down; bottom up; horizontal) are combined will differ depending on the nature of the service in question (e.g. police services or schools)

Together these pressures comprise the UK Government's model of public service reform

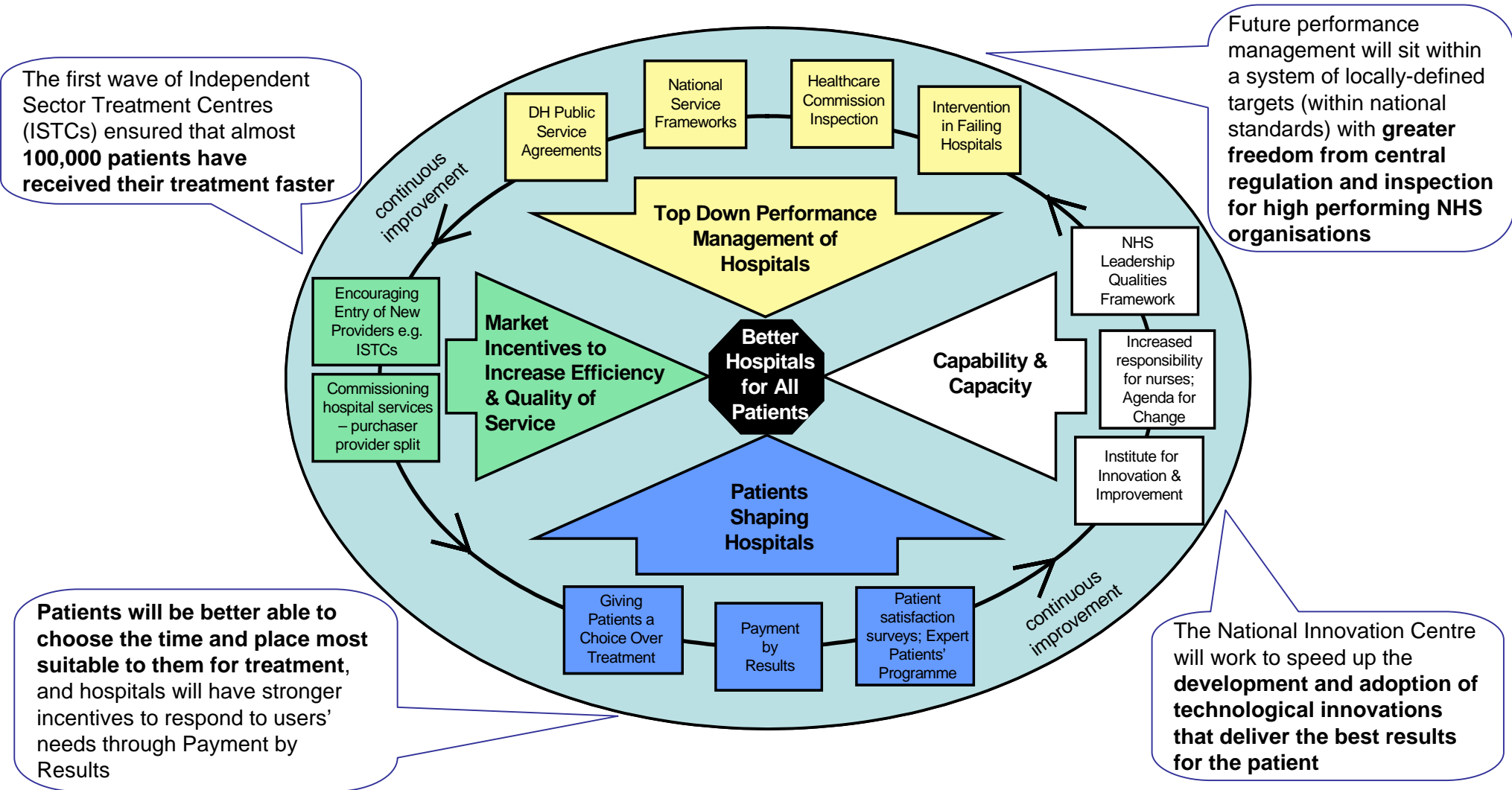
This is not a one size fits all approach; it is crucial to get the detailed design conditions right



Significant progress has been made in introducing these reforms in areas including schools ...



and hospitals...



