



A NEW PUBLIC SERVICE ETHOS

Next Generation Public Service Reform

Liam Booth-Smith and Dominic Leigh

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Localis would also like to thank and acknowledge the support of Grant Thornton in helping to produce this report.

Localis survey of public sector workers

The survey of public sector workers referred to in this report was conducted by Localis from 22nd August to 2nd September 2016. The survey received a total of 1,415 responses from senior managers and executives working in the public sector, covering the entire United Kingdom. The public sector workers surveyed were primarily from local government (60 percent of respondents) and the NHS (22 percent of respondents), with the remaining 18 percent working in higher education, further education, the police service and fire service.

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Introduction: A Modern Public Service Ethos?

“A gap seems today to be opening up between the traditional theory of public service and reality on the ground. In the mixed economy of public service, it is possible for private and voluntary sector bodies and people to uphold the public service ethos, although the profit motive may put it under strain. The traditional approach to the public service ethos sees it as a long-established set of values and rules, most unwritten, that sets out the standards that public servants should uphold.”

From the House of Commons Public Accounts Committee report The Public Service Ethos (2002)¹

“Lots of people, employees in both the public and the private sector, provide services that are useful or even essential to the public... those who work in the public sector should claim no special moral right to be spared the consequences of austerity. The public service ideal conveys a subtle hint of voluntarism, encouraging a sense of grievance that workers’ efforts are not properly appreciated or supported — a grievance writ large, for example, among the teachers’ unions...a weekend spent in the (virtual) company of public sector workers who feel the world misunderstands and undervalues them has left me close to recommending this mission statement for the public sector: ‘A job, not a vocation.’”

Matthew Parris, Columnist and former MP (2015)²

The first notions of what we would recognise as a modern ‘public service ethos’ came about largely due to the formation of the civil service. Early public administrators were appointed by purchase or patronage, but the modern civil service that replaced this system following the Northcote-Trevelyan Report of 1854 had an appointment system based on merit. By the 1920s this ‘new’ civil service had an established ethical framework and created the basis for what we would now recognise as being the public service ethos.³ The new system placed a significant emphasis on impartiality, political neutrality and pursuit of the public interest, with new civil servants expected to adhere to four core values: integrity, honesty, objectivity and impartiality.

1 <http://www.publications.parliament.uk/pa/cm200102/cmselect/cmpubadm/263/263.pdf>, p. 5

2 <http://www.spectator.co.uk/2015/11/heres-whats-wrong-with-the-public-sector-ethos/>

3 Sylvia Horton, University of Southampton, The Public Service Ethos in the British Civil Service: An Historical Institutional Analysis, 2006

Fast forward nearly a century and the public sector has grown in size and responsibility, employing millions and spending billions. Yet still, the notion of a public service ethos has been carried forward and codified in Nolan's Seven Principles of Public Life (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership).⁴ What began as the preserve of a relatively small number of people, has become a *cri de coeur* of an entire industry. This research report explores what is happening to the public service ethos and asks, if it still exists, what meaning does it have?

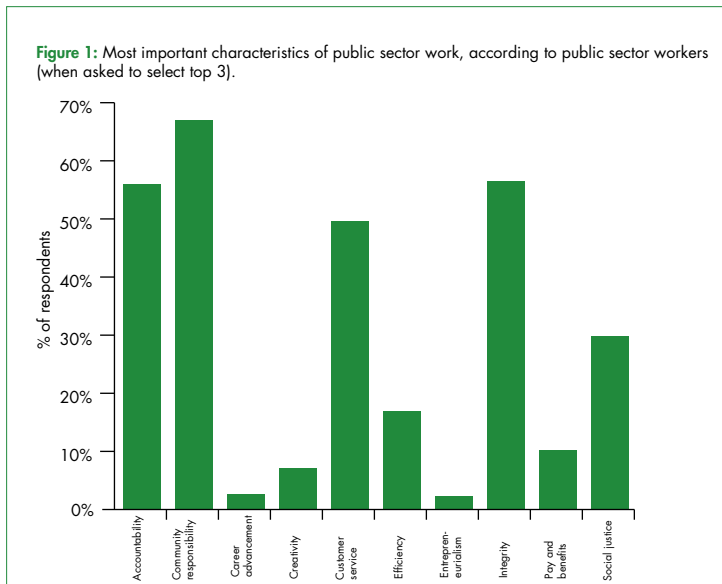
⁴ <https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life-2>

Chapter 1: Reputation, Reputation, Reputation

1.1 Defining the 'public service ethos'

We can say with confidence that there remains a commonly understood idea of what constitutes the 'public service ethos'. In a survey of 1,415 senior public sector executives and senior managers, covering the whole of the UK and across multiple parts of the public sector, there are consistent messages on the key characteristics of public sector work.

Accountability, community responsibility, customer service and integrity were the most consistently identified characteristics associated with public sector work.⁵ These hold a close similarity to those core values identified nearly a century ago.

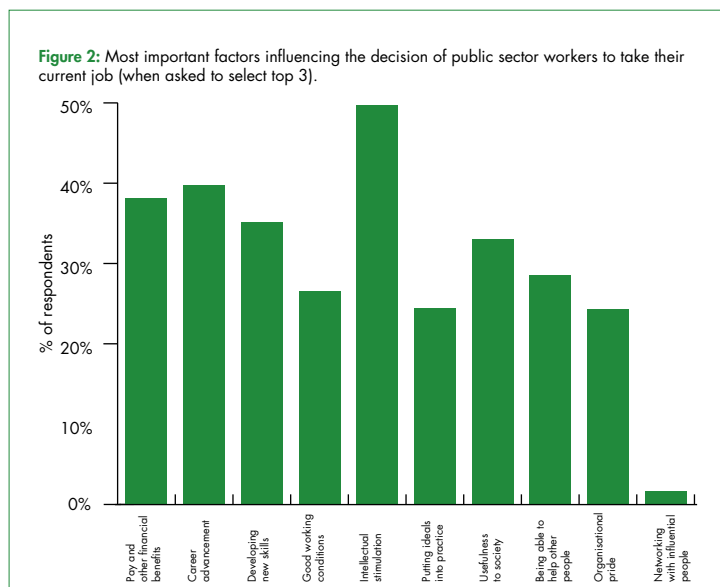


What both the values of the 1920s and the characteristics which we identify in our survey have in common is they are essentially reputational, all require external validation to be useful. The benefits offered by the idea of a public service ethos, as encapsulated by

⁵ We applied a measure of approximately 50 percent or more for inclusion into the bracket of 'most consistently identified'.

personal motivation, are derived from the respect, value and appreciation others have of what you are doing, and in some cases, why you are doing it.

