

sharing the value -

a sustainable approach to the
modernisation agenda

**a report by
the sustainable development
commission**

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Sharing the value – a sustainable approach to the Modernisation Agenda

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EXECUTIVE SUMMARY

The next phase of the public services modernization process should be explicitly located within a sustainable development framework. Not only will this 'framing' of today's modernization programmes help to deliver improved public services, but it will simultaneously generate substantial shared value of different kinds:

- 1. Increased value for money (in both the short term and over the long term), with a far stronger focus on 'invest to save' strategies;*
- 2. Mutually reinforcing outcomes (in terms of economic benefits, environmental protection and social justice), rather than crude trade-offs;*
- 3. A deepening of the idea of increased choice for consumers, through an emphasis on personal responsibility and active citizenship;*
- 4. A fresh approach to local governance issues, avoiding the extremes of the 'local vs central debate';*
- 5. Increased innovation and creativity in policy design and service delivery;*
- 6. Connecting the modernisation agenda to the Government's leadership on global action for sustainable development.*

Progress towards sustainable development cannot achieve the 'step change' of which the Prime Minister has spoken without a systematic effort to connect that agenda to the modernisation process. By the same token, the modernisation process will not fulfil its potential unless implemented within a clear and coherent organising framework that can motivate professionals and the general public alike. The Commission believes that framework can only be supplied by sustainable development.

On the choice and personalization agenda, for instance, the balance between social entitlements and personal responsibilities that lies at the heart of sustainable development can provide a critical reality check in today's debate. It is vital that citizens are empowered to get involved in 'co-producing' improved public services both as members of shared communities and as individual users. As the Prime Minister puts it: "services personal to each, and fair for all."

The key to this choice conundrum is stakeholder accountability and shared responsibility – a reflexive two-way relationship between citizens and the

agencies which affect them (directly or indirectly) which allows citizens to express their interests and to hold institutions to account – in return for which, those agencies can expect increased personal responsibility and a readiness on the part of citizens to participate in creating solutions to today's problems.

This is just one example where a convergence between the public services modernization agenda and sustainable development can improve both the thinking and the delivery of both key programmes.

In short, sustainable development needs better machinery, while the modernisation agenda needs a sustainable core and a bigger public purpose than can be provided solely by prevailing views of 'efficiency' and 'customer choice'. Neither programme is achieving its full potential, and we contend that neither can do so unless and until it is integrated with the other. Modernisation without sustainable development is a recipe for short-term gains but long-term waste, frustration and contradiction. Sustainable development without the leverage and resources of the modernisation agenda will remain marginal in most public services.

The Commission has developed a powerful opportunities agenda highlighting ways in which this integration can be realized. If the following priorities were put into practice over the next two or three years, the benefits would be enormous:

1. Ensure that the new Healthcare Standards encourage all NHS bodies to act as 'good corporate citizens', rewarding managers who use resources to improve the health and wellbeing of staff, patients and visitors, to enhance their local communities and local environment, and to reduce health inequalities.
2. Integrate best practice in sustainable construction into NHS capital development programmes in both Acute and Primary Care Trusts.
3. Embed environmental quality, improvements in the public realm, and 'liveability' measures at the heart of all neighbourhood regeneration and social inclusion programmes, especially in areas of high crime, fear of crime and anti-social behaviour.
4. Implement in full the recommendations of the Sustainable Buildings Task Group, and ensure that all new houses built in the Thames Gateway and other growth areas comply with the Building Research Establishment's excellent 'rating for new homes'.

5. Further embed sustainable development in the life of all schools, not only in specific subjects in the curriculum (geography, citizenship, technology), but in guidance on standards, procurement, communication with parents and local communities, and schools' use of resources and facilities.

6. Integrate best practice in sustainable construction in all new public buildings and major refurbishment projects including pioneer 'state-of-the-art' sustainable schools, catering systems and home-to-school travel schemes in designated Growth Areas.

7. Drive ODPM and OGC's sustainable procurement Guidelines through all government departments, as well as through the new Regional Centre's for Excellence, ensuring total compatibility with the outcomes of the Gershon Efficiency Review.