Contents

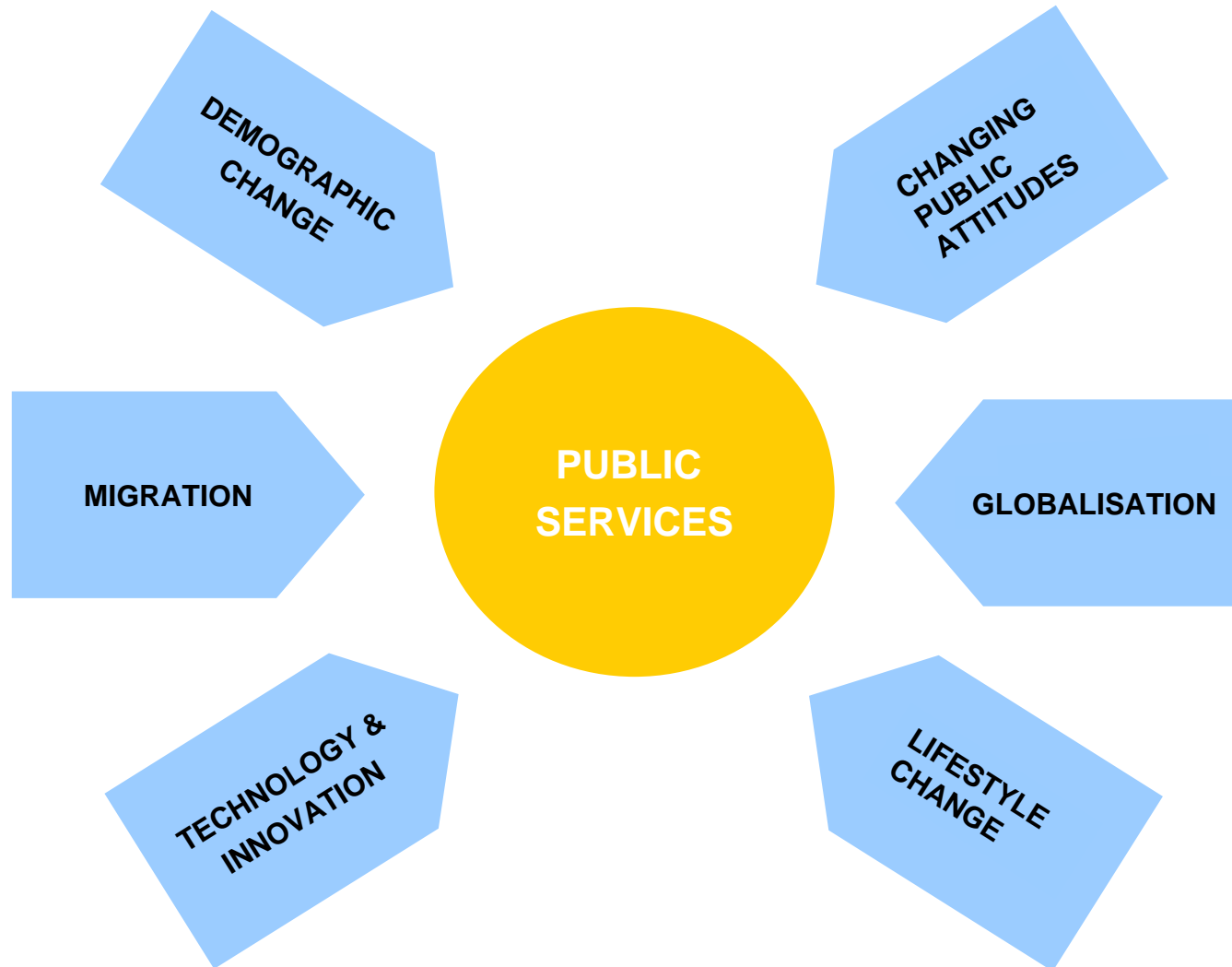
Progress and achievements since 1997

Key national and global trends and challenges

How other countries are responding

Key issues

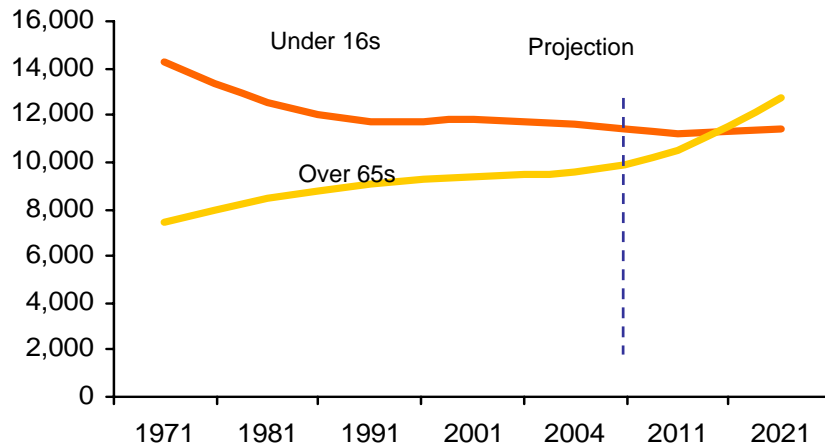
Although significant progress has been made, national and global trends mean further reform is likely to be needed



An ageing population will put greater long term pressure on public services particularly health and social care

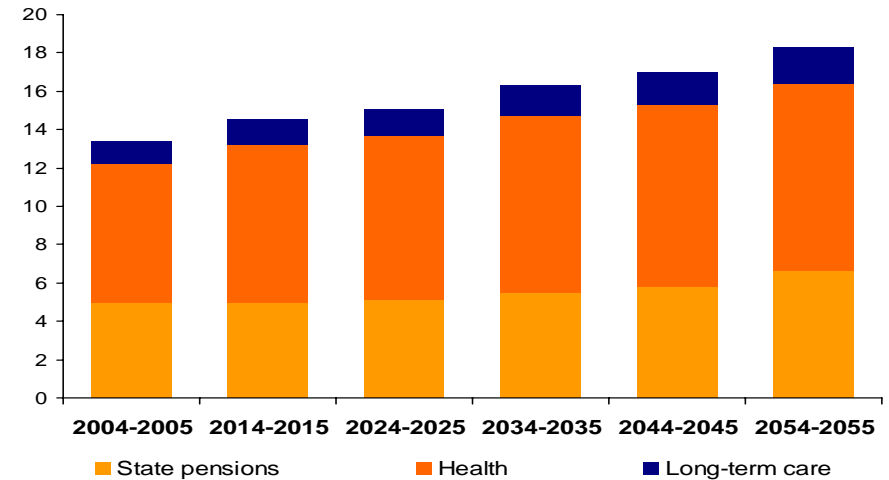
There will be 2.4m more people over 65 in 2017 than in 2007

Thousands of people



Changing demographics will lead to long-term pressures in health and social care

Public spending as per cent of GDP



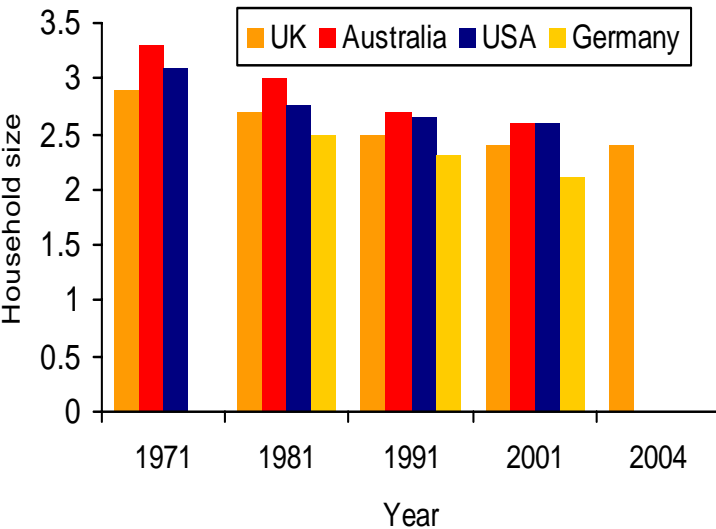
- Population growth rate is increasing from 2.4% between 1987-97 to 4.6% growth from 2007 to 2017
- Fertility is currently below replacement rate; more women are working and having children later ¹
- The demographic old age dependency ratio is expected to rise from around 25% to over 40% by 2050²
- The estimated cost of ageing between 2004 and 2050 for the UK is calculated to be: pension payments rise from 6.6% to 8.6% of GDP, health care rises from 7 to 8.9%, long term care rises from 1% to 1.8%,
- **An ageing population will require improvement and expansion of current services to the elderly, plus a host of new services particularly in health and social care**

(1) *Social Trends 36*, ONS, 2006; (2) *Long term public finance report*, HMT, 2006

Rapid shifts in household structure will require public services to be more responsive to a greater range of user needs

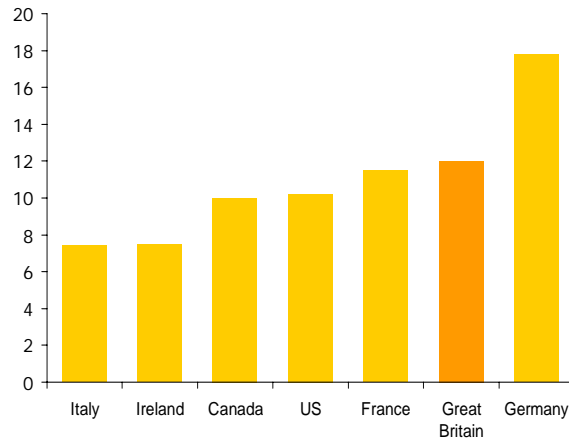
Households are becoming smaller

Average no. of people per household



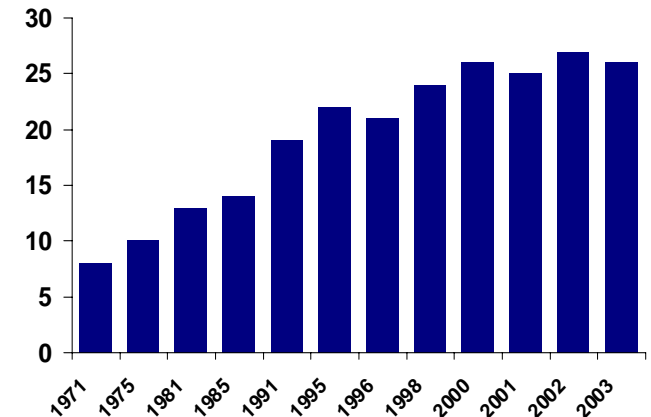
A relatively high proportion of people are living alone

% living alone, 2000



The nuclear family is no longer the norm

Lone parents as % of families with dependent children.