Matthew Paris notes, in the quote in the introduction, that the ideal of a public service ethos “conveys a subtle hint of volunteerism”. Whilst modern public sector workers aren’t ‘volunteers’, some of the earliest versions of what we would recognise as public services and welfare were voluntary. Our politicians, before 1911, were notionally volunteers until David Lloyd George introduced pay for MPs.⁶ If the public service ethos betrays a sense of volunteerism or sacrifice, it’s because those are its roots. Given the significant changes experienced by public services since the 1920s the question is whether it can lay claim to the same reputational cache of those roots just by dint of being *public sector*.



The evidence would suggest it cannot. Because of the changes made to public services in recent decades – increased private and third sector involvement, professionalisation, exponential growth in numbers and funding – it has been in the words of Pollitt either “taken

⁶ Committee on Standards in Public Life (2011) ‘Written evidence from Dr Paul Seaward: A summary of members’ pay and expenses 1911-71’ [<http://www.publications.parliament.uk/pa/cm201012/cmselect/cmmemex/writev/1484/1484.pdf#page=28>]<http://www.publications.parliament.uk/pa/cm201012/cmselect/cmmemex/1484/1484we18.htm>]

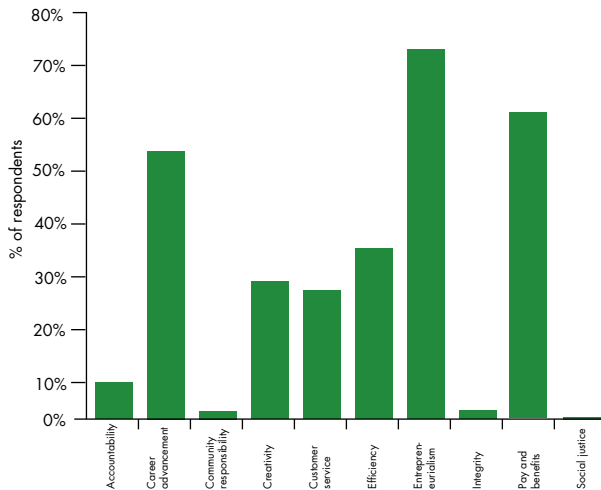
for granted, ignored or treated with disdain”,⁷ or used as a barrier behind which services can fend off change.

The evidence gathered for this report clearly shows the public service ethos still matters, the commonality across often competing public sector agencies is testament to this. However, it needs to reinvent itself to reflect modern pressures and needs. The thread that holds the public service ethos together, however, remains the same, *reputation*. As the state continues to look for more from its citizens, and conversely citizens look to the state for leadership, the reputation of public services and the public sector could not be more important.

1.2 There is such a thing as the public service ethos; it’s just not the same as the public sector

The delineation between public, private and third sector motivation is becoming blurred. When surveyed, senior public sector executives and managers cited “career advancement” and “pay” as two of the top three reasons for their most recent career move (the third, and top choice, was that the job be “intellectually stimulating”). Whilst good pay and career opportunities should be a feature of public sector work, these characteristics were cited as being the top motivating factors in *private sector work* by the public sector workers we surveyed.

Figure 3: The characteristics most associated with private sector work, according to public sector workers (when asked to select top 3).

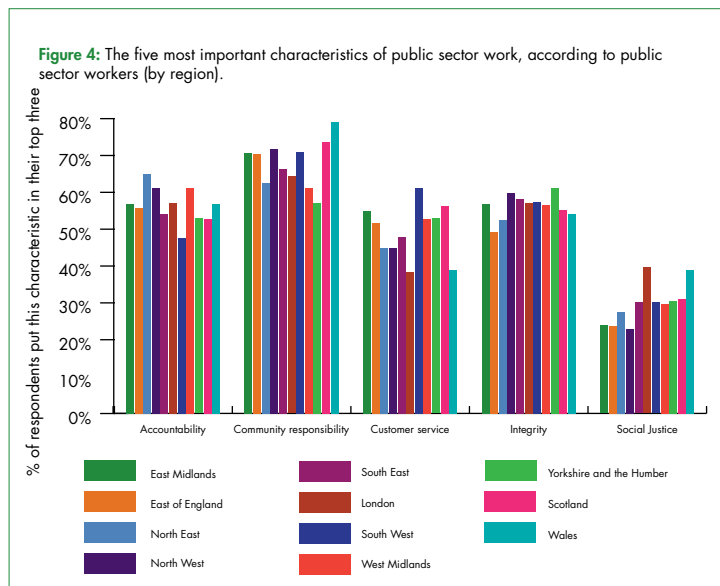


⁷ Pollitt, C. (1993) *Managerialism and the Public Services* Oxford: Oxford University Press

So, whilst an individual may feel drawn to public sector work because of an intrinsic belief in the value of it, they still want the benefits associated with private sector employment. Moreover, the public sector is viewed by some as a “nicer employer”, offering better working conditions and greater job security, albeit less than it once was.⁸ This reflects the findings of soon-to-be published research from an academic we interviewed. At the same time, younger people are increasingly going into the private sector not necessarily for financial reasons but because they believe this is where they are best placed to change society.⁹ This tension between public and private is one we will explore in depth in chapter two.

