

delivering **change**

making choices

**how can choice improve
local public services?**

[Executive Summary and Introduction]

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executive summary

Introduction

Enhancing choice for service users is part of a wider debate about how we modernise public services. It is also one of the key principles of public service reform announced by the Prime Minister in 2001. In particular, user choice relates to ways of ensuring that services evolve in line with public choices and that they become more responsive to the needs and desires of individuals. The current debate around choice is useful in that it highlights the key benefits and problems that arise from enhancing user choice. However, it suffers from two flaws. It is highly polarised, being dominated by adherents to and detractors from the very notion of choice itself. It is also too narrow, focusing largely on one type of choice: individual user choice of provider. By contrast, this study will show that the potential benefits or problems of choice are influenced by the conditions under which choice is enhanced rather than resulting from its inherent nature. The study will also show that the reality of choice is far broader than simply individual choice of provider.

What is choice?

There is considerable confusion over what enhanced choice actually is. The different participants in the debate – academia, think tanks, central government, local government, the wider public – all work with differing definitions of choice of varying validity. This study defines enhanced choice more precisely as ‘delegated decision-making’ whereby choices once made by professionals are made instead by service users.

The debate on choice

A detailed account of the debate on choice is needed to allow identification of the key benefits and key problems associated with enhanced user choice. Much of the rest of the study is taken-up with considering ways in which choice can be enhanced so as to maximise benefits and minimise problems.

The debate on choice focuses on four claims:

- that equity in the delivery of services will be either enhanced or diminished by wider user choice;
- that service standards – quality, efficiency, service evolution, user satisfaction – will be improved or damaged by enhanced choice;
- that producers’ conditions – job security, working conditions, pay and skills – will be maintained, improved or worsened by the enhancement of choice;
- that the democratic process and the sense of citizenship itself will be enhanced or diminished by the widening of user choice.

The reality of choice

The three main initiatives which are used as sources of evidence for the considerations in this study are outlined: direct payments for community care, choice-based lettings, and housing stock transfer. Details are also given of the enhancement of choice in education and healthcare. Some more minor schemes are also surveyed briefly, including: Business Improvement Districts; more user choice over interaction with councils; parks trusts; marriage ceremonies and registration.

The initial survey presented in this chapter makes it clear that choice is about far more than simply individual choice of provider. In particular, it is immediately obvious that some schemes employ collectives of users to make choices, while choice is also often exercised over *how* a service is delivered rather than *who* delivers it.

Is choice always needed?

Choice should not be regarded as a good-in-itself to be applied universally across all local authority services. Choice enhancement works best when it meets three criteria:

- it resolves a problem with service delivery;
- the problem can be perceived by users through their direct, day-to-day experience of the service;
- the operation of user choice is integral, rather than incidental, to the resolution of that problem.

Only when these criteria are met, can users be sure that the extra costs they incur when making choices are worthwhile.

These imperatives may be avoided to a certain extent by offering ‘optional choice’ where users only need to make a choice if they want to. However, ‘optional choice’ raises other problems in relation to equity and financial risk for providers.

Who chooses?

Despite the focus on individual user choice in the current debate, collective choice by groups of users is also worthy of consideration for a number of reasons.

- There are some services, particularly those dealing with the public space or those requiring considerable strategic co-ordination, where individual choice is not possible.
- Collective choice can address some of the concerns about equity by encouraging pooling of resources between users and equalisation through democratic procedures; it can also allow local democratic representatives more influence over user choices than might exist with individual choice.

Beyond these considerations it is also important to be clear when asking “Who chooses?” that some user groups may be easier to offer choice to than others. For the sake of equity it may be better to take a gradualist approach which aims to expand take-up amongst a growing number of user groups only as capacity and experience grow.

What is chosen?

Choice need not be enhanced solely by offering choice of provider. Schemes also operate, which primarily offer choice over how a service is delivered, referred to here as ‘service form’. When choice is thought of in this way it opens up a plethora of opportunities for the enhancement of choice by encouraging providers to offer a range of diverse or even extra services.

However, offering choice over service form may incur extra cost, especially transition costs, and will almost certainly require expansion of capacity at least in terms of staff skills and administrative structures.

Who provides?

Four alternative ways of providing services to meet enhanced choice are outlined:

- **Public sector alternatives:** where users are able to choose who provides their service, or aspects of a service, by deciding between alternative providers within the public sector.
- **Alternative providers:** where users are offered the chance to choose the provider of their service (or aspects of it) from a range that includes private, voluntary and public sectors.
- **Choice-based contracting:** where users can choose between alternative providers – and/or the different services they offer – which are contracted directly to the local authority.