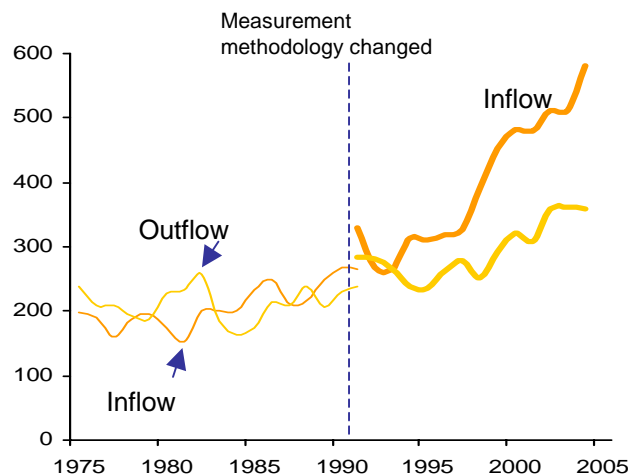
- The number of households in Great Britain increased by 30 per cent between 1971 and 2005 and is projected to increase by a further 13% by 2021¹. Expansion in the number of households has put pressure on housing, particularly social housing
- 10 per cent of all families with dependent children in Great Britain were stepfamilies in 2004/05²
- As a result of increasing divorce, the Child Support Agency deals with about 1.3 million cases of child support each year
- **Changes to household structure will require a continuing broadening of services for new types of 'family' including lone parents, families with divorced parents, elderly independents and double income families.**

(1) *The UK Government's Approach to Public Service Reform*, PMSU, 2006; (2) *Social Trends 36*, ONS, 2006

Increasing migration will bring both benefits and challenges to public services

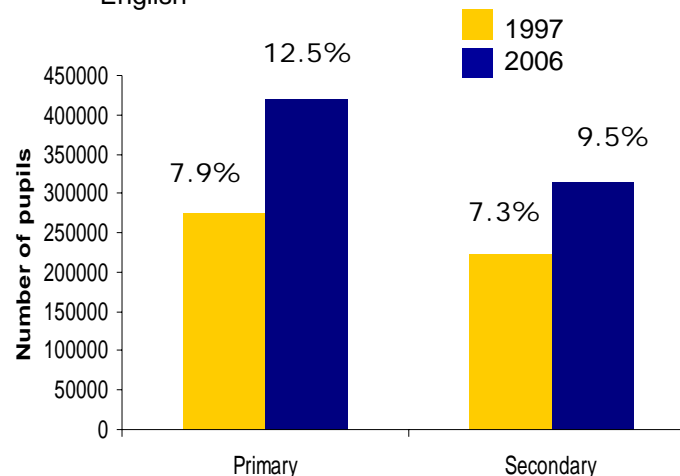
UK population mobility is currently high

Thousands per annum



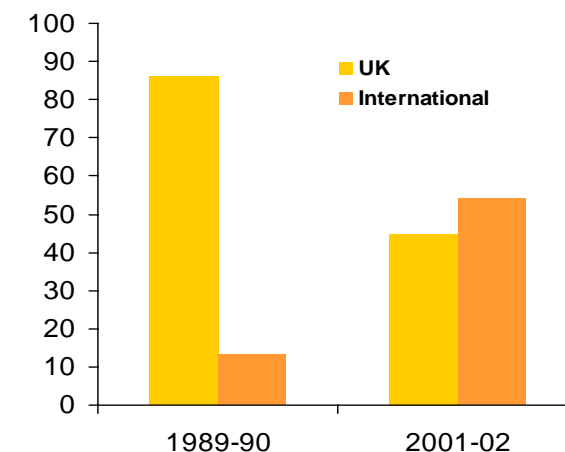
Public services will have to respond to a more diverse range of needs

Number of pupils whose first language is not English



But increasing migration will also bring new workers into the public service

International and UK sources as a % of total new admissions to UK nurses register

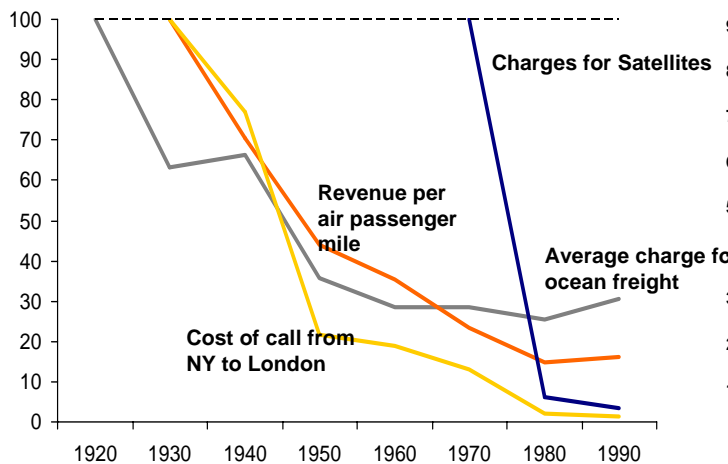


- 4.6 million people currently living in the UK belong to a non-White ethnic group. Around half of the non-White population are Asians of Indian, Pakistani, Bangladeshi or other Asian origin with a further quarter being Black or Black British ¹
- Migrants are, of course, not a uniform group; over 40% of Bangladeshis have no qualifications, whereas Indians and Chinese outperform the White population at GCSE population.² In health, South Asians have twice the prevalence of heart disease whereas African Caribbeans have rates a quarter of the general population.³
- The strong emphasis on the importance of education in the cultural backgrounds of many migrant pupils has a positive impact on the school ethos and helps create a culture of learning in the classroom
- **Increased migration will bring both benefits and pressures to public services: it will introduce new skilled workers and practices to the UK but will also involve adapting current services for people from very different backgrounds**

Technology is having and will continue to have a tremendous effect on how people and businesses operate

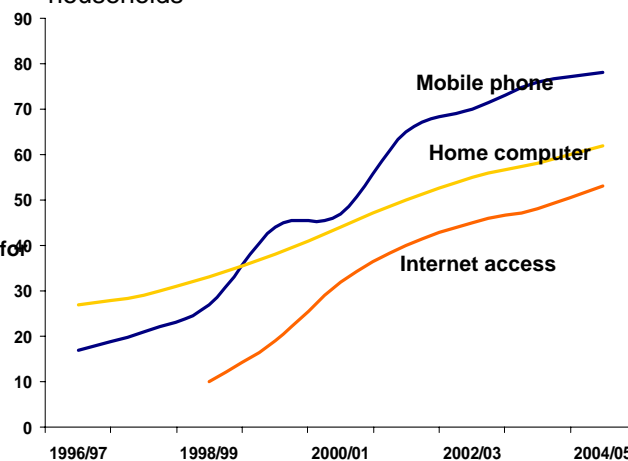
The cost of communicating globally has fallen dramatically