1.3 The public service ethos means different things to different people

Although there is a general consensus amongst public sector workers about what constitutes the public service ethos, there are significant variations between different regions (Figure 4) and age groups (Figure 5) over the extent to which these values are important to public sector work.

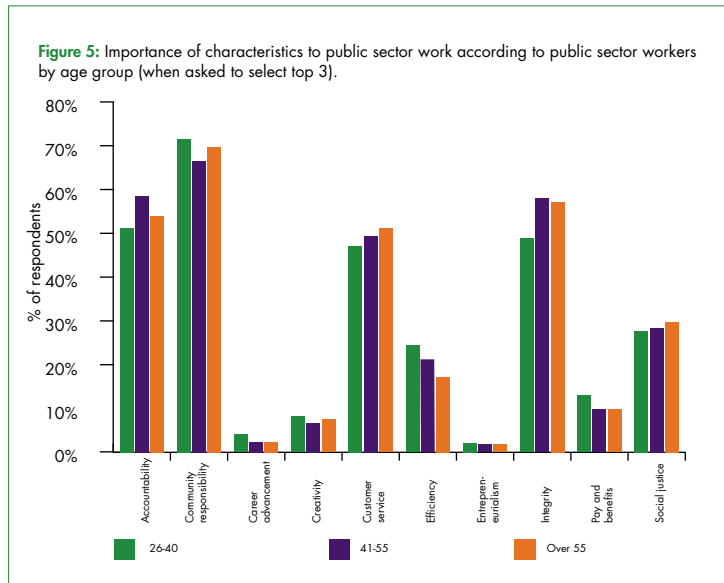


⁸ Interviews with representatives from the public, private and third sectors.

⁹ Interview with academic expert on the motivation of workers

For example, four in five respondents from Wales felt community responsibility was very important to public sector work, whereas only 57 percent in Yorkshire and the Humber shared this view. Similarly two thirds of public sector workers in the North East said accountability was crucial for the public sector, compared to less than half in the South West. Three in five in the South West thought customer service was vital; in comparison to two in five in London and Wales. Our research suggests that there is a strong local dynamic to notions of public service ethos.

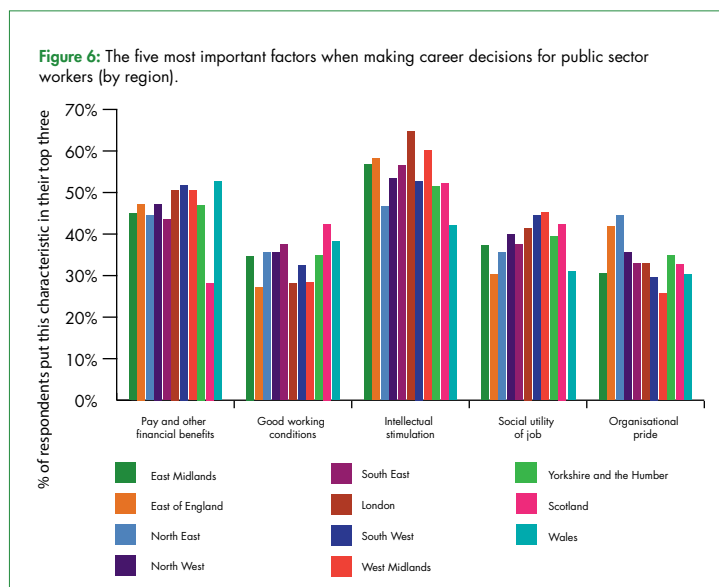
There were also key differences between younger and older public sector workers. On each of the key public service ethos values; accountability, customer service, integrity and social justice, younger workers (respondents aged 26 – 40) ranked as the lowest average grouping compared to older peers, but were the highest group when it came to career advancement, pay and benefits, creativity and efficiency. This could be significant as it suggests attachment to traditional values of the public service ethos could be weakening, with an enhanced focus placed on qualities associated with the private sector.



These differences are replicated when it comes to what motivates people when making career decisions. For example, around a quarter more of the public sector workforce in London value having

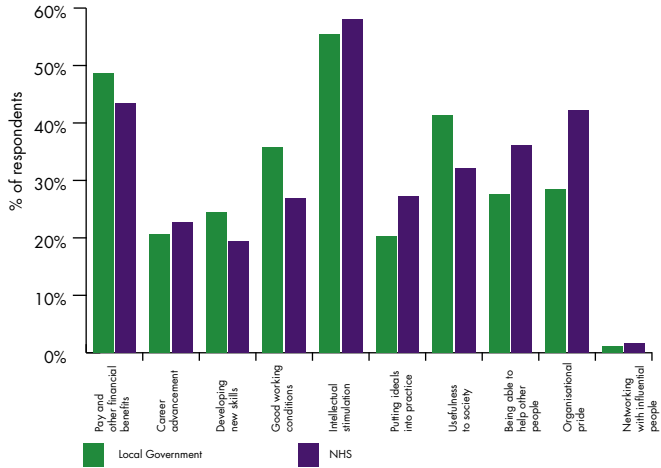
an intellectually stimulating job than in Wales. A similar gap exists between public sector workers in Wales and Scotland over the importance of pay and financial benefits. Similarly, a desire for good working conditions was important for more than two in five public sector workers in Scotland, but just over a quarter in the East of England, London and the South West.

There is also a significant degree of variation across regions when it comes to motivations linked to the public service ethos. For example, organisational pride is key for almost half of public sector workers in the North East of England compared to a quarter in the West Midlands. As an interviewee with experience at a senior level in the public and private sectors told us, the public service ethos is to a significant extent about the individual rather than the organisation. Similarly, having a job that is useful to society is important to almost a half of public sector workers in the South West and the West Midlands, but less than a third in the East of England and Wales.