A case can be made that the fourth model, although least used, offers greater contestability and wider choice through increased capacity than models one and two. However, it may also have advantages over the third model by offering greater possibility for monitoring of the impact of choice by elected representatives and for greater control over the equity, service standards and producer conditions affected by enhanced choice. The choice-based contracting approach may also encourage more private and voluntary sector partners into service provision by limiting risk and offering greater economies of scale when compared to the ‘alternative providers’ model. Whether these benefits genuinely exist can only be confirmed through further research and pilot schemes.

How is choice exercised?

Eight ways of exercising choice are outlined. It can be argued that under certain conditions, the voucher approach to exercising choice, which dominates the current debate, offers an empowering and direct way for users to exercise choice and escape problems they may have with their service provision. However, ‘alternative vouchers’ should be employed which attempt to equalise resources between different users and assess priority for delivery of a service to users on the basis of need.

How is choice supported and assessed?

Offering choice to users is resource intensive, requiring funds and capacity to be developed and dedicated to the support of users and the assessment of the choices they make. In particular, efforts have to be made by the key agencies to ensure effective: first contact between the scheme and users; processes of assessment and reassessment; mechanisms for the

- **Single public organisation monopoly:** where a single public sector body acts as provider and changes its working practices to meet enhanced choice;

expression of choice; facilitation of choice through provision of information and advice; monitoring and evaluation of choice schemes.

The high demands made by these processes mean that enhancing choice is unlikely to reduce transaction costs and will almost certainly incur raised costs initially during transition from a direct provision system. However, the demands of this process means that enhanced user choice is unlikely to lead to job losses or deskilling. In addition, the evidence from direct payment and choice-based lettings is that these processes offer considerable opportunities for local authorities to ensure that enhanced choice need not diminish equity or service standards.

Key questions for strategic managers

This chapter suggests nine key questions for local authority and public service managers who may be considering implementing a choice scheme. Brief answers and references to relevant parts of the report are provided.

Conclusion

A summary of the argument which is most central to the considerations of this report is presented. This is that the enhancement of choice has the potential to have both a positive and a negative impact on equity, service standards, the working conditions of public service workers, and the integrity of local democracy. Whether enhanced choice does have a positive or negative outcome in these areas relies heavily on the conditions under which, and the ways in which, choice is enhanced. Given that the range of these conditions and of these ways of enhancing choice is so varied, there can be no sense that a 'one-size-fits-all' model of choice exists. Indeed, enhancing choice should be far more about flexibility and open-mindedness in response to the particularities of each service and scheme than about implementing choice in a way that is synonymous with the model that currently dominates debate – offering individual users a choice of alternative providers.

The implications of this argument are then briefly drawn-out in a series of messages for: local authority chief executives and senior councillors; private and voluntary sector partners; and central government. The series of suggestions for how and where choice could be expanded within local services made throughout the report are collated and summarised.

1 introduction

Marriage is not what it used to be. Ten years ago couples wanting a civil ceremony had to marry in a Registry Office in a district where one half of the couple lived. If you were lucky enough to be marrying someone who lived in a different registration district, you had the wide choice of precisely two council provided venues to host the most important day of your life.

This limited choice was widened by the Marriage Act 1994, which allowed a range of buildings to apply for a licence to hold wedding ceremonies. The restriction on districts was also lifted. Couples suddenly had much more choice ranging from stately homes to shopping centres. Even the London Eye applied for a licence following repeated requests from couples (*The Guardian*, 21 December 1999).

Since the 2002 Civil Registration White Paper (HMSO, 2002), the Government has proposed further, radical changes. The notion of a licence for premises will be replaced by a licence granting individuals permission to conduct ceremonies. This, in theory, opens the possibility that a wedding could now happen anywhere.

What, in large part, lies behind these changes is the simple demand from couples to have greater choice over where they get married. Indeed, the choice that existed before 1994 would now strike many people as akin to the decrees of an authoritarian state.

However, what seems like a simple shift in bureaucratic thinking to meet user demands for choice hides a much deeper transformation in how something as simple as a wedding ceremony is administered. Moving the ceremony outside the Registry Office has significant implications for planning, costs, the skills of registrars and their staff and, of course, the statutes which tightly govern marriage. It is notable, that the current ambitious plans are only to be phased-in gradually from 2006 due to the legal and administrative shifts required to ensure that the new system works efficiently.

Thus the enhancement of choice for users of local services – the majority of which are much more complex and politically sensitive than the registration of marriages – is far from straightforward. This study aims to disentangle the complexity around choice in services and to explain how it might be most usefully applied to key services provided by local authorities.

