



# Towards a future for public employment

Association for Public Service Excellence

Centre for Local Economic Strategies

Institute of Local Government Studies

July 2007



## About the organisations



### Association for Public Service Excellence (APSE)

APSE (Association for Public Service Excellence) is a not for profit local government body working with over 300 councils throughout the UK. Promoting excellence in public services, APSE is the foremost specialist in local authority front line services, hosting a network for front line service providers in areas such as waste and refuse collection, parks and environmental services, leisure, school meals, cleaning, housing and building maintenance.



### Centre for Local Economic Strategies (CLES)

Established in 1986, the Centre for Local Economic Strategies is an independent think-doing organisation and network of subscribing organisations involved in regeneration activities, local economic development and local governance. CLES combines policy development, an information and briefing service, events and a consultancy arm. CLES is unique; our network of subscribing organisations, consultancy clients and our grounded experience of policy means we are well placed to represent practitioners and develop ideas and policy that work on the ground.



### Institute of Local Government Studies (INLOGOV)

The Institute of Local Government Studies of the University of Birmingham is committed to enhancing democratic governance of local communities. It seeks to encourage and support working across organisational boundaries within the public sector and between it and the voluntary and private sectors. The department is a major centre for research and for postgraduate programmes, both taught and research based. It also runs a small number of undergraduate programmes. INLOGOV is a leading provider of many continuing professional and management development programmes for governance practitioners from both the UK and overseas and has numerous research collaborative links with other universities and national education and training centres globally.

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# Preface

This is the first report in a research programme designed to examine key contemporary issues in the delivery of public services.

We have been motivated to embark upon this programme of research by a sense of frustration. This frustration is born from the shared belief that policy-makers and government are neglecting to acknowledge and explore in any detail the wider purpose and benefits of public employment. The nature of public employment is largely taken for granted in the UK when it is, in fact, of vital importance from both an economic and a social perspective.

We believe that public employment has core values and benefits that are overlooked to the detriment of effective service delivery and modernisation. It is our contention that public employment, and more specifically direct public employment, provides a unique and strategic means of ensuring that the wider public sector can respond to citizens' need in a flexible way; provide appropriate capacity to deliver local services and empower local communities; and allow for effective co-ordination and alignment of resources across the public services.

This report seeks to explore this wider purpose and reiterate the value of public employment in the contemporary policy context. In particular, it discusses the value of public employment in providing effective leverage over local economies; in shaping places; in managing costs and transactions; in sustaining democratic networks and accountability and; in realising the potential of the local workforce.

Each of the research partners brings a unique perspective and set of skills to this project. APSE, as the UK's leading specialist in local authority front-line services, is conscious of the need to examine not only the effective delivery of the services themselves, but the wider impact of public employment in the provision of those services. CLES, as the only UK specialist research and membership organisation focused on economic development and regeneration, is driven by a desire to develop policy ideas which ensure the maximum contribution of local services to wider social and economic outcomes. INLOGOV believes it is of vital importance to straddle good academic understanding and practical relevance in the field of service delivery and democratic governance.

Collectively, from this service delivery, policy and research perspective, we want to renew and refresh the debate about the value of public employment. This is not because we necessarily view public employment as a virtuous objective in its own right or because we seek to justify certain employment practices in the public sector. This work is born out of a wish to acknowledge and explore the value of public employment because it fulfils a more important strategic purpose for public bodies than is currently recognised. We seek to redefine the role and purpose of public employment in this context and provide a stimulus to progressive policy debate. This report is the first contribution to that debate, which sets out our case. We are undertaking two pieces of primary research, which seek to quantify the benefits of public employment, firstly in economic and secondly in strategic policy-making- terms.

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## Executive summary

APSE has put together a research programme in partnership with CLES and INLOGOV to critically examine some of the important themes emerging in relation to the future role of local government and the wider public sector. The purpose of this report is to consider some of the current issues about the nature and purpose of direct public employment and to begin the process of setting this within a modern public service context. Essentially, we wish to look at how to achieve greater public value in the delivery of public services and the contribution direct public employment can make to that.

### The challenge to public employment

Public employment has fulfilled both an economic and social purpose in this country over many decades. But many of the traditional benefits have come under close scrutiny as a result of the fragmentation of the public sector as a whole and a prevailing public policy orthodoxy that has, in recent years, eschewed any value that is inherent in direct public employment itself.

The challenge to the traditional purpose of public employment and public administration has come from two schools of thought; New Public Management (NPM) and Public Value Management (PVM).

NPM has advocated greater marketisation and consumerisation of public services together with a drive for greater efficiency and improved performance through the adoption of a range of private sector management techniques. More recently, the advocates of PVM have argued that the purpose of public interventions and service provision is to create wider 'public value' reflecting the collective preferences of citizens as opposed to the individual preferences of consumers. PVM pursues a commitment to public service ethos but does not see this as solely the domain of the public sector – private sector organisations can promote a public sector ethos as well.

The public sector has, by and large, embraced much of this reforming agenda including the drive for greater efficiency and improved performance. Public services have responded well to this drive. But there is still a need to articulate a future for direct public employment that moves beyond the traditional benefits of protecting the public interest and promoting social justice and the traditional criticisms of being producer dominated and centrally controlled. This is why we are putting forward a new argument for the recognition of the value of public employment within the context of public service modernisation.

There is, in our view, both a tradition and enduring contemporary value to public employment that is inadequately represented in current policy discourse and current considerations of what public employment actually means. We do not seek to argue for a return to some mythical golden age of monolithic public provision and welfarism. Instead, we wish to confidently assert the value of direct public employment, encourage those involved in it to set a high benchmark and challenge other sectors and providers to meet this mark.



## **The benefit and value of public employment**

The report sets out a range of benefits, which direct public employment can bring in the contemporary context. Some of these benefits, but not all, are exclusive to public sector employers. But there are cumulative benefits attached to public employment at a strategic level to achieve wider public value in:

- providing effective leverage over local economies;
- in shaping the places where we live and work;
- in managing costs and transactions;
- in sustaining democratic networks and accountability and;
- in realising the potential of the local workforce

There is a need to retain core capacity in this area if these wider tangible benefits are to be fully realised.

## **Towards a future for public employment**

The value of public employment can only be measured in terms of its contribution to achieving wider public value and in responding to the rapidly changing technical, economic and social environment in which the public sector now operates.