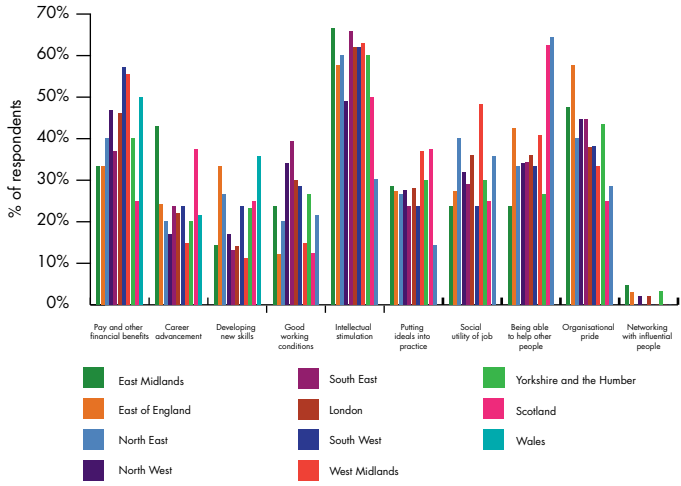
Motivations of public sector workers vary to a much greater extent on the basis of the region rather than the sector they work in. Indeed, the differences between the motivations of local government and NHS staff when making career decisions are relatively small (Figure 7).

Figure 7: Most important factors when making career decisions for public sector workers in local government and the NHS (when asked to select their top 3).



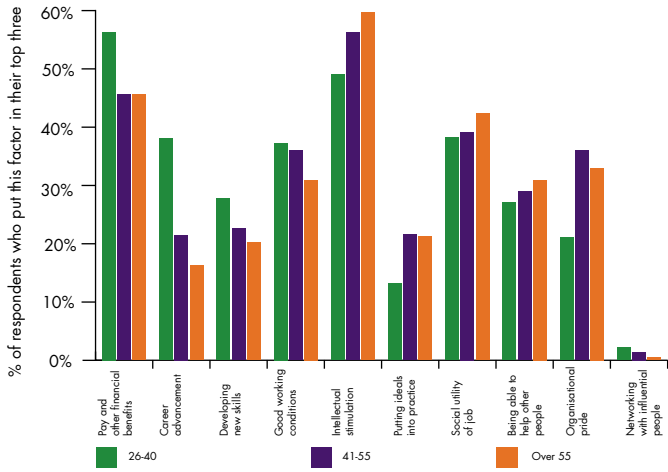
The importance of regional differences is further demonstrated when you look at the motivations of NHS staff by region (Figure 8). There are large variations across almost all the factors we tested for. For example, whereas around a quarter of NHS staff in the Scotland are motivated by pay and financial benefits (and a third in the East Midlands and East of England), nearly three in five in the South West and West Midlands emphasised the importance of pay when it comes to making career decisions. On the other hand, having a job that would allow them to help other people was vital was almost two thirds of NHS staff in Wales and Scotland, compared to a quarter in the East Midlands.

Figure 8: Importance of factors when making career decisions for NHS staff by region (when asked to select their top 3).



The variation in motivations of public sector workers on the basis of region is replicated when it comes to age (Figure 9), albeit to a lesser extent. Younger public sector workers (26-40 year olds) attach greater importance to financial benefits, career advancement, developing new skills and working conditions than their older peers. However, they are also less motivated by having a job that allows them to put their ideals into practice, be useful to society and work for an organisation they are proud of. This reinforces the notion that a generational shift is weakening the attachment of public sector workers to the public service ethos and potentially its reputational value for the public sector, even if it is still very much alive in the present.

Figure 9: Most important factors for public sector workers when making career decisions (by age group).



Chapter 2 – Public private collaboration

“The substitution of “sector” for “service” is indicative of the conviction held by recent governments that the values traditionally associated with public sector employment can also be upheld by those delivering a public service, but are employed by private organisations. The new ‘public service ethos’ therefore becomes an amalgam of principles associated with both the public and the private sector.”

Maria Koumenta, 2009¹⁰

External outsourcing of public services now accounts for £88 billion of public spending.¹¹ Private sector organisations, to name but a few services, maintain roads, manage prisons, care for our elderly, collect our bins and build our schools and hospitals. It is safe to say that one of the most important aspects of future public service reform

¹⁰ http://cep.lse.ac.uk/conference_papers/14_12_2009/Koumenta.pdf, p.2
¹¹ <https://www.ft.com/content/c9330150-0364-11e4-9195-00144feab7de>

will be the relationship between the public and private sectors.

Over the next decade, as public finances remain tight, our population ages and demand for public services increases, we're likely to see the level of outsourcing increase. The future skills needed to reform public services, from specific technical knowledge of digital through to commercial business management, are not commonly found in public sector organisations.¹² As many who work in public services are focused on front line delivery, there is little time for them to develop such skills. Thus both capacity and capability gaps will inevitably be filled by the private sector.

Private sector organisations have been involved in the delivery of public services on a significant scale in the way most of those involved in the world of public service delivery would recognise since the 1980s.¹³ Since it has steadily grown since that time one might expect any lingering cultural tensions between public and private to have worked themselves out. Has the public service ethos survived its contact with the private sector? And what does this mean for the future of public service reform?

2.1 There has been a perceived corrosion of the public service ethos

Effective collaboration is based on trust.¹⁴ However, our research suggests there is a perceived cultural misalignment between public and private sector organisations, which has created a concerning level of suspicion of the private sector within the public sector. Similarly, interviews for this report suggested that this suspicion cuts both ways, with private sector workers suspicious of the public sector. (For reference, when we refer to public and private we mean exclusively with regards to collaboration over public services, and not more generally, unless otherwise stated.)