Index of costs



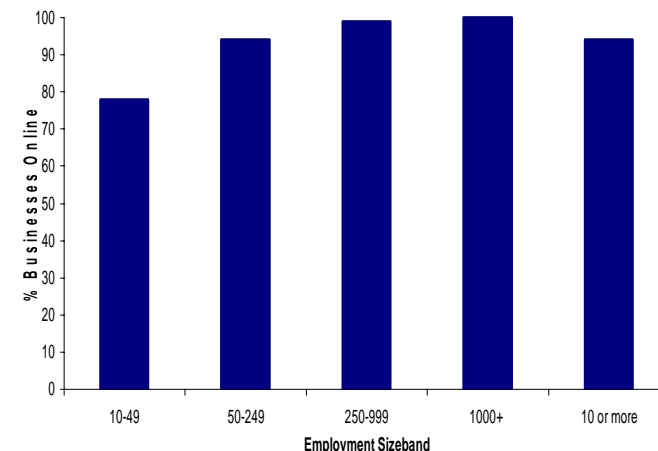
The ability to communicate and access information has improved rapidly

Uptake of various technologies, proportion of households



Most businesses are now online

% Businesses online by size

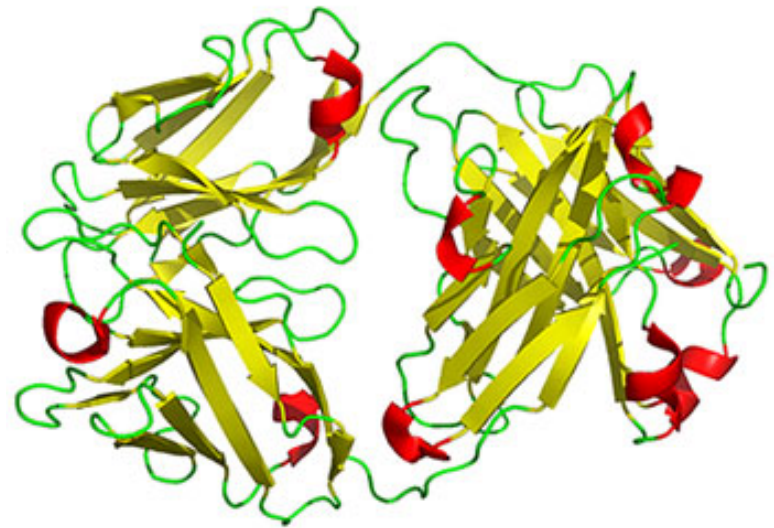


- Use of the internet has grown significantly, from less than 10% of the households in 1998 to around 60% now¹
- Costs of transportation and communications has also fallen dramatically over the last two decades
- Businesses have been quick to exploit the potential; the value of internet sales to households increased by 30% from 2004 – 2005 and 75% of businesses report having a website.
- But the shift in the way that businesses operate has not only been technological but also organisational, with much greater organisational flexibility now than ever before
- **The uptake and development of technology will force public services not only to use technology to deliver services but to ensure the customer is put at the heart of public services**

(1) *Social Trends 36*, ONS, 2006; *First Release - Internet Access*, ONS, 2006

Advances in biotechnology and medical practice offer the prospect of cures for diseases incurable today, but challenges remain

- The promise of bioscience is a transformation of healthcare through:
 - earlier identification of disease risk and quicker diagnosis
 - new drugs targeted to specific patient groups or disease variants
 - new kinds of treatment for diseases that today are untreatable.
- But there will be challenges in managing:
 - public and practitioner acceptance of new diagnostic tools, therapies and practices
 - the costs of meeting public expectations in a world of biotech-based personalised medicine



The Herceptin® molecule¹

Herceptin® is a biotech-based therapy used principally in treating breast cancer. It works for patients with a particular genetic profile and points the way to future therapies increasingly being customised to disease and genetic subgroups

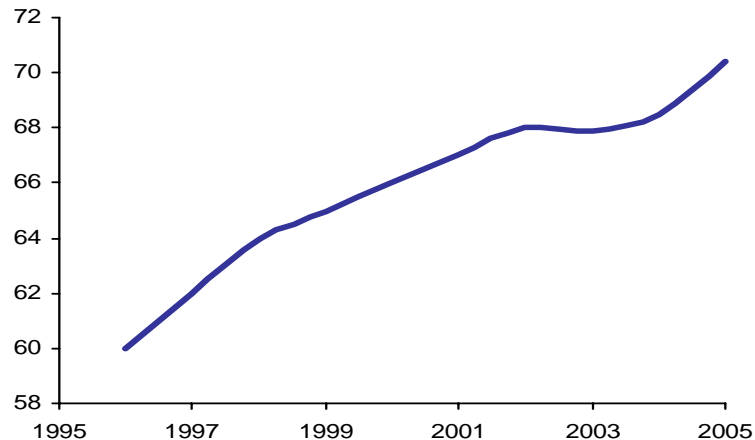
Reform will also be needed to strengthen incentives to innovate and to replicate best practice more generally

Examples of innovation in the public service

- West Midlands Ambulance Service with its paramedics on bikes and rapid 'First Response' message-handling service
- Irwell Valley Housing Association's Gold Service for responsible tenants

Hospitals are using their resources more flexibly

Percentage of elective general and acute operations performed as a day case



Main challenges

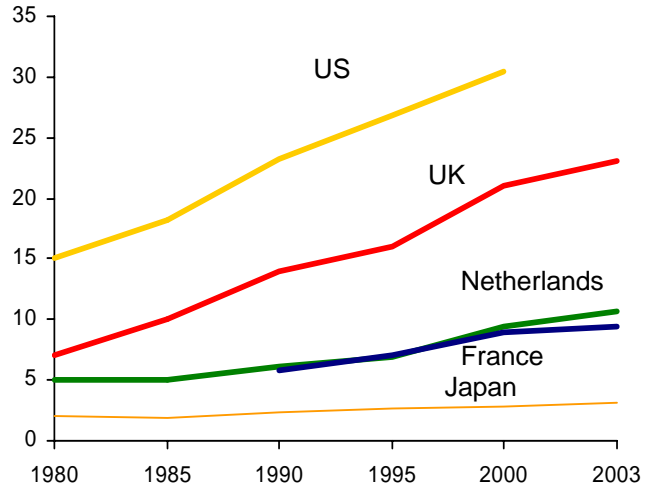
- Greater incentives to innovate need to be introduced
- Government should become more "joined up"
- The culture of risk aversion should be tackled
- Government should seek to improve skills in active risk and change management
- Government should become more willing to close down failing organisations or programmes
- More could be done to lengthen budget and planning horizons

Changing lifestyles will continue to impact on public services, particularly the health service