The report sets out a hypothesis about the value of public employment, which will be explored through two further pieces of detailed primary research looking at the value of public employment in economic and social terms. These pieces of research will measure the impact of public employment on local economies particularly in relation to neighbourhoods and patterns of governance and accountability. This further research will provide a better understanding of how local authorities in particular, can contribute effectively as place-shapers and use all resources (direct, indirect and induced) to secure the economic, social and environmental well being of a locality.

The report further sets out some issues for consideration in the form of recommendations to elected members, strategic managers and policy makers, procurement and commissioning officers, local communities and external regulators.



# Introduction

## The value of public employment

Public employment is a term applied predominantly to those individually and collectively employed by the public sector. This ranges from those at the highest level of the civil service, to local authority officers, to staff working for the National Health Service, to those working in education and the police service. These are the individuals, organisations and bodies that develop, coordinate and deliver the majority of our public services and do so with pride and increasingly to improved standards and enhanced efficiencies.

We are, however, at a crossroads. Our understanding of public employment and how it might contribute to the effective delivery of public services is increasingly being called into question. In recent years, services have been 'contracted out' to large international and national private sector firms and also to voluntary and community sector organisations. The association between public sector service delivery and public funding of such services has been weakened, with emerging claims that services should remain funded by the public sector but not necessarily delivered by the public sector. There is a danger that many of the traditional values and benefits that public sector delivery and public sector employment hold are being "lost" in the current policy developments surrounding the transfer and commissioning of public services.

In this attempt to redefine public services as something that is paid for but not necessarily delivered by the state, the Government has sought to neutralise the debate about employment through providing statutory protection to employees who are transferred from the public sector to the private and third sectors. However, to date, an articulation of any wider purpose to public employment other than in terms of consumer choice has not been heard and there is little evidence that having a range of alternative providers brings greater choice in practice to citizens and service users. Any concept of a "public service ethos" and how direct public employment might serve a wider purpose in meeting "public value" in economic or social terms has been drowned out.

This report seeks to explore that wider purpose and reiterate the value of public employment, in terms of its benefits to local economies, communities and service delivery. It aims to contribute to renewed debate and challenge the prevailing orthodoxy over the value of public employment by unpacking dominant policy theory and associated contemporary trends within the public sector.

Our assertion is that the debate about public employment is often narrow and clouded and that within the context of public service delivery, public employment has core values and benefits that are often overlooked to the detriment of effective service delivery and modernisation more generally. As such, we confront a number of common misconceptions about the nature of public employment.

The report thus endeavours to do two main things. Firstly, it *explores* current understandings about the role of public employment and management in delivering public services. Secondly it *examines* how public employment can contribute positively to achieving 'public value' and co-ordinate the delivery of public services to build sustainable communities, ensure excellent value for money and empower local communities. We start by outlining the policy background to public employment.





# The challenge to public employment

Much of current thinking on public sector management continues to be framed by the underlying principles of New Public Management (NPM), although these principles are increasingly challenged by the emergence of Public Value Management (PVM). This emerging paradigm, which encourages public deliberation over how and whether public services produce “public value”, has been interpreted in some quarters as a “corrective” to the recent consumerisation and marketisation of public services, which has accompanied the move towards new public management.<sup>1</sup> Here we discuss how such thinking questions established claims made in support of public employment. We first briefly consider the traditional benefits of public employment before going on to argue that current thinking both in the shape of new public management and public value management supports a shift towards a public service orientation, which undervalues the potential contribution of public employment to the delivery of public services. We conclude with a call for a questioning of this creeping orthodoxy.

## (a) Traditional benefits of public employment

Pioneering work by the Webb’s at the turn of the 19th century<sup>2</sup> on public employment and direct employment, and subsequent work by local authorities who critiqued the work of contractors<sup>3</sup>, served to influence the creation of the welfare state. In this, the debate surrounding public employment went to the very heart of the values surrounding the local and central state. We believe that it continues to do so.

This early philosophy surrounding the benefits of direct public sector employment centred around two arguments - that of the protection of the public interest and that of the advancement of social justice. Firstly, direct employment was historically considered to be in the public interest because where the suppliers of services were only contractors, there was judged to be both a considerable rise in price, and a decrease in the standards achieved.

Secondly, in support of the drive towards social justice, public sector employees were adjudged to be more likely to receive fair and appropriate wages for the trade concerned. More importantly, public sector provision was seen to prevent the commodification of a number of services that have, at their core, social objectives, for example education and health care. In these cases direct public sector provision was considered essential because of inherent social objectives, particularly the demand for equality and continuity of provision, and the inability or lack of interest of the market in meeting these objectives.<sup>4</sup>

However, in recent years, it is these very twin pillars of public employment that have been progressively contested as a result not least of the shift from public administration to new public management.

## (b) New Public Management and Public Value

The many changes that have taken place within the public sector over the last twenty years have come to be known as New Public Management or NPM. A four part classification of NPM was developed by Ferlie et al<sup>5</sup> to include: the efficiency drive; down-sizing and decentralisation; ‘in search of excellence’; and public service orientation. It questioned the distinctiveness of the organisational practices and ethos of the public sector, calling for the marketisation or consumerisation of public services and an end to producer-led services (see Box 1)<sup>6</sup>. Current advocates of NPM believe that the past

1. Horner, L., Lehi, R. and Blaug, R. (2006) *Deliberative democracy and the role of public managers*, London: The Work Foundation.

2. Sidney and Beatrice Webb, more information can be found at: <http://www.lse.ac.uk/resources/LSEHistory/webbs.htm>

3. Haward, H., *The London County Council from within*, London, Chapman & Hall (1932)

4. Watson, S and Ward, M (1992) *The impact on local economies of directly delivered council services*, Manchester: CERN

5. Ferlie, E. et al. (1996) *The New Public*

*Management in Action*, Oxford: Oxford University Press

6. Hood, C. (1991) ‘A Public Management for All Seasons?’, *Public Administration*, Vol.69, No.1, pp3-19.

distinctiveness of public employment in terms of high levels of job security or even “jobs for life” has disappeared over the past two decades, specifically because reform of the public sector has seen some functions moved into the private sphere .

As many services have come under pressure to become more efficient and effective (particularly as a result of the 2004 Gershon Review) while maintaining the volume and quality of services supplied to the public, we have indeed witnessed the introduction of various ‘private sector’ management techniques namely, a shift from process driven approaches to managing for performance. This has resulted in the adoption of a range of new approaches to management, budgeting, personnel and institutional structures in pursuit of improved performance. The focus on performance has also motivated changes to public sector employment such as the introduction of performance-related pay.<sup>7</sup> It is worth noting in particular that many local authorities and their front-line services have implemented modern management practices and these are effectively embedded in their organisational culture. The achievement of challenging Gershon efficiency targets and Comprehensive Performance Assessment improvements bears witness to such developments.