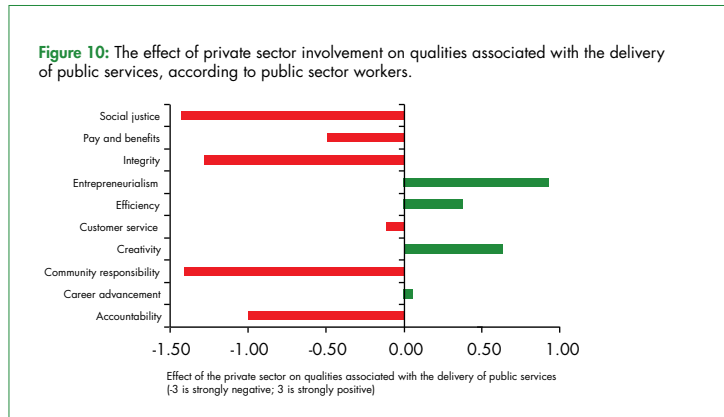
Our research shows public sector workers believe private sector involvement has affected the quality of public services and the core values that make up the public service ethos. Negative impacts are scored on major elements of the public services ethos; social justice, accountability, integrity and community responsibility have all declined as a result of private sector involvement according to 1,415 public service managers and executives we surveyed (Figure 10).

12 <http://www.publicfinance.co.uk/news/2015/07/public-sector-lacks-digital-skills-poll-finds>; <https://www.nao.org.uk/wp-content/uploads/2009/11/0809962.pdf>, p.2

13 https://www.theguardian.com/society/microsite/outsourcing_/story/0,,933818,00.html

14 http://www.cass.city.ac.uk/_data/assets/pdf_file/0011/187931/Trust-the-glue-in-effective-collaborations.pdf

In short, public sector workers believe private sector involvement in public services has corroded the public service ethos.



2.2 This phenomena is not uniform

This phenomena is not uniform, however. Efforts to increase private sector involvement in the NHS under recent Labour¹⁵ and Coalition¹⁶ governments has met firm resistance by the British Medical Association. (At the time of writing approximately 8 percent of total spending on the NHS is with third party organisations.¹⁷) When combined with repeated demonstrations by NHS staff, and unions, against the supposed privatisation of the NHS, one might expect significant resistance from NHS managers and executives to the private sector.

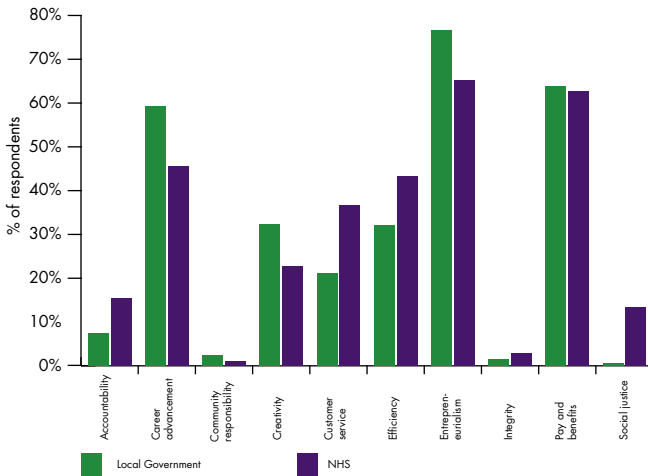
However, when asked to identify the characteristics they most closely associate with private sector work, NHS staff gave a higher grading to accountability, customer service, integrity and social justice (the Public Service Ethos values) than respondents who worked in local government (Figure 11).

¹⁵ <http://www.telegraph.co.uk/news/uknews/1465701/BMA-attacksLabours-wasteful-NHS-reforms.html>

¹⁶ <http://www.telegraph.co.uk/news/health/news/8914484/Doctors-leaders-declared-all-out-opposition-to-NHS-shake-up.html>

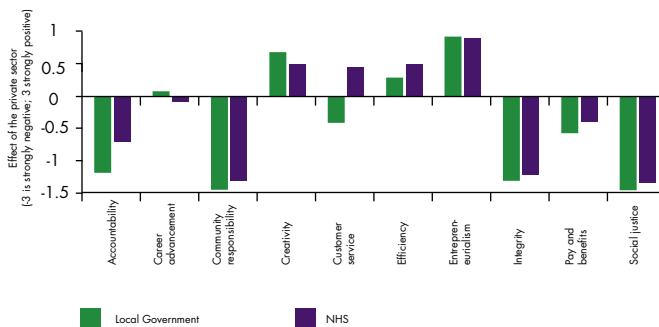
¹⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539602/DH_Annual_Report_Web.pdf, p.40

Figure 11: The characteristics most closely associated with private sector work, according to local government and NHS staff (when asked to select their top 3).



Most surprisingly, when asked to rate the impact of the private sector on public services, the NHS diverges strongly with local government on the private sector’s impact on customer services. Contrary to local government, and perhaps public opinion, the NHS thinks the private sector has improved customer services in the NHS (Figure 12.)

Figure 12: The effect of the private sector on qualities associated with public service delivery, according to local government and NHS staff.



2.3 Some regions are more receptive to the private sector than others

In both local government and NHS workers there is a significant amount of regional variation in perceptions of the private sector.



Whilst there is a trend across both NHS and local government, the regional splits can sometimes be severe (Figure 13). For example, the difference between the South East (-0.06) and East Midlands (0.57) on the idea of career advancement being affected by private sector involvement. Or between Yorkshire and the Humber (0.19) and the East Midlands (0.66) on efficiency. The perception of private sector involvement on the public service ethos is as divergent by region, as it is on notions of what makes up the public service ethos itself, or in fact what drives people towards public service jobs in the first place (as covered in Chapter 1).

