Published on *Adam Smith Institute* (http://www.adamsmith.org)

The Conservative approach to public services [1]

Written by **Tom Clougherty** [2] | Wednesday 19 March 2008

Many people seem to have misunderstood the Conservatives' approach to public service reform. All their announcements are so carefully couched in compassionate, centrist rhetoric that people often miss the radical ideas at their core. Their recent green paper on the penal system is a good example. The headlines were all about rehabilitation: had the Tories had 'gone soft'?

In reality, the proposals [3] were exciting ones. Public sector prisons would be made independent 'Prison and Rehabilitation Trusts', with a single governor responsible for prisoners, both during incarceration and after release. These trusts would be paid by results, with a premium awarded if the prisoner is not reconvicted within two years. Similarly, drug rehabilitation would be contracted out to the private and third sector (again, with payment-by-results). This is an excellent example of how market incentives and private-sector discipline can be introduced into government activities, unleashing powerful forces to drive improvement.

With these green papers, clear themes are beginning to emerge in the Tory approach to public services, from crime and welfare to health and education. The first is autonomy and accountability. So schools and hospitals would be freed from government control, and full responsibility vested in head teachers and hospital chiefs. The second theme is payment-by-results: these newly-independent hospitals (or prisons or benefit agencies) would be paid according to *outcomes*, giving them an incentive to get the best possible success rates at the lowest possible cost.

The third theme is a much greater role for the private sector. The proposed 'supply-side revolution' in education would allow the private and voluntary sector to set up new schools and receive per-pupil state funding. Private sector healthcare companies would compete freely with NHS providers on the same payments tariff. The delivery of welfare-to-work schemes would be contracted out. The fourth theme is addressing the asymmetries of information that exist in public services. Thus, for instance, the Tories would introduce 'crime-mapping' so that residents had a clear picture of crime in their area, and could really hold police chiefs to account.

So ? autonomy and accountability, payment-by-results, private sector competition, and greater transparency. They seem like good principles to me.

blog comments powered by Disqus [5]

Source URL: http://www.adamsmith.org/blog/politics-and-government/the-conservative-approach-to-public-services

Links:
[1] http://www.adamsmith.org/blog/politics-and-government/the-conservative-approach-to-public-services
[2] http://www.adamsmith.org/authors/tom-clougherty
[3] http://www.conservatives.com/tile.do?def=safer.greener.page
[4] http://disqus.com/?ref_noscript
[5] http://disqus.com