### Box 1. The common critique of public employment

#### The Public sector diminishes the effectiveness of the private sector

Public services are alleged to be parasitic upon the wealth created by the private sector, and to impose too heavy a burden on it. The ‘crowding out’ proposition argued that the growth of public expenditure in the post-war period absorbed investment, which would otherwise have gone into ‘productive’ use in the private sector.

#### The Public sector is isolated from market disciplines and is overly controlled from a central level

The relative imperviousness of the public sector to the disciplines of the market, it is claimed, interferes with the effective operation of price mechanisms and competition in the marketplace. It places undesirable constraints on the workings of the whole economy, over wages particularly but more generally by protecting large sections of the workforce from the full implications of their behaviour. The

so-called “subsidy culture” in the public sector ‘featherbeds’ inefficient activity and inhibits enterprise. On the one hand, public services tend towards inefficiency and poor quality because they are controlled by public monopolies. On the other hand, they also create dependency among a stratum of people passively reliant on public provision. Importantly, the public sector also allows political involvement into the delivery of public services with Ministers and Departments driving activity from a central level.

#### The Public Sector is producer orientated

Public services have been operated more in the interests of their producers than their consumers. The customers/consumers of public services should have greater choice and voice in the provision of services, including choice between a range of providers. Public choice theory has been critical of vested, often professional, interests within the public sector, and even of representative democracy itself, on the grounds that these have stood in the way of accountability to, and choice for, consumers of public services.<sup>8</sup>

However, alongside such developments, both the strategic case for the public sector as an employer, and the managerial practices associated with public employment, have come under sustained challenge. The public sector is increasingly seen as a provider who must make its own business case and compete against other private, community or voluntary sector providers to deliver services. Indeed, despite its interpretation as a ‘corrective’ to new public management, even the contemporary thinking around public services and the production of public value<sup>9</sup> does not view public sector providers as exercising a monopoly over a public service ethos that is committed to public accountability, universal access, responsible employment practices and community well-being. Instead, it views practices within the public domain as quite distinct from those that govern the private or commercial sector, but suggests that private organisations as well as voluntary and community organisations can adopt or share the values and ways of working inherent in an ethos of public service.

7. Brignall S. & Modell S. (2000) An institutional perspective on performance measurement and management in the ‘new’ public sector, Oxford: Academic Press, Management Accounting Research, Volume 11, Number 3, September 2000, pp. 281-306(26)

8. Geddes and Wahlberg (1996) The value of public employment for the Association of Direct Labour Organisations, ADLO

9. Moore, M. (1995) Creating Public Value, Cambridge MA: Harvard University Press; Kelly, G.,

Mulgan, G. & Muers, S. (2002) Creating Public Value. An Analytical Framework for Public Service Reform, London: Strategy Unit, the Cabinet Office; Stoker, G. (2006) ‘Public Value Management: A New Narrative for Networked Governance?’, American Review of Public Administration, Vol. 36, No. 1, pp. 41-57.

In the production of public value, public policy makers, it is argued, should not therefore overly concern themselves with whether services are produced or delivered in the public, private or voluntary and community sectors. They should focus upon the quality of services produced and whether services respond to the demands of their service users. Such judgments are to emerge through a dialogue between politicians, public officials and wider stakeholders about the social and economic benefits of public services. Within this context, the key challenges for the public manager becomes those of network management or the building and maintenance of networks of provision. On the one hand, public managers will seek to build service delivery coalitions of public, private and non-profit organisations. On the other hand, they will facilitate the process of collective deliberation and reflection upon public value creation and the particular value attached to public service outcomes across localities.

Such public value management emphasises trust, accountability and the collective preferences of citizens as opposed to the individual preferences of consumers and the marketisation of public services.<sup>10</sup> It does not divorce politics from the delivery of public services, but views it as a key mechanism for social coordination; a mechanism, which ‘breathes life into the whole process’.<sup>11</sup>

However, this recognition of the importance of political and collective dialogue over the nature of public service delivery sits alongside continued support for a shift from a public sector ethos to a public service orientation. Competition and contestability of public service provision have thus become a “modern orthodoxy”; an accepted wisdom for policy makers and service providers alike in which competition allegedly fuels greater efficiency, higher quality of service, a clearer focus on customers and better value for money.

NPM has largely sought to provide academic weight and intellectual substance to the drive towards efficiency and downsizing as successive governments progressively move functions from the public sector and into the private sector. Similarly, albeit more subtly, “public value” has again attempted to provide weight and deflect debates surrounding the corrosive effects of the market on public services.

While this view may constitute the prevailing orthodoxy, in this report we are seeking to challenge some of the key assumptions inherent in this thinking and show how public employment contributes positively to achieving “public value”.

### **(c) Questioning creeping orthodoxies**

The public sector, as we have suggested above, has shown itself to be receptive to the need for efficiency gains, improved service delivery and greater overall responsiveness to service users. We have seen the development of new approaches including the development of call centres, on-line services, and one-stop shops (NHS Direct being the obvious example), e-government targets for using information technology and the internet for government-citizen, government-business and cross-government interactions. All of this has been embraced, but nevertheless has been a challenge for those working in the public sector.

This has important implications in terms of public employment. For instance, in providing outreach services, it may be cheaper for local authorities to deal with issues via video link or telephone interview rather than by a direct visit, or, similarly, employers’ bodies may have to redraw conditions of service for groups such as teachers who are already delivering distance learning over the web. The personalisation of services and the commitment from government to ensure that many public services are available 24 hours a day, seven days a week, will require a much more flexible resource base in terms of the people, technology and workspace.

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10. Horner, L., Lehti, R. and Blaug, R. (2006) *Deliberative democracy and the role of public managers*, London: The Work Foundation; Blaug, R., Horner, L. & Lehti, L.R. (2006) *Public value, politics*

and public management, London: The Work Foundation.

11. Stoker, G. (2006) *Public Value Management*.

*A New Narrative for Networked Governance?* *American Review of Public Administration*, Vol. 36, No. 1, pp. 41-57.