Table 1: Average effect of the private sector on the qualities associated with public services we tested for according to public sector workers (by region)

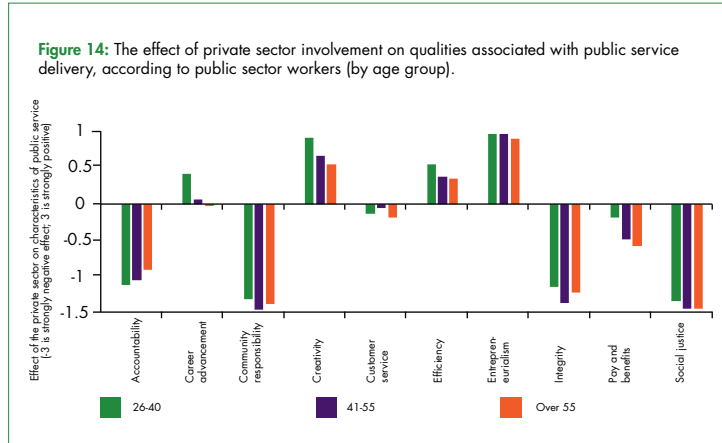
Region	Average effect of the private sector on the qualities associated with public services we tested for
North East	- 0.14
East Midlands	- 0.23
London	- 0.35
West Midlands	- 0.35
Scotland	- 0.36
East of England	- 0.37
North West	- 0.37
South West	- 0.4
Yorkshire & Humber	- 0.42
Wales	- 0.47
South East	- 0.48

-3 is a strong negative effect; 3 is a strongly positive effect
 Qualities we tested for: accountability, career advancement, community responsibility, creativity, customer service, efficiency, entrepreneurialism, integrity, pay and benefits, and social justice.

Taking all the qualities we tested for, including those associated with the public service ethos, the private sector was seen to have a negative impact on public services (Table 1). However, there were significant regional variations, with Wales and the South East of England expressing a clear negative impact, compared to a much smaller adverse effect in the North East and East Midlands.

2.4 Generational shift: younger generations less hostile to private sector involvement

Figure 14: The effect of private sector involvement on qualities associated with public service delivery, according to public sector workers (by age group).



Whilst younger workers, who are less far ahead in their careers, might rightly be expected to place an added emphasis on career advancement it is still worthy of note that unlike older workers, closer to retirement, they feel that private sector involvement has helped to improve that aspect of the public sector (Figure 14). Similarly, they are far less negative about the impact it has had on pay and benefits.

Younger workers also feel the private sector has had a smaller negative effect on key aspects of the public service ethos, such as community responsibility, integrity and social justice than their fellow public sector workers. And more broadly, younger public sector workers have a less negative view of the effect of the private sector on the range of qualities we tested for than their older peers (Table 2).

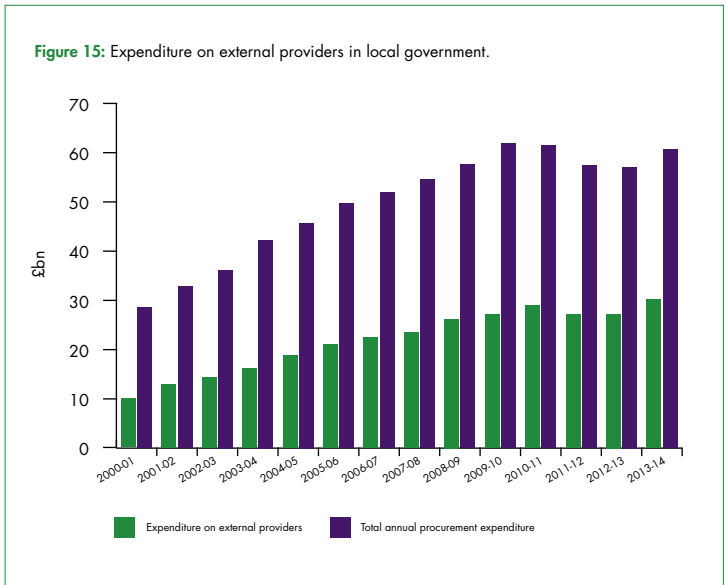
Table 2: Average effect of the private sector on the qualities associated with public services we tested for according to public sector workers (by age group)

Age Group	Average effect of the private sector on the qualities associated with public services we tested for
26 - 40	- 0.24
41 - 55	- 0.38
Over 55	- 0.39

-3 is a strong negative effect; 3 is a strongly positive effect
Qualities we tested for: accountability, career advancement, community responsibility, creativity, customer service, efficiency, entrepreneurialism, integrity, pay and benefits, and social justice.

2.5 Has the public noticed a decline in the quality of public services?

Despite these variations on the basis of sector, region and age, the general view across the public sector is that the private sector has corroded the public service ethos (Figure 10). If this perception were true, one would expect the public would have noticed, particularly given the public service ethos is based on reputation (as demonstrated in Chapter 1). However, as we explore below there is evidence this has not happened and in fact the public feel the quality of public services has remained broadly static at the same time as private sector involvement has increased. (It is worth noting that sustained positive public sentiment towards local services could be as a result of enhanced efforts on behalf of public service organisations to dampen any perceived negative impact of greater private sector involvement.)

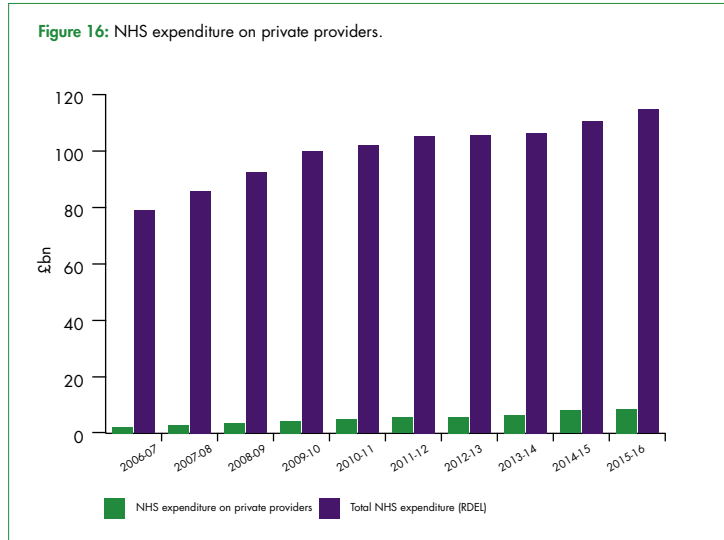


How much has private sector involvement in public services increased? Outsourcing doubled from £45 billion to £88 billion under the coalition government.¹⁸ In local government, outsourcing to third parties rose from £27.2 million (44 percent of total procurement spending) in 2009/10 to £30.2 million (49 percent) in 2013-14 (Figure 15). Beyond outsourcing, councils' collaboration