Lifestyle change

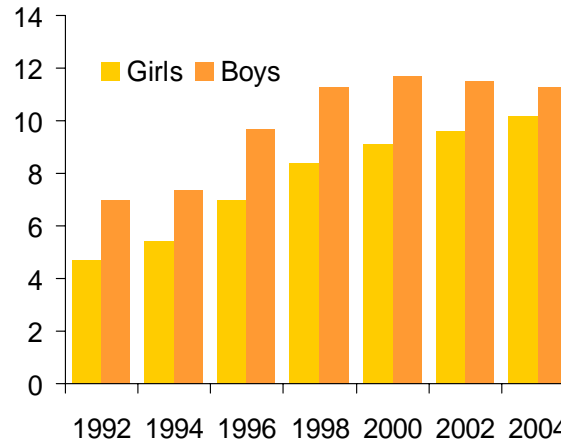
People are eating more and exercising less

% Obesity in selected countries



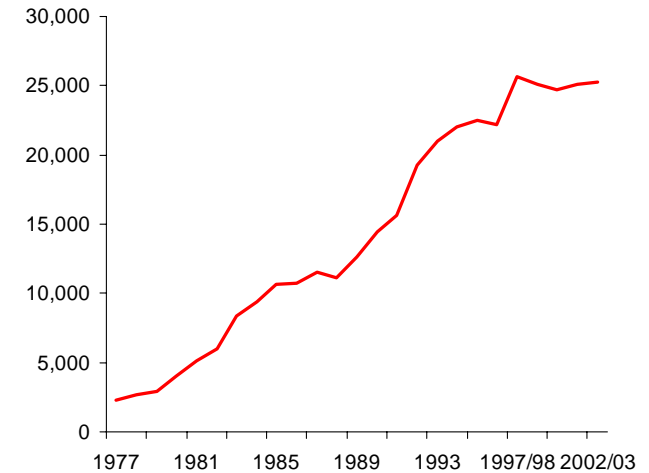
Many of these lifestyle changes start in adolescence

Average UK alcohol consumption for children aged 11 - 15 who drank last week (units of alcohol)



Medical treatment for 'lifestyle' diseases has increased significantly

Coronary artery bypass surgery numbers



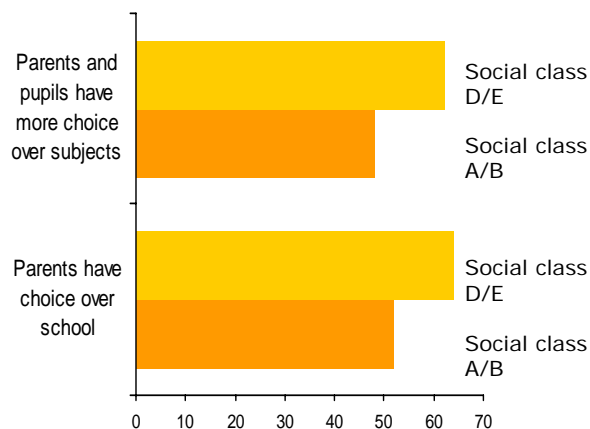
- Chronic care including diabetes, heart disease, lung disease and cancer costs the NHS 80% of its budget – and it is set to grow
- Diabetes prevalence worldwide among adults is expected to rise by 50% in the next 25 years
- Obesity has already trebled in the UK in the last 25 years. Today one in five adults in the UK are estimated to be obese. 50% more children are overweight than in 1996¹
- Drug and alcohol related deaths are some of the highest in the OECD
- **Significant changes in lifestyles are likely to lead to a shift in the relationship between the citizen and public services, particularly in the health services, with increasing emphasis needed on promoting individual responsibility and lifestyle change**

Globalisation will require improvements in the responsiveness and quality of public services particularly if the needs of the disadvantaged are to be met

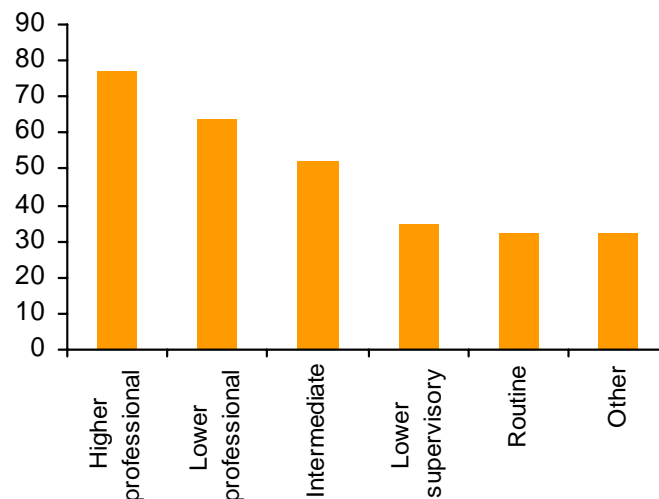


Those from the lowest socio-economic groups desire choice in services the most¹

Per cent answering 'Important' to question: "Regardless of whether you use the service, how important do you think it is that..."

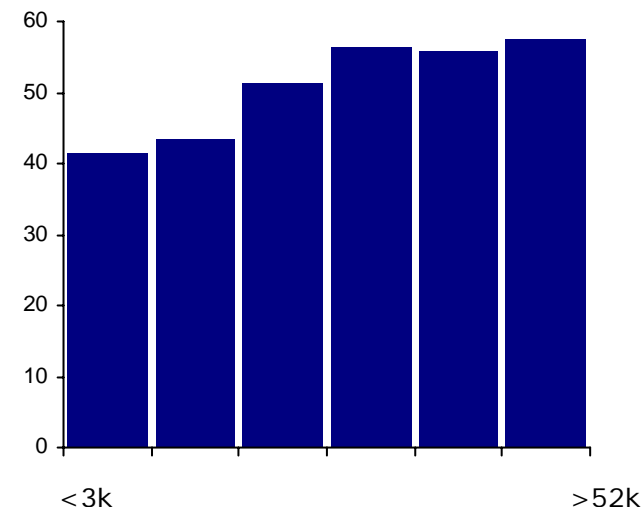


Attainment of five or more GCSE grades A* to C: by parental NS-SEC, 2002, England & Wales



The poorest sometimes get less access to public services

Per cent of households visited by health visitor, by household income



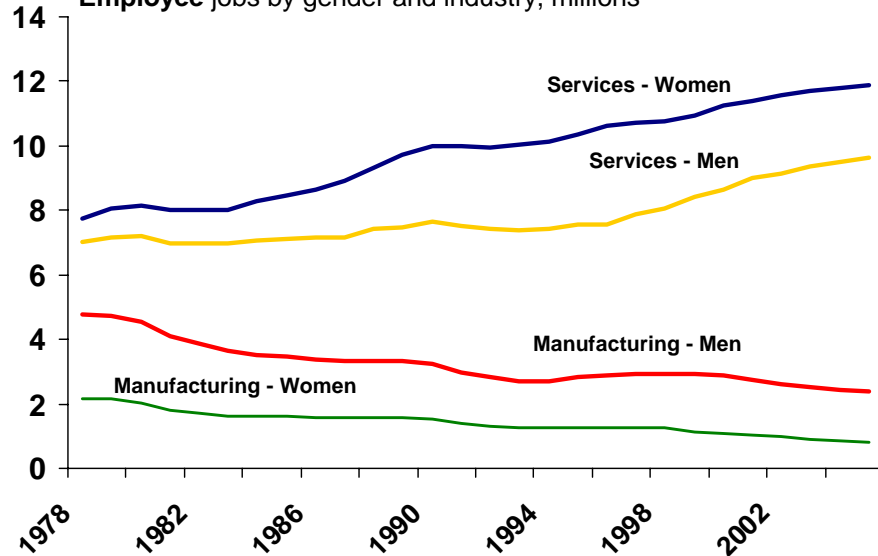
- Although inequality is now falling, the UK remains amongst the most unequal societies in the EU
- The professional classes are 40 per cent more likely to get a heart bypass than those from lower socio-economic groups, despite a much higher mortality rate from heart disease among lower socio-economic groups²
- Deprived areas tend to have fewer primary care workers per person than other areas and on average, doctors spend less time with patients in deprived areas³
- The fact that there are currently as many black men in prison as there are at university is a stark reminder of some of the challenges still facing the education system and public services as a whole.