Flexibility has become the byword for all organisations as they attempt to find ways to respond more quickly to an increasingly dynamic business environment.<sup>12</sup> The modernisation agenda<sup>13</sup> has placed new demands on public services for joined-up government, evidence based policy, best value, and public involvement, interacting with managerialism, efficiency, quality and consumerism, which were dominant themes during the previous Conservative administration (1979-1997).<sup>14</sup> The 2006 Local Government White Paper went as far as to identify the personalisation of services as the biggest challenge facing local authorities in the 21st century.<sup>15</sup>

However, there is a danger to such flexible service delivery and the production of public value when there is no level playing field or clearly defined roles between the different sectors engaged in the delivery of public services.<sup>16</sup> And, in current orthodox thinking, there is a risk that particular common criticisms of public employment are beginning to shape our understanding of the strategic advantages of public provision. 'Pragmatism' or 'contestability' can thus be translated through some narratives as a by-word for outsourcing services to the private or community or voluntary sectors. New orthodoxies about the value of public employment are thus established, as the political origins of such arguments are lost.

It is our assertion that this orthodoxy, dominant political discourse and established criticisms of public employment, are shallow in the extent to which they do not seek to reassert the values of public employment and, as such, gloss over some important and enduring benefits. As the previous discussion would indicate, the traditional way we think about public employment is starting to break apart. However, our contention is that we are in danger of slipping into a situation where we lose much of the benefit from direct public employment, as the argument and a new orthodoxy takes hold.

As the deliverers of public services become more diverse and as a result of what we would call public employment becomes more difficult to capture, we need in turn to look at the enduring and deep values of public sector employment and its purpose. To work within the public sector is a fundamentally important task and provides the glue that holds social networks and builds sustainability and common purpose. As the diversity of public service delivery mechanisms increases, we want better services, but it would be folly to lose the historic and enduring values attached to public sector delivery and employment at the same time.

The task of making public services better is, in our view, pointless if we cannot place a set of values upon what that public sector employment means for all deliverers of public services. This heritage and the enduring values are inadequately supported by existing managerialism and reconsiderations of what public employment means. We seek to question the new orthodoxy with an aim of arresting the spoiling and deterioration of the values which public employment uniquely embody.

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12. Gibson V. & Luck R. (2004) Flexible Working in Central Government: leveraging the benefits – Study of Central Civil Government – Flexible Working Practice, Norwich: Office of Government Commerce

13. Cabinet Office (1999) Modernising Government, London: Strategy Unit, Cabinet Office

14. McLaughlin, Osborne & Ferlie (2002) New Public Management: Current Trends & Future Prospects, London: Routledge; Newman J. (2001) Modernising Governance: New Labour, Policy and Society, London: Sage

15. Department for Communities and Local Government (2006) Strong and prosperous

communities. The Local Government White Paper, Cm6939-1, DCLG: London, p. 25.

16. Sturgees G. (2006) A fair field and no favours – competitive neutrality in UK public service markets, London: Confederation of Business Industry



In this we are not arguing for a return to some mythical golden age of monolithic public provision and welfarism, instead we merely wish to confidently assert the benefits of public employment and let other sectors and providers meet this mark. In the next chapter we wish to start to address this aim by outlining a number of benefits, derived from direct public sector employment, which are reaped by individual citizens and the wider community (for an initial summary, see Box 2).

## Box 2. Public value and the purpose of direct public employment

Direct public employment can fulfil a significant role in creating 'public value' and in ensuring that the public sector can achieve wider strategic ambitions and goals. It does this in a number of ways:

**Value to the local economy** – Because the public sector is a large and diverse employer within local economies, there is a great deal of leverage to be gained by utilising public employment resources to drive and influence the development and growth of the local economy.

**Value in shaping places** – The importance of people and place is recognised in all contemporary public policy discourse. Direct public employment is one means of contributing effectively to building community cohesion and addressing quality of life issues.

**Value in managing costs and transactions** – Direct public employment avoids the significant costs of procure-

ment and the associated transaction costs of contract management. It further affords public bodies the ability to achieve efficiencies and manage scarce resources without being locked into long-term contracts subject to expensive variations.

**Value in sustaining democratic networks and accountability** – Direct public employment is essential to wider democratic purposes and provides a means of ensuring accountability to elected representatives and wider communities rather than being arbitrated through market mechanisms.

**Value in realising the potential of the local workforce** – Direct public employment can contribute to meeting the training and skills requirements of local communities and effectively addressing skills shortages.



# The benefits and value of public employment

Current debates surrounding the provision of public services are very much focused upon the delivery of better, more efficient and more responsive public services, which meet the needs of the people and communities they seek to serve. Indeed, there is much debate about how best to achieve this. But within this, as we have discussed above, the rhetoric is largely focused on the private and third sectors, while the benefits brought by direct public employment are sometimes overlooked.

The benefits we cover include, but are not limited to, the following themes:

- (a) Effective leverage over local economies
- (b) Shaping places and co-ordinating activity
- (c) Managing costs and transactions
- (d) Ensuring democratic accountability
- (e) Developing the potential of the workforce

The purpose of this chapter is to be reflective and considered as to the value and benefits of public sector employment. It is not supposed to be a definitive account of public employment value, but it seeks to provide those working across sectors and directly in the sector with a guide to some of the reasons why public employment is and should remain core to the delivery of public services.

## (a) Effective leverage over local economies

The quality and context of a place, area, town, city or authority is determined by many differing and inter-related factors. Although it is shaped by considerations such as infrastructure, demographics, cohesion, and geography, the biggest single shaper of a place, successful or otherwise, is how the local economy operates and how local people interact with and take advantage of local economic benefits. The public sector has a strong participative, representative and democratic influence on local economies and local economic development. Working for a public sector body as a public sector employee not only has a string of benefits personally and socially, but it also has wider direct or indirect influence as a catalyst for local economic growth and ultimately for the production of public value.

The public sector is often the largest employer within particular local economies, ensuring that the size of the public sector and the resources available through direct employment makes a significant contribution to the economy of a local area. In many places, public sector bodies are the largest employers of people from both within and outside of their geographical boundaries. Caerphilly County Borough Council for example, is the 5th largest local authority in Wales and employs around 9,000 people making it the largest employer in the area and 10th largest in Wales.

### Example: Cumulative employment impact

#### NHS in Greater Manchester

The NHS is one of the largest employers in Greater Manchester. It is also one of the largest purchasers and commissioners in Greater Manchester, which means it has strong influence over local employment and other economic supply chains. The NHS also acts as a significant lever in reducing not only health but also economic inequalities

and in supporting regeneration. Many NHS organisations in Greater Manchester are located in deprived neighbourhoods where unemployment and poverty levels are high and where residents live in conditions that make them vulnerable to mental and physical illness. Throughout Greater Manchester, in acute hospital trusts, primary and community care services, policies for employing local people are being developed with success.