8. Prioritise Defra's Sustainable Food Procurement Strategy in hospitals and schools, so that hospital and school meals become the cornerstone of nutritious and healthy lifestyles.

9. Build understanding and capacity in local, regional and national services through establishment of the Egan Report's proposed National Centre for Skills in Sustainable Communities, and through regional and local learning networks.

10. Evolve the Comprehensive Performance Assessment for local authorities to put sustainable development at its heart, and ensure that this approach is carried through consistently in Best Value assessments, Community Strategies, Local Strategic Partnerships, Local Area Agreement and Strategic Service-delivery Partnerships.

1. THE PROPOSITION

The modernisation of our public services is a very big deal for this Government. Massive resources and enormous amounts of political leadership have been invested in driving through a variety of improvement and modernisation programmes. The modernisation agenda is both a defining essence of the New Labour administration, and a critical driver for the improved wellbeing of all UK citizens.

By contrast, sustainable development is not a particularly big deal for this Government. Although it now demands greater attention, it still receives minimal resources and inconsistent leadership. It's treated as a tick-in-the-box job, rather than a driver of political (let alone electoral) success.

This is regrettable but not so surprising. People care passionately about health, education, economic regeneration and crime. It's true that they also care a great deal about the environment, social justice, and real quality of life in their communities (the basic constituents of sustainable development), but as yet sustainable development itself butters few political parsnips.

So why should those who drive Labour's modernisation agenda care much about sustainable development? Simply because that modernisation process (and the benefits it generates) will be significantly enhanced by taking proper account of the principles and practice of sustainable development.

1. The Government's various modernisation programmes currently lack a coherent organizing framework. Sustainable development provides that framework, as well as the practical tools required to deliver joined-up policy and implementation.
2. However welcome current improvements in service delivery may be, there is a short-termism about many of those improvements that is storing up problems for the future. Sustainable development enables a far more effective balancing of the short term and the long term, as well as a stronger focus on anticipating problems and taking early preventive actions.
3. However keen Government Departments may be to secure community and citizen buy-in to their modernisation programmes, there's little evidence that

this is actually happening. Sustainable development practitioners (particularly at the local level) have successfully pioneered the kind of engagement and participation strategies which will significantly lift those modernisation programmes.

The purpose of this paper is therefore to advance one simple proposition: that the next phase of the modernisation process should be explicitly located within a sustainable development framework. Not only will this 'framing' of today's modernisation programmes help to deliver improved public services, but it will simultaneously generate substantial shared value of different kinds:

1. Increased value for money (in both the short term and over the long term), with a far stronger focus on 'invest to save' strategies (see page 10).
2. Mutually reinforcing outcomes (in terms of economic benefits, environmental protection and social justice), rather than crude trade-offs.
3. A deepening of the idea of increased choice for consumers, through an emphasis on personal responsibility and active citizenship (see page 10).
4. A fresh approach to local governance issues, avoiding the extremes of the 'local vs central debate.'
5. Increased innovation and creativity in policy design and service delivery.
6. Connecting the modernisation agenda to the Government's leadership on global action for sustainable development.

That 'value' will be shared between:

Taxpayers (in terms of seeing a better return on the investments made over the long term)

Users of public services (in terms of more reliable, higher quality improvements in those services)

Managers and staff (in terms of improvements in their working environments and better relations with stakeholders)

Local communities (in terms of lasting improvements in public services, and real engagement in their delivery)

The business community (in its role as contractor/supplier, adopting more sustainable practices)

Decision-makers (in terms of better outcomes through policies and delivery systems that are genuinely joined-up)

Future generations (in terms of lasting value shared between this generation and the next).

There are some indications that this kind of approach is already being adopted by some of the more far-sighted Local Authorities and Regional Bodies, by some of the more progressive private contractors involved in PFI schemes, and by a small but significant minority of Primary Care and Acute Trusts, Local Education Authorities, and Local Strategic Partnerships.

But the conditions that promote these are the exceptions, not the rule. Little is being learned from their experience, and their success are not easily replicated. The amount of 'shared value' accruing from these pioneers is therefore frustratingly small.