(1) Research conducted by MORI for the Audit Commission, July 2004 (2) *The UK Government's Approach to Public Service Reform*, PMSU, 2006; (3) *The UK Government's Approach to Public Service Reform*, PMSU, 2006

Structural shifts in the domestic economy will mean workers require new skills and new forms of support from government

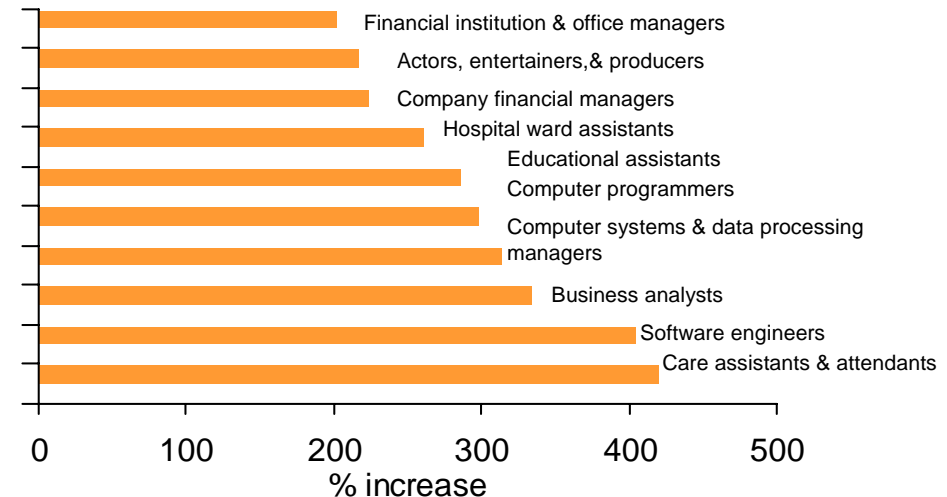
Manufacturing has declined while service industries have increased

Employee jobs by gender and industry, millions



Knowledge economy jobs have expanded significantly

UK top ten occupations by job growth (1979 - 1999)

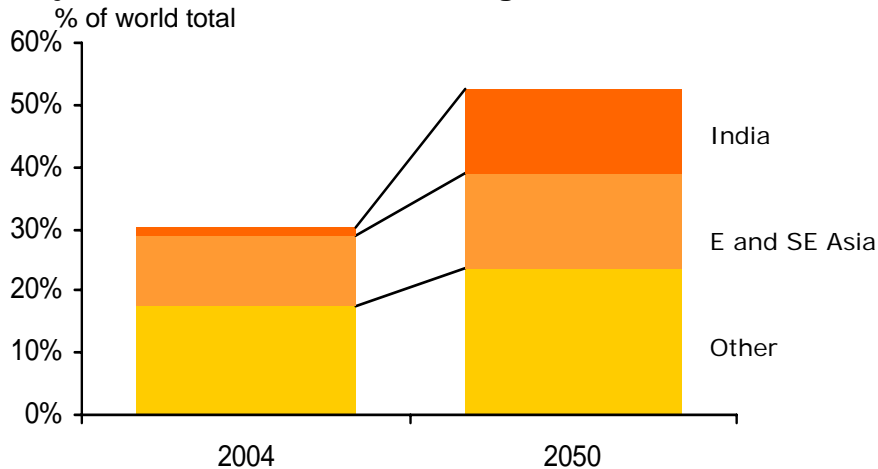


- Jobs in service industries have almost doubled as a share of total jobs in the last 60 years, while those in manufacturing have fallen by around three-quarters over the same period ¹
- There has been tremendous growth in knowledge economy jobs with the number of business analysts, financial managers and software engineer positions more than doubling in the last twenty years
- There will be greater demand for childcare with more women entering the workforce: currently more than 300,000 registered childcare places have been added since 1997
- **Changes to the economy will require a continuing emphasis on secondary and tertiary education but with government support for re-training and childcare as well**

(1) *The UK Government's Approach to Public Service Reform*, PMSU, 2006;

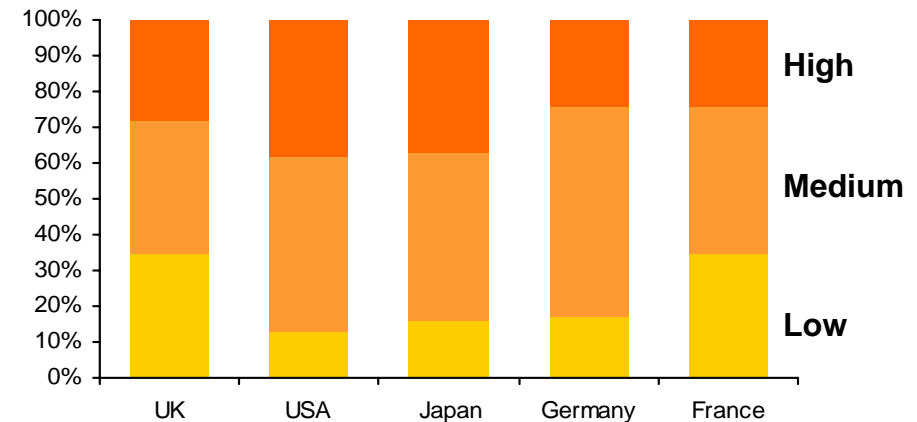
Competitiveness in a globalised economy will also require further improvements in the overall quality of skills

Projected relative GDP: China and India will join EU and US as economic giants



The UK's skills level need to improve to match levels in key comparator nations

Proportion of adults with skills



- In 2005, there were over five times as many university students in China as there were in the UK
- Despite significant improvements in numeracy and literacy, one in five pupils are not reaching expected standards in both literacy and numeracy
- The UK's stock of science, engineering and technology graduates has increased from 1.35m in 1997 to 2.1m but could be better: undergraduate intake to the physical sciences, engineering and technology has been falling,
- Globalisation may also increase income inequality as lower skilled jobs are outsourced to developing countries. The size of this impact is unclear at the moment
- **Globalisation will entail focussing on basic skills of the workforce as well as providing the right public service infrastructure to ensure businesses can prosper in the UK**