The concentration of public employers is very important in many areas – in particular where the public sector is the local economy. The supply, sustainability and range of public sector employment have been particularly important in areas that have suffered greatest from industrial or economic restructuring. Areas with an industrial heritage such as Manchester, Newcastle and Glasgow have reinvented themselves through strong public sector leadership and employment practices. But, equally, outside urban areas, in otherwise underdeveloped economies the public sector is a significant employer, both as regards concentration of employment and as the overall number of all jobs.

Whatever the size of the economy, the impact of direct public employment in terms of local spend is significant. Money flows do not leak out of the local economy in terms of profits and dividends, nor is employment relocated to suit the commercial and business needs of private companies, but continues to benefit the localities to which the activity relates. By creating and sustaining local money flows, public sector spend can have a multiplier effect on the local economy.

It is often the case that private companies operate not only in one particular locality delivering public services, but also as a regional or national centre for other contracts. The benefit in terms of employment in one area is to the detriment of other local economies from which that employment has been displaced. Retention of direct public employment in such circumstances allows the public sector to maximise the benefits to a locality rather than having services delivered from other geographic locations, where the employment impact has no direct benefit to the host local economy.

### **(b) Shaping places and co-ordinating activity<sup>17</sup>**

Direct employment of public sector workers has consequences for the resources local authorities and other public sector bodies have available to shape local communities and co-ordinate the delivery of strategic outcomes. Whilst the 1980s and early 1990s saw diminished trust placed on local authorities and other public sector bodies to deliver economic development and regeneration projects, we have witnessed in recent years a degree of decentralisation and a shifting policy agenda towards community leadership and well-being. Through the introduction of Regional Development Agencies, Local Area Agreements and Sustainable Community Strategies, as well as the re-emphasis placed on public sector bodies such as English Partnerships, and the host of special initiatives such as the Neighbourhood Renewal Fund; there is now a focus placed on public sector workers, often in partnership, shaping local economic development, local economic growth and ultimately local economies. Public employment facilitates such a place-shaping role by local public sector bodies, enhancing their strategic capacity and direct control over local services rather than investing authority in the 'arms-length' place-shapers that are the private and voluntary and community sectors.

Indeed, the public sector is directly linked to local neighbourhoods and communities through service provision and networks of public sector workers. This localised focus

#### **Example: Helping to shape the economic development of local communities**

##### **New Horizons in East Riding of Yorkshire**

Local authority workers in the East Riding of Yorkshire directly shape local economic development through a Beacon Status business support and advice service. The 'New Horizons' business support service operates out of

neighbourhood level business centres and aims to provide support provision for embryonic, fledgling microbusinesses and bridge the gap between towns in the East Riding. The council run support centres act as 'hubs' of business support and have led to significant increases in business start-ups and survivability. The business service team adopts a cross-departmental approach to tackling wider economic development issues.

17. Place-Shaping is a key consideration of the Lyons Review. Lyons, Sir Michael (2007) Lyons

Inquiry into Local Government, London: HM Treasury



enables public sector workers to be close to the communities they serve and have the opportunity to directly contribute to activities that will shape, change and improve livelihoods. More importantly, the continuity of service provision, and the building up of local knowledge that feeds into service provision (and which is offered by networks of public sector workers on the ground), are a vital component of the provision of quality public services. Indirect or contracted out public services make this information-gathering and co-ordination more difficult.<sup>18</sup>

#### Example: Area based regeneration

##### Liverpool Rope Walks

Identified by English Partnerships in the mid-1990s as a target area for regeneration, Liverpool Rope Walks is a compact and densely developed area adjacent to the commercial heart of the city centre. The area has been through

a series of public realm improvements which has created a coherent, high quality network of streets and public spaces with a strong local identity. Strong cross public sector involvement has also helped to stimulate inward investment with numerous private conversion and new build residential and commercial developments bringing activity to a previously neglected part of the city.

Public sector workers make an effective contribution to the quality of the locality in terms of producing cleaner, safer, greener places to live. This is a key factor in influencing inward investment decisions. Many such decisions are influenced by the quality and cost effectiveness of local public services from schools and parks to hospitals and the public transport infrastructure, as much as by other local market conditions. The ability through local area based regeneration to create sustainable communities is a significant factor in attracting external investment.

Direct public employment therefore has the potential to integrate service delivery with strategic action across local areas. It operates as a social 'WD-40'<sup>19</sup> or 'lubricant' that unlocks barriers to collaboration across networks and eases the dissemination of good practice. It aids clustering and the integration of teams as it can facilitate the pooling of resources through common terms of employment and lines of accountability, offer goal congruence through appeals to public service ethos, and militate against the potential clashes over the profit motivation. In contrast, competition and the fragmentation of contracts can potentially undermine the network formation which supports effective service delivery.<sup>20</sup>

#### Example: Effective co-ordination

##### Harlow Good Citizens Programme

Harlow District Council's Good Citizens Programme was developed in response to a clear message from the community in Harlow – it wanted the council and its partners to do something at a local level about anti-social behaviour and environmental crime. Many new projects were developed, but the most important ones were those that involved working with the local community to identify important issues and to work together to address them. Three initiatives have been particularly successful at

encouraging active citizenship. The Together initiative involved engaging with local people to identify particular hotspots in neighbourhoods where there was a need for an intensive clean up campaign. The Street Scene Champs Project recruits youngsters and trains them to be able to identify environmental crime and report it to the council. It also encourages them to take part in one-off activities such as bulb-planting, stream clearing and litter picking. The Citizenship Project works with young people who have been identified as starting to exhibit anti-social behaviour, making them aware of the consequences of such behaviour for themselves and for other people.

18. Whitfield, D. (2006) Modernisation by Marketisation: how the commissioning, choice, competition and contestability agenda threatened public services – the lessons for Europe, London: Spokesman Brooks

19. This draws upon Putnam's description of bridging social capital as the 'WD-40' of social networks.

20. Strategy Unit (2006) The UK's Approach to

Public Service Reform, London: Cabinet Office.

The development of sustainable communities, requires a joined up, holistic approach to community planning and joint working across departments, directorates and professions. The direct employment of architects, surveyors and engineers as well as planners, health workers, educationalists and community development workers, can ensure support for building truly sustainable communities. Direct employment of professionals and key workers enables the development of communities in which: public transport is integrated; buildings are well designed; there is access to high quality public space; cycling and walking routes are well designed and developed; there is access to health and education services and the communities that live in them are consulted and engaged in shaping their neighbourhoods.