In doing so, the study develops a clear line of argument. The current debate around choice – at the political, academic and local authority level – is useful in that it highlights the key benefits and problems that might arise from an enhancement of user choice. Yet, it is a debate suffering from two serious flaws. Firstly, it is highly polarised, with those in favour of choice downplaying the problems and those opposed prophesying nothing but the collapse of public service as we know it. Secondly, it is a debate that has become very narrow, focusing almost entirely on one type of choice – the individual's right to choose between alternative providers of a service.

This study has found that the reality of choice is far more subtle and far broader than this debate allows. In particular, a detailed look at the way choice is being enhanced for users clearly indicates that there is much more to choice than lone individuals or families deciding between alternative providers. The research has also found that choice works better in some places and some forms than others – in other words, there is nothing absolutely good nor absolutely bad about choice. The positive or negative impact of choice is far more about the conditions under which it is expanded rather than something inherent to the nature of choice itself. Importantly, some of these conditions – although not all – can be controlled by policy and decision makers.

This argument unfolds in the next eleven chapters. Chapters 2 and 3 provide a clearer view by defining the concept of choice more precisely and then dissecting the debate in detail by highlighting the apparent benefits and pitfalls of choice. Chapter 4 investigates the reality of enhanced user choice by exploring the facts of three key initiatives – direct payments, housing stock transfer and choice-based lettings – as well as some other smaller and less established projects. The contrast between the assumptions of the debate and the reality are briefly drawn out. The remaining chapters explain the conditions under which choice must be enhanced to accentuate the benefits and ameliorate the problems identified in Chapter 2. These benefits and problems relate, in particular, to issues of equity, service standards, professional working conditions, and the integrity of the local democratic process.

The evidence for these arguments is based on 46 interviews with individuals working on choice schemes at national and local level.¹ Most were interviewed as part of a case-study approach

¹ For purposes of brevity and ease of reading, references to interview evidence in the text provide no more than three names of relevant interviewees as examples from where data has been obtained. Similarly, evidence relating to discussions occurring within our series of expert seminars is indicated as such

which explored some of the most innovative and comprehensive local authority attempts to enhance user choice. In addition, four expert seminars were held to discuss the developing findings, drawing specialists from academia, government, think tanks and local authorities into detailed debate. Finally, responses on a draft version of this report have been elicited from a wide range of experts and practitioners. Needless to say this work was underpinned by an extensive review of the literature on choice. Further detail on the methodology can be found in the appendix.

It should be stated at this point that the project did not carry out primary research into the enhancement of choice in health and education. This was for two reasons. Firstly, the brief for this project and indeed for NLGN, is to study local government – healthcare clearly falls outside the immediate remit of local government. Secondly, a great deal of research has already been done on choice in health and education reflecting the priorities of a series of government initiatives since the early 1990s. In our attempt to broaden the debate and to add value, we have focused on the other local services which are often ignored by researchers and policy-makers. Nevertheless, the study does draw important lessons from the experience of choice in health and education as reported in the extensive literature.

There has never been a better time to think hard about choice. The notion is now everywhere, with the three main political parties vying with one another to convince voters that they are the true party of user choice. It often seems to have become a public service panacea conferring greater equity, quality and efficiency with magical ease. But if your deepest wish is to choose to tie the knot with your loved one a few fathoms under the sea, you will know better than most that choice is not that straightforward.

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Leading politicians of all hues have taken to evangelising on choice in a way that has not been seen since the 1980s. It would be easy to think that choice is a public good, demanded by citizens and users – and that enhancing choice in public services is a pain-free, cost-free way of sharpening up the delivery of publicly funded services. At the same time, there are those who decry choice at every opportunity, believing it to be a bedfellow of – or even the same thing as – privatisation.

Making Choices is a ground-breaking report, focused on local government services, that makes it clear that the issue of choice is far more complex. The authors have taken a long, hard look at both the theory and the reality of choice, through extensive desk research, seminar work and case study investigation. At a theoretical level, they propose a definition of choice that is based on real world practice, and offers a clear way through much of the muddled rhetoric. At a practical level, they conclude that, contrary to what much of the debate tells us, enhancing choice can lead to real improvements, but that it is not easy and, in the short term at least, always costs.

To help policy-makers and front-line managers find a way through the choice minefield, *Making Choices* outlines the conditions that need to be in place for enhancing choice to be appropriate, and the key challenges that need addressing to ensure it is a fair and effective system. Central to this are debates around resource capacity and equity.

The report is the fourth in NLGN's 'Delivering Change' series, which aims to help senior officers and elected members learn from practical evidence of change to respond positively to the local government modernisation agenda.

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