Public attitudes and expectations about public services will continue to change

Changing public expectations

- **Real incomes are much higher**, many more people own their own home and women lead lives that would be barely recognisable to their mothers and grandmothers.
- As real incomes have increased, so people's **expectations of standards of service have risen**. People are accustomed to much greater choice and control over their lives.
- And higher educational standards mean that they are **better equipped to exercise choice**, much less likely to settle for second best and less likely to accept government or 'expert' advice without question.
- Private sector has responded quickly – so no surprise that people want same service from public services

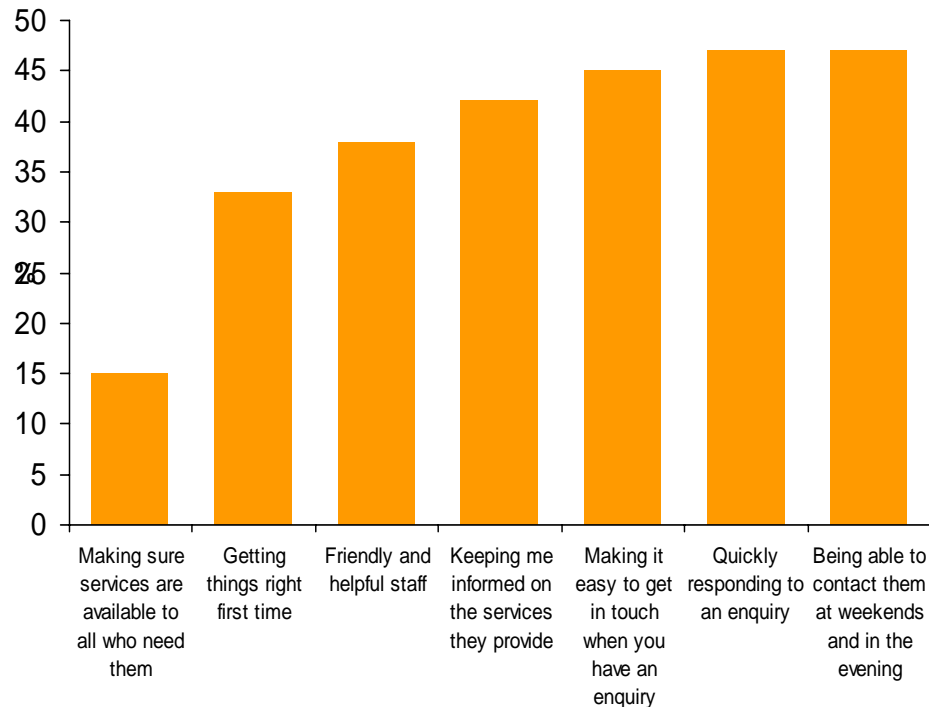
Public Attitudes to Choice in Public Services

- Recent surveys suggest the public want more choice over public services. For instance:
 - 63% of people believe that they should have “a great deal” or “quite a lot” of choice over which hospital they go to for treatment.¹
 - A MORI survey in 2004 found that a net figure of 59% of people favoured giving parents the choice over which school they send their children to.²
- Those who most rely on public services are most in favour of choice. In the British Social Attitudes Survey quoted above:
 - 69% of women favoured choice compared to 56% of men; and
 - 69% of those with no GCSE-O level qualification favoured choice compared to 56% of those with higher education.

The public will expect services that are more responsive and better able to meet their needs

Changing public attitudes

Which two or three of these, in your opinion, are the aspects of public service that are most in need of improvement?¹



Public expectations of the NHS

- Public expectations of the NHS are extremely high
- An Ipsos MORI survey shows that **one in three people believe the NHS should provide "all drugs and treatments, no matter what the cost"**²
- Ipsos MORI also asked people what they thought a reasonable wait was for:
 - A GP's appointment, if they had a bad chest infection: 65 per cent of people expect to be seen in one day or less. The Government's target is 48 hours.
 - An outpatient appointment for a non serious back problem: 45 per cent per cent of people expect to be seen in two weeks or less. The current average wait is just over 6 weeks and the Government target is that no one will wait more than 13 weeks.

Key challenges

- The UK has an ageing population and there have been huge shifts in the size and composition of households, in patterns of cohabitation, marriage and divorce
- There has been major structural change in the global economy, massive growth in service industries, increased competition from emerging global players and increase in women working
- Technological innovations have revolutionised communications and opened up new ways of delivering services, but are also driving new and rising demands on public services
- As real incomes have grown, so have expectations; people are accustomed to much greater choice and control over their lives and they expect more from public services

These changes have created new and shifting demands on public services ranging from childcare to housing and from health care to local government services

Contents

Progress and achievements since 1997

Key national and global trends and challenges

How other countries are responding

Key issues

Many countries are reforming their public services particularly in health, education, employment and criminal justice

- Many countries are reforming the way their public services are funded and delivered. This is particularly true in the areas of:
 - Health
 - Education
 - Employment
 - Criminal Justice
- These reforms have tended to involve some combination of:
 - Greater choice and competition
 - Stringent top-down performance management
 - Earned autonomy for providers
 - Increased personalisation
 - Co-payment for some services (e.g. HE)

The following slides give some examples of the sorts of reform other countries have pursued. They are not presently policies under consideration by the UK Government.

Greater choice in healthcare has had positive impacts in various countries...

Sweden has experienced gains in efficiency as a result of provider choice¹

- Stockholm has introduced choice in healthcare to a greatest extent in Sweden – patients have the freedom to choose the hospital in which they are treated
- Evidence suggests that greater competition between healthcare providers has
 - enhanced efficiency by 13%
 - improved access and standards

The Netherlands has also introduced greater choice, although it's too early to assess the impacts

- The Netherlands has this year introduced significant reforms in its healthcare system
- The main components of these reforms are:
 - Free choice of health insurer
 - Extension of competition between providers
- It is too early to evaluate the impact of these reforms as they are less than a year old

... while the experience of New Zealand and Spain suggest that a preventative approach and operational independence are also important

New Zealand health reforms emphasise keeping people well in addition to treating the sick

- In 2002 **New Zealand** introduced reforms to improve primary care through more pro-active and preventative healthcare
- Primary Health Organisations are funded based on the numbers and characteristics (e.g., age, sex, ethnicity) of the people enrolled
- Funding pays for: providing care and treatment when people are ill; helping people stay healthy; and reaching out to those groups in their community who have poor health or who are missing out on primary health care
- PHO actively try to keep people well and/or treat them early in their sickness

Spain's model of hospital independence was a model the government has chosen to implement in the UK

- In 1999 some Spanish hospitals were established as independent organisations
- They continued to provide state-funded services to patients free of charge, but they were granted greater freedoms in the ways in which they could do this
- Anecdotal evidence suggests that this greater freedom has enabled hospitals to improve the care they provide¹

Greater competition and local accountability in education in the US & Sweden have had promising results ...