Indeed, the Sustainable Communities agenda seeks to develop places where people want to live, and work now and in the future. Cohesion and equality in employment are crucial to the development of sustainable workforces and sustainable places. The public sector ethos and new legislation around equality with regard to age, race, disability, gender and sexuality ensures that public sector employees are treated fairly and equally in recruitment, retention and retirement terms. It also ensures that in terms of equality of access to public provision this applies to citizens and service users.

Indirect or contract-based public service delivery is more likely to result in a return to the 'silos' that the modernisation agenda is supposed to be eliminating. This is because improving performance and delivery of services requires five key elements to be delivered in unison:

- engaging and motivating staff;
- meeting service user's needs;
- promoting creativity and innovation;
- keeping stakeholders involved and informed, and;
- increasing shareholder (i.e. stakeholder) value.

When these elements are managed in isolation or independently, performance is impaired.<sup>21</sup> The public sector in localities is often also directly responsible for achieving centrally determined targets, meaning that the sector and their employees should have more control over, and influence on, public services than others.

### (c) Managing costs and transactions

The public sector can deliver high quality services because of its ability to respond in a flexible and responsive way to local needs without the necessity to vary potentially expensive contractual arrangements. Public sector delivery of services has often been centred around responsiveness to local need, demand and ultimately the wishes of the electorate.

Services can be delivered at a higher quality and more cost effectively if they are linked to associated services, for example, 'street scene' which brings together a range of locally based services such as street cleansing, the maintenance of open spaces, highways and street lighting, enforcement and education programmes. This type of service integration at a neighbourhood level is more easily achieved through direct employment by the public sector rather than through contractual routes.

#### Example: Effective local services

##### Wardens in Gateshead

Gateshead Council established a Neighbourhood Warden Programme in 2004 to provide a semi-official presence in

residential areas and town centres to foster a sense of well-being and social inclusion and to reduce crime and the fear of crime. The wardens are directly employed by the council and have resulted in a 14.7% reduction in crime within Gateshead in 2005, with 3274 fewer offences recorded.

21. Hutton, W. (2003), 'Managing them in isolation impairs performance' in Financial Times, London

Direct employment is also more efficient because there is no procurement and contracting process, to take up time, and no requirement for public sector employees to manage that process. There is a greater potential for public sector bodies to pool resources and to deliver shared services thereby achieving economies of scale and meeting Gershon efficiencies using existing statutory powers. Using a procurement exercise to seek a private sector solution has often been shown to be more costly in the long term and involves significant procurement costs up front.

Direct provision and direct employment is often cheaper than alternatives when a full costing is carried out. There are also no contract costs, or costs associated with the contract management process. Support services, when performed in house and particularly when shared between several departments or directorates, can also offer savings through economies of scale.

Transaction costs, as studies of CCT and PFI show, are not as efficient in the private sector as public sector delivery. Similarly, there appears to be insufficient flexibility once contracts have been awarded. An example of this lack of flexibility can be found in education catering where following the recent requirements by government to set higher standards of nutritional value in school meals, many local authorities with private sector caterers have found that existing contracts do not permit changes without expensive variations leaving many schools counting the cost of contracting out school meal services.

#### **(d) Ensuring democratic accountability**

‘Good governance’ dictates that the public must have the capacity to hold public officials to account for their actions and decisions. The effective exercise of such public scrutiny requires public organisations to have clear and open procedures for public access, internal governance, member conduct and external accountability, with the potential of the public to revoke the mandate of decision-makers under certain circumstances.<sup>22</sup> The contracting out of public services to large corporations increases the gap between the government and voters in democratic and service participation and provision terms.

Public employment offers clear lines of accountability and responsibility for the delivery of public services. This ensures that the public has a means of redress where they are dissatisfied with services. Public employment can reduce blame-avoidance for poor services across networks of providers from the public and private and not-for-profit sectors. The apportioning of blame is clarified and public officials are often the only members of partnerships to have a democratic mandate: they are the only service providers that can be held directly to account by the local electorate.

Public sector bodies have a track record of engaging service users and community representatives in meaningful and sustained participation, designed to influence policy and service provision. At the heart of the creation of public value lies the collaborative dialogue of citizens, politicians and public managers. Public managers facilitate a continuous process of deliberation and dialogue with the public that enables the determination of service delivery goals and how best to achieve them.<sup>23</sup> Indeed, this dialogue with the ‘authorising environment’ is neither a one-off event nor a process confined to the evaluation or appraisal of services delivered to the public. It is an on-going series of dialogues which offers a “distinctive kind of value created through public funding that requires public managers to interact with the public to design, plan, provide and evaluate service provision to ensure that services are responsive to citizens’ needs”.<sup>24</sup>

Through facilitating such dialogue, public employment allows not simply the holding of public managers to account, but also the ‘taking into account’ the ‘voice’ of citizens

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22. Skelcher, C., Mathur, N. and Smith, M. (2004) *Effective Partnership and Good Governance: Lessons for Policy and Practice*, Birmingham: School of Public Policy, University of Birmingham.

23. Horner, L., Lekhi, R. and Blaug, R. (2006) *Deliberative Democracy and the Role of Public Managers*, London: The Work Foundation.

24. Horner, L., Lekhi, R. and Blaug, R. (2006) *Deliberative Democracy and the Role of Public Managers*, London: The Work Foundation.

in the design and delivery of services. This connection with the public further addresses the potential democratic deficit of new public management whilst enhancing the legitimacy of service delivery. Accountability is not simply driven by choice and individual preferences, but equally by choice and the aggregation of collective preferences across a locality.

In fact, in his discussion of managerialism in the public sector, du Gay argues that when public bureaucracy is portrayed as an inefficient form of organisation, it is often “without due regard to its ethico-political role in contemporary liberal democracies.”<sup>25</sup> The accountability of bureaucracy, both hierarchically and to elected officials, may well be, in his words, “crucial to the securing of effective parliamentary democracy.”<sup>26</sup>

### (e) Developing the potential of the workforce

In recent years, employment across both the public and private sector has increased. However, the annual percentage growth in public sector employment has been stronger than that for the private sector since 2000.<sup>27</sup> For example, between June 2004 and June 2005 public sector employment increased by 95,000 (1.7%) compared with private sector growth of 216,000 (1%).<sup>28</sup> According to figures from National Statistics Online<sup>29</sup> the public sector employs more women than the private sector and offers more part-time work with around 30% of public sector workers working part-time compared with 24% of private sector workers in 2004.