¹⁸ <https://www.ft.com/content/c93301500364-11e4-9195-00144feab7de>

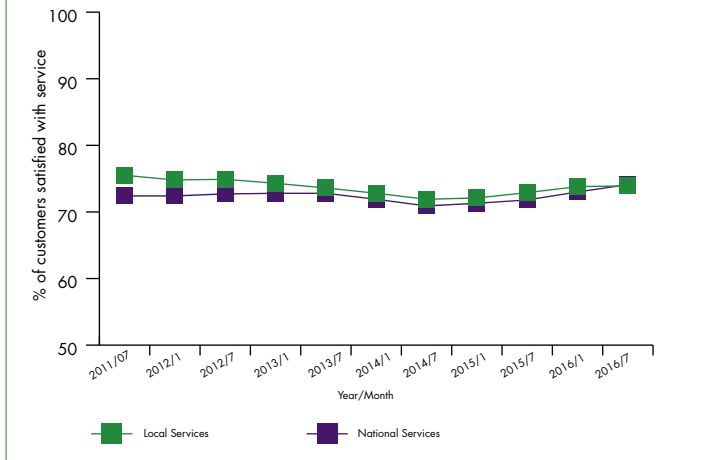
with the private sector is much broader, from appointing external auditors, lawyers, advisors and consultants, to facilitating inward investment and supporting local business growth, to working with banks and other private sector bodies in relation to investments and pensions. Similarly in the NHS, expenditure on private providers increased from 4.4 percent of total NHS spending in 2009-10 to 7.6 percent in 2015-16 (Figure 16).

Sources:
 Department of Health
 Annual Reports
 and Accounts for
 2010-11, 2011-12,
 2012-13, 2013-
 14, 2014-15,
 2015-16; House of
 Commons Library
 (2012) NHS funding
 and expenditure;
<http://www.bbc.co.uk/news/health-30397329>.
 2006-07 to 2012-
 13 figures for NHS
 expenditure on
 private providers
 are calculated
 using BBC yearly
 percentages of NHS
 budget spent on
 private providers
 and total NHS
 expenditure for that
 particular year.
 Actual figures are not
 publicly available.



What is striking is according to the Institute of Customer Service’s UK Customer Service Index public satisfaction remained remarkably stable during the Coalition Government despite increasing levels of outsourcing (Figure 17). Indeed, satisfaction with national public services increased by 2 percent between 2011 and 2016 and declined by 1.6 percent for local public services.

Figure 17: Public Satisfaction in Local and National Public Services.



Source:
UK Customer
Satisfaction Index
2011-2016
<https://www.instituteofcustomer-service.com/research-insight/uk-customer-satisfaction-index>

A similar effect is found for net satisfaction with the NHS, which was in negative figures before Labour came to power in 1997. Since then, a number of reforms to the service have taken place, some of which have involved an increased role for the private sector or concepts/approaches traditionally associated with the private sector. Over this time period, net satisfaction has increased markedly to as high as +50 percent in 2014.¹⁹

Private sector involvement is not the only factor that would have an effect on public services or the public's perception of the quality of those services, the amount of funding available is also likely to have a significant effect to give just one example. Therefore it is difficult to pinpoint what has caused the increase in public satisfaction with the NHS, for example. Moreover, perceptions of the quality of public services are not necessarily the same as perceptions of the public service ethos. You could believe services have got worse yet still feel those delivering the service are trying their best in spite of policy decisions by politicians. Nevertheless, if private sector involvement was having the corrosive effect on the accountability, community responsibility, customer service and integrity of public services public sector workers believe it has, then one would expect there to be a noticeable decline on public perceptions of service quality.

The fact that there has not been a decline in public satisfaction

19 http://www.bsa.natcen.ac.uk/media/39062/bsa33_nhs.pdf, p.4

suggests the public, unlike public sector workers, feel increased private sector involvement in public services has not diminished the quality or reputation of the services they receive, and in some cases have led to an improvement.

If the reputation and quality of public services has been maintained or improved at the same time as private sector involvement has increased, this suggests something more complicated than a simple decline in the PSE values is occurring.

Chapter 3: What is the future for the Public Service Ethos?

The findings of the report indicate there is still value in a public service ethos, but our understanding of it needs to change to reflect a new generation of workers, differences in public service organisations and the emerging role of place. Younger workers have a weaker attachment to the traditional elements of the public service ethos with pay and career advancement being seen as increasingly important. The public sector will need to meet these aspirations or risk being unable to attract the right people under strong competition from a private sector that is growing more in tune with the need to deliver social value as a point of competitive advantage. Simultaneously, public service organisations must take account of the need to curate a distinctly 'local' public service ethos, which is more connected to place, in light of regional differences over what qualities of public services are most important this report has uncovered. **Local leaders in the public, third and private sectors will need to work together to ensure public services deliver on the qualities that matter most to people in their area and achieve maximum social value.**

Public sector organisations can learn from the best practice of private sector firms to express these public service ethos values more effectively, both internally and externally. Despite the feeling within the public sector that the private sector involvement has been detrimental to the public service ethos, the public has not noticed a decline in the quality of public services. This is in part because the private sector has been relatively successful at assimilating public service values, partly to gain a commercial advantage when bidding for public sector contracts,²⁰ but also due to a genuine commitment within many companies to create additional social value. As one

²⁰ According to interviews with senior representatives from the public and private sector.

interviewee pointed out “many firms now hire the majority of their staff from the public sector, and public service values are individual as well as organisational”.²¹