School choice in Sweden seems to have raised standards¹

- In **Sweden** parents can choose state-operated or state-funded independent schools. Low barriers to entry have helped the establishment of new state-funded independent schools. Large “chains” of schools are emerging
- Mathematics grades in government-operated schools have improved fastest in areas with greater independent school entry
- Parental satisfaction is very high, with 90% of parents in favour choosing their child’s school
- Where local authorities have supported parents in choosing, the least well-off do appear to take advantage of the choice

In Florida, school competition has also had positive effects²

- **Florida’s** A+ Programme gives children in schools that persistently fail its Comprehensive Assessment Test the opportunity to choose an alternative school (through support to attend private schools)
- Grades are assigned to schools on the basis of the performance of their pupils. Choice of another school is offered to all children attending schools assigned the lowest grade in any two years during a four year period
- An evaluation found that the greater the degree of threat of exit from a school (without children necessarily leaving), the greater the improvement in performance

In Chicago, increased local control and accountability led to improvements

- **Chicago’s** schools have experienced two waves of reform, focusing on increased local control, accountability and capacity building.
- The 1988 School Reform Act established local control of schools with the election of parents, community members, and teachers to local school councils that could choose the principal and approve school improvement plans and budget
- In 1995 the state legislature authorised Chicago's mayor to appoint a school board and CEO, bringing stability and accountability to the system.
- Reforms contributed to continued improvement in the performance

... while Finland and New Zealand provide lessons in the importance of personalisation and safe-guards

Finnish school reform has promoted teacher quality, early intervention and personalisation¹

- **Finland's** schools perform very well internationally on school standards and equity, due to several factors
- There has been high investment for many years. All teachers have Master's degrees
- Early years provision is comprehensive and high-quality. Remedial classes for low achievers are funded, and learning appears genuinely personalised
- Since 1998, Finns have been able to choose their child's school. Many urban parents now exercise choice.
- Unfortunately research on the impact of the Finnish reforms is patchy

Reforms in New Zealand provide a lesson in the importance of safe-guards²

- In 1989 introduced 'Tomorrow's Schools' reform
- Removed control of schools from local education boards and gave parents choice over schools
- Due to lack of safe-guards to protect against greater inequity there were several negative consequences
 - Best teachers had incentive to move to best schools, thus increasing divide between schools
 - Research found evidence of schools 'cream-skimming' the best pupils
 - There was increased segregation of pupils by ethnic background and socio-economic group

Australia and the US have effective models for further education

Australia has used competition, choice and a simple accreditation system to improve further education

- The Vocational Education and Training (VET) system in **Australia** enrolls over 1.5 million students annually, of which 33% have learning difficulties and/or non-English speaking backgrounds
- It has been government policy to develop a competitive training market to increase the system's efficiency and effectiveness
- **User choice has been introduced for structured apprenticeship and traineeship programs.** Under this, funding flows to the training provider chosen by the employer and theoretically the employee
- Apprenticeship enrolments have increased by 28% since 2002. In 2004 the module completion rate was 79.5% compared to 71.4% in 2000
- There is a **much simpler accreditation and accountability system** in Australia, with no awarding bodies or national inspectorates in Australia, but a National Training Quality Framework Committee (NTQC) which oversees accreditation authorities who authorise providers to award vocational qualifications. The Australian education system appears less bureaucratic, with more resources targeted at delivery

Community colleges in the USA have an emphasis on self-regulation and little top-down control

- Community colleges have a history of providing educational opportunities to all, with students' ages averaging 29 years
- A key feature of the community college system is the **strong emphasis on self regulation and the lack of top down control.** There is no formal inspection process, national funding regime or national qualifications system
- Quality assurance arrangements often rely on **peer assessment and the importance of retaining the confidence and respect of universities**
- Most community colleges have transfer agreements with universities by which the university accepts the associate degree as 2 years of credit towards a four year degree, and entry route now used by 64% of university students
- The link with the high status State Universities, which sometimes include common governance arrangements, helps community colleges and their leaders enjoy a positive reputation and high level of esteem.
- These close links with universities provide **clear pathways and progression routes for learners**

Many countries are turning to co-payment to help fund higher education

USA

- Tuition fees have always existed in the US and tend to fall between £1,500-£15,000/year
- 20% expenditure on higher education is financed this way - the remainder is made up by donations (7-8%) and (70%) state and federal funding
- Subsidized loans are available, but require proof of need

JAPAN

- State universities demand tuition fees of €4,000 per year, private universities twice as much.
- Support for students is available only in the form of loans. 22% of the country's 3.9 million students borrowed money that way, totalling €4.3 billion (~€1,100/student/year)

AUSTRALIA

- The government sets a maximum amount (between AUS\$4,000-8,000), and universities set their own fees
- 35% of all students were exempted from paying the fees because of the level of income of the household

NETHERLANDS

- An undergraduate course costs €1,500 per year, a Masters €1,600.
- Students living away from home receive subsistence of €233/month
- Students can request additional funds of up to €240/month.
- The state also offers loans of up to €260/month

AUSTRIA

- Tuition fees were introduced in 2001 of €700 per annum.
- Subsistence of up to €700/month is available for students of low income families
- For those who are not entitled to subsistence, low interest rate loans are available

GERMANY

- In 2005 a marked change in policy saw Germany introduce tuition fees for the first time
- Policy varies significantly across the country, but fees tend to be ~€1,500/year
- Some Laender allow students to take up low-interest loans repayable once their salary exceeds a certain level.

The US and Denmark have shown that new approaches to governance and rehabilitation can achieve dramatic reductions in crime

Greater accountability has helped improve policing performance in New York

- Crime fell dramatically in **New York** and other US cities in the 1990s. While there are many explanations for the fall, policing is a likely contributing factor
- The police are highly accountable, politically and administratively. The Mayor of New York appoints the police chief and his political reputation is at risk. In turn there is a culture of accountability between senior management and local officers, using crime mapping and large meetings to discuss performance
- New York's police also adopted a 'zero tolerance' approach to low level crime, and benefited from a 39% increase in police numbers between 1990 and 2002

Denmark achieves much lower re-offending rates than the UK

- **Denmark** imprisons around half as many people as the UK, yet crime and reoffending rates are much lower
- Denmark follows a principle of 'normalisation'. Prisoners cook their own meals and prisoners have access to high quality education and drug treatment
- Yet those accused of serious crimes such as paedophilia face indeterminate sentences and hormone injections

Evidence suggests that contestability in the delivery of employment services may be beneficial

Australia has introduced contestability in the delivery of its employment services to great effect¹

- In 1998 Australia established a contestable market for employment services
- A network of private and voluntary sector organisations provide job placement and case management services on 2-3 year revolving contracts
- Payment to service providers are based on the number of successful placements, with premiums for placement of disadvantaged jobseekers
- Independent evaluation of these reforms found that:
 - The cost of these Job Network programmes has been significantly lower than previous programmes
 - Job seekers' and employers' satisfaction levels are higher than under the old scheme
- **However** other approaches also work: New Zealand has one of the most highly centralised employment programmes and the lowest unemployment in the world.

Contents

Progress and achievements since 1997

Key national and global trends and challenges

How other countries are responding

Key issues

In the light of these trends and challenges, which key areas of reform to public services should we explore?

Further work could seek to answer four key questions facing public services:

- How can rights and responsibilities be balanced more effectively?
- How can public services be better tailored and personalised to individual needs – particularly for disadvantaged groups?
- How can greater innovation, diversity and responsiveness in public service provision be facilitated?
- How should public services be further adapted to exploit the opportunities and challenges posed by global economic and other changes?