With the skills gap widening in the UK by international comparisons, the public sector is in a strong position through its budgets for skills development and track record in training its own employees to improve the skills of the wider local workforce. This can bring a range of local economic and social benefits as well as improving service performance.

A particular example of this is the construction industry, where public sector bodies and particularly local authorities are responding to increasing skills shortages with a range of recruitment investment measures. A recent survey by APSE indicated that a growing number of local authorities (28%) are now entering into direct partnerships with local secondary schools to encourage and train upcoming school leavers for a career in construction. They are also carrying out a range of activities aimed at raising the image of the construction industry and marketing the industry to women, and the black and minority ethnic community. The pioneering work of local authorities such as Leicester and Glasgow in training apprentices, shows what can be achieved by strong and committed training activities in these areas.

The public also sector offers a variety of training, apprenticeship and employment opportunities for those people who most need support to engage with the labour market, including the long-term unemployed, those receiving Incapacity Benefit or other sickness related benefits and those with few or no qualifications. The Government has a commitment to 80% employment. In recent work commissioned by Department of Work and Pensions<sup>30</sup>, it was highlighted that this aspiration is a stretching target. But

#### Example: Improving basic skills of the workforce

##### Learning in Barking & Dagenham

London Borough of Barking & Dagenham developed the Fritzlands Learning Centre as a multi-use class room providing basic literacy and numeracy skills, computer skills and other non-vocational training for staff, mainly street

cleaning and refuse employees. The centre was introduced to tackle the low rate of adult literacy and numeracy in the borough, whilst boosting staff morale and improving productivity in the workplace. The knock-on benefits of this have been that resident satisfaction with levels of street cleanliness have also improved significantly.

25. Du Gay, P. (2000) *In Praise of Bureaucracy*, London: Sage, pp.145-146

26. Du Gay, P. (2000) *In Praise of Bureaucracy*, London: Sage, p.146

27. Hicks S. (Dec 2005) *Trends in public sector*

*Employment*, London: Office for National Statistics

28. Hicks S. (Dec 2005) *Trends in public sector Employment*, London: Office for National Statistics

29. National Statistics Online:  
<http://www.statistics.gov.uk>

30. Freud, D (2007) *Reducing dependency, increasing opportunity: options for the future of Welfare to work*, Presentation to CLG/DWP worklessness conference, Manchester April 2007.



the Freud report does highlight the Government's commitment and comments that "far from being reluctant to engage [with the most disadvantaged], the Government could on this evidence [of the importance of employment] be accused of dereliction if it were to fail to (meet its targets)."

However to achieve this target, evidence to date would suggest that private sector employment or indeed third sector employment are unlikely to do this on their own. Even significant economic growth is unlikely to achieve it as the stock of incapacity benefits, as demonstrated by Professor Ivan Turok's work in Glasgow has shown, is largely static.<sup>31</sup> It would appear therefore that the public sector and public sector employment are key aspects to achieving this target.

Direct public sector employment maintains substantive equality and diversity practices to ensure that all groups within society have access to employment and advancement opportunities.<sup>32</sup> The range of employment opportunities presented by the public sector – from landscaping to roadwork to administration activities – mean that there are opportunities for local people, across a range of skill levels and competencies.

#### Example: Workplace based training initiatives

##### **'Equip' Positive Action Training Scheme in Rotherham**

Rotherham Metropolitan Borough Council's Strategic Human Resources Unit recruited 11 people from local Black and Minority Ethnic Communities (BME) on to their 'Equip' Positive Action Training Scheme. The scheme was developed with Rotherham Ethnic Minority Alliance (REMA) and supported by the council's BME Workers' Network. It offers workplace-based training and will help

overcome barriers faced by people from BME communities in getting employment. Trainees gain job-specific learning with the support of mentors from within the workforce. Although employment cannot be guaranteed at the end of the training placement, the trainees are encouraged to apply for jobs during the project and given support in completing applications and advice on how to perform well at interview. The whole process enables the individuals to gain greater understanding of the working environment in general and specific career areas.

The public sector has strong links and partnerships with a range of other public sector as well as private and third sector organisations, which offers opportunities for secondment, training and skills development. This predominantly occurs around three core areas and for three reasons:

1. Public sector employees move from one public sector department or body to another – this allows public sector employees to learn from one another, and to foster multidimensional skills and knowledge.
2. Public sector employees work across directorates, departments and agencies – this via secondment schemes enables public sector workers to access new skills and learn and transfer new and existing skills.
3. Public sector employees access opportunities for joint working and partnership – working on shared agendas with other public sector bodies through Local Strategic Partnerships or through employment by a multi-faceted body such as an Adult Care Trust. This gives directly employed public sector staff the opportunity for partnership and collaborative working.

31. Turok, I (2007) Delivering Full Employment: Challenges Facing Cities, Presentation to CLG/DWP worklessness conference, Manchester April 2007.

32. Whitfield, D. (2006), Modernisation by Marketisation: how the commissioning, choice, competition and contestability agenda threatened

public services – the lessons for Europe, London: Spokesman Books

A recent report from The Work Foundation (January 2007)<sup>33</sup> found that three-quarters of public sector employers have initiatives and policies in place addressing work-life balance issues, which includes flexible working, job sharing, home working, term-time contracts, career breaks, childcare provision and time off to care for sick children.

#### Example: Promoting work/life balance in employment

##### The 5 Partners NHS Trust

The 5 Partners NHS Trust provides mental health services across Halton, Knowsley, St Helens, Warrington and Wigan & Leigh. The Trust is committed to Improving Working Lives of its staff and provides a range of childcare facilities, flexible

working options, various staff benefits including childcare vouchers, subsidised school holiday play schemes, support during maternity leave, paternity leave, information about careers and statutory rights including flexible working and general information of benefit to staff with and without caring responsibilities. The Trust has its own staff work-life balance newsletter called 'The Juggler' which is packed with information about staff benefits and work-life balance.

Better skills of public sector workers also impact on the local economy and makes areas more attractive for regional, national and international investment. Strong skills and training programmes provided by the public sector can also provide transfer options if employees move into the private sector or work in partnership with private organisations.