The public sector’s approach to the public service ethos should be less focused on ‘defending’ it and more about communicating what it means in practice, in particular to the public. Arguably some private sector organisations have become far better than the public sector at expressing social justice values in a way that is communicable at a population level and done so in a way which has a profound impact on the experiences of their staff; the London living wage is a powerful example or fair trade purchasing. The power of these examples is that they are expressions of an action or policy, which in turn has a clear message about an organisation’s values. A criticism raised during the interviews was that public sector values are often vague and generalised. **The public sector should learn from the experiences of the private sector, where appropriate, in how to translate the public service ethos into a set of communicable policies and actions.**

Our survey results indicate a clear sense within the public sector that the private sector has corroded the public service ethos despite its efforts to demonstrate a commitment to social value. There is variation in how the impact of private sector involvement is perceived however, as some sectors (e.g. the NHS), regions and the young generation of public sector workers hold a more favourable view of the effect of its involvement on public services than others. This possibly presents opportunities for the expansion of private sector involvement in some parts of the public sector, even though contractors will need to expend more energy in persuading other areas of their record of and commitment to social value. **However, private sector organisations should take seriously the messages from this report on their perceived impact on the sense of public service ethos public sector workers feel. Private sector organisations will need to consider what more can be done to help build bridges between the cultures of public and private – and learn from best practice in the public and private sectors – if there is to be continued effective public private collaboration.**

A natural tension must exist between the public sector and organisations it contracts with in the private and third sectors in order to ensure the quality of public services is maintained or enhanced.²² The public sector will naturally seek to work with

²¹ Interview with senior private sector Non-Executive Director

²² Interviews with public sector, private sector, third sector and academic representatives.

organisations with the right “strategic fit”,²³ draw up contracts that clearly set out what they want to see achieved²⁴ and maintain an open and constructive dialogue with contractors (rather than “smack people over the head with a contract” as a senior local government officer told us) that recognises the tension between the need to make cost savings and observe the values of the public service ethos. The public sector must take responsibility for upholding the principles of public service ethos and not blame the private sector when it deteriorates as a result of a failure of the public sector to pay a decent price to contractors to deliver a service. If a purely transactional relationship develops between the public sector and contractors the public service ethos will “fall over”, according to a senior private sector executive.²⁵ Therefore close cooperation will be crucial to navigate the challenges facing public services, such as tight public finances and increasing demand, while upholding the principles of the public service ethos and keeping the public on board. **Both the private and public sectors need to work together more effectively and focus on what matters to the public.**

Not all public service organisations are the same. Whilst our survey focused on the split between NHS and local government workers, there is enough evidence in this report to suggest that seeing the public service ethos as some blanket ‘catch all’ term to describe the motivations of public sector workers would be incorrect. Public sector organisations should consider how they can better reflect the values of their workers and the local and generational divides that are emerging. **Particularly, as highlighted in this report, amongst local government and NHS workers.**

Chapter 4: Conclusion – Points of Tension

In addressing a topic as complex and emotive as the public service ethos, we understood that from the beginning it would be impossible to offer a definitive view of what it should do, be or even mean. Rather we wished to explore the tensions which reside within it. What we found has exposed some important questions, not just for the public sector and public service market, but for the next

²³ Interview with senior local government officer.

²⁴ This may require “more muscle” within the public sector through hiring more people with expertise in contracting, according to an academic we interviewed.

²⁵ Interview.

generation of public service reform.

The idea of a public service ethos is integral to all public services, but our research shows that it is not a singular set of defined values. Significant regional variation has emerged, so too has a split between different public sector organisations. Whilst we exclusively focused on the NHS and local government, the divides highlighted there suggest that a similar dynamic would play between other agencies. The role of place in shaping values and motivation consistently came through in the research for this report and suggests that the direction of travel government is taking with regards to devolution and greater local discretion is entirely correct.

Rather than make recommendations we have decided to highlight four points of tension. It is our hope that these will become a focus on discussion and further research. We at Localis will take forward our Neolocalist agenda by reflecting these tensions as we continue to shape what the next generation of public service reform looks like.

1. We need to raise the importance of 'efficiency' as a public service value

Sustainable public services will rely in part on the public sector's ability to make them more efficient. However, our research shows 'efficiency' is not considered a key feature of the public service ethos, with only 16.9 percent of our survey respondents citing it as an important characteristic of public sector work. A focus on continuous improvement and enhanced productivity will inevitably bring this issue to greater prominence across public sector organisations.

2. There needs to be more shared learning across public sector divides on the benefits and drawbacks of public private collaboration

The disparity between local government and the NHS on the impact of the private sector on customer service is noteworthy. Many of those we consulted on the draft of this report expressed surprise at this divide and the perceived positive impact NHS managers and executives felt private sector involvement had had on its customer service, compared with local government who felt it had had a negative impact.

3. The NHS may be 'national' but it isn't uniform

Our research has uncovered some significant regional differences

in the motivating factors behind NHS workers career decisions. Pay and financial benefits are crucial for three in five NHS staff in the South West and West Midlands, but only a third in the East Midlands and East of England – and a quarter in Scotland, where health is already a devolved competence. Increasingly the NHS is going to have to reflect the disparities that ‘place’ creates. This doesn’t mean losing the ‘national’ bit of the NHS, but it does mean that the health service will need to take better account of unique ‘local’ needs.

4. Social Justice has become a point of competitive advantage

A central message of this report is the perceived corrosion of the public service ethos by private sector involvement is too simplistic, rather we have argued that this sense of corrosion or ‘loss’ is a result of private sector organisations being relatively successful at assimilating social justice values. How we contract for social justice in the future therefore will be of importance. The last thirty years of public private collaboration represent something of a ‘silent victory’, as the public service market has increasingly become culturally aligned. There is however a danger that this is ignored, by not trying to explore how to express and capture it better. This is also an issue that transcends the public service market. New generations of workers are seeing organisations outside of the state as being equal, if not better, creators of social value. Social justice as a point of competitive advantage could affect the talent pool of service providers and staff alike.