### (f) Emerging themes and issues

This chapter of the report sets out what in our view are the main strategic advantages offered by direct public employment. These advantages are of vital importance in ensuring that the public sector can respond to the rapid changes taking place in our society and economy. Some of the emerging themes and issues arising in relation to the importance of direct public sector employment are that it is:

- **One of the principal levers by which public bodies can have a direct impact upon the development of local economies** – Public employment has a catalytic impact on the local economy, providing stable and secure employment, and as a consequence spending which drives the local economy and wider employment prospects.
- **A means of co-ordinating and shaping the places in which we live and work** - Public employment can have positive economic, environmental and social impacts and ensure that communities can thrive and prosper, reducing the impact of social exclusion and promoting stability.
- **Providing the capacity and the means to intervene effectively at a local level** - It allows elected politicians to pursue clear policy objectives, manage scarce resources, meet peaks and troughs in demand, join up local services and hold service providers to account. Diminishing direct employment reduces the scope for effective democratic intervention and direction in the future delivery of public services.
- **Vital to promoting equity and access to services** – An overriding public duty is to ensure compliance with anti-discrimination laws and practices in employment and service delivery relating to gender, race, disability, sexual orientation and age. Direct public employment can play an important role in helping public authorities to fulfil their statutory and moral obligations and in setting the highest standards for other employers and service providers.
- **An effective method of regulating markets and controlling costs** – Traditionally direct public employment has been used to manage local markets for goods, works and services and ensuring value for money for the public purse. This is still a vitally important role in ensuring that the public sector is not held hostage to the vagaries of the private sector market and

33. Visser, F. & Williams, L. (2007) Work-life balance in the public sector: rhetoric vs. reality, The Work Foundation

can exercise control over taxation and resource allocation without the need for expensive contractual variations and remedies.

- ***A means of securing effective democratic accountability and scrutiny*** – Direct public employment offers clear lines of accountability and responsibility for the delivery of public services. It ensures that the public have a means of redress when they are dissatisfied with services and can reduce blame avoidance across networks of different providers.
- ***A means of engaging and consulting with citizens and service users*** – Much is made in modernising government of the need to consult and engage with citizens and service users. Front-line public sector employees are a tailor made resource to give effect to citizen engagement and empowerment. Public employees should be seen as the principal means of engaging with citizens and as a conduit for their views about quality, value for money and the best methods of service delivery. Public employees should be trained and empowered to be the eyes and ears of their communities.
- ***An effective contributor to creating a workforce with the necessary skills and training to deliver the high quality services and meet the wider needs of the local economy in the long-term*** – Direct public employment can contribute to the eradication of low skills, meeting the training needs of the wider community and creating a flexible and responsive workforce. Directly provided services have demonstrated an ability to respond to a rapidly changing environment and to the modernisation agenda by integrating service provision, upskilling the workforce and providing cost effective and efficient services to the public.
- ***A benchmark for ethical employment practices*** – Direct public employment can ensure effective regulation of the local labour market and of local employment practices, in order to set the highest possible standards in employment. This can include minimising exploitation and casualisation of the workforce through adoption of fair wages and other employment benefits. It also provides a significant contribution to solving longstanding issues of 'worklessness' in some communities.





# Towards a future for public employment

We recognise that there is a plurality of service provision and forms of employment in the modern public sector and that this can permit new and sometimes innovative approaches to public service delivery. However, it would in our view, be foolish for public bodies to divest themselves of their employment responsibilities entirely and pursue a purely enabling and commissioning role.

A significant core of all public services should be directly delivered to give both a focus and purpose to the role of the public sector. In the previous chapter we have attempted to put forward some strategic issues that should form the basis of a new approach to public employment.

Where questions of trust arise, the positive role of public employment acts as an important counterpoint to the fragmented and increasingly market driven public sector. In this we are not denying the option for other forms of employment in the delivery of public services. However, what we are saying is that public services delivered through direct public employment has an important strategic role and contains some core public value features that should not be lost to the public sector as a whole. Indeed that value is something that all public service providers and employers should strive for.

## Where do we go next?

The themes and issues set out in this report will be explored in more detail in subsequent research designed to consider the economic footprint of local government and governance, neighbourhoods and service delivery. It will focus particularly on the economic and social values relating to public sector employment. This will:

1. assess the governance and operational activities of the public sector within a chosen neighbourhood.
2. calculate the total public sector spend in the chosen neighbourhood encompassing local authority departments, other public sector organisations, and special initiatives.
3. assess the value of this spend on neighbourhood employment in direct, indirect and induced terms.
4. assess the value of this employment for of the wider neighbourhood economy and multiplier effects.

## Recommendations

We have set out below a number of recommendations covering some of the main issues that need to be considered by elected members, strategic managers and policy makers, those responsible for commissioning services, regulatory bodies and the wider community when decisions affecting the future of direct public employment are being taken.

### 1. Elected Members

#### *Executive Councillors – need to consider:*

- The contribution that direct public sector employment can make to meeting the wider needs of the local economy and intervening effectively to drive economic development and growth.
- How direct public sector employment can be best used to co-ordinate the achievement of wider social and environmental outcomes including building sustainable healthy communities and improving the quality of life in local

areas and neighbourhoods.

***Non-Executive Councillors – need to consider:***

- How they can effectively scrutinise the quality, costs and complexities of contractual arrangements where there is no effective market regulator in the form of direct public sector employment.
- The consequences to local democratic accountability and holding to account all public service providers where there is a significant shift from direct public employment to private sector and third sector employment.

**2. Strategic managers and policy makers – need to consider:**

- The contribution that direct public sector employment can make to building sustainable communities, co-ordinating policy outcomes across a range of local partners and achieving wider economic benefits for local communities.
- How the retention of core capacity can be used to support the community leadership role of local authorities and other strategic public sector partners.
- For those working in an economic development role it is imperative that decisions around local economic development consider how direct public employment within their organisations, can assist in the development of their economic strategies and how this relates to local multipliers.

**3. Procurement and commissioning officers – need to consider:**

- The role that direct public sector employment can play in effectively regulating local markets for goods, works and services and in minimising the significant procurement and contract management costs of contracting out activities.
- The potential impact on service continuity of contracting out and how you can ensure access to core skills, experience and expertise without the retention of capacity through direct public employment.
- The impact upon the ability to retain, train and skill a local workforce to meet longer-term needs of service provision and the local economy where services are contracted out.

**4. Local communities – need to consider:**

- The impact of not having directly employed public servants upon local services and the ability for wider community participation and involvement in designing and delivering local services
- How they can ensure the accountability and contestability of local services without direct public sector employment.

**5. External regulators – need to consider:**

- Whether public sector bodies can effectively discharge their public service functions, provide value for money and be effectively accountable to Government and audit and inspection, if they are not responsible through direct public sector employment for significant aspects of local service delivery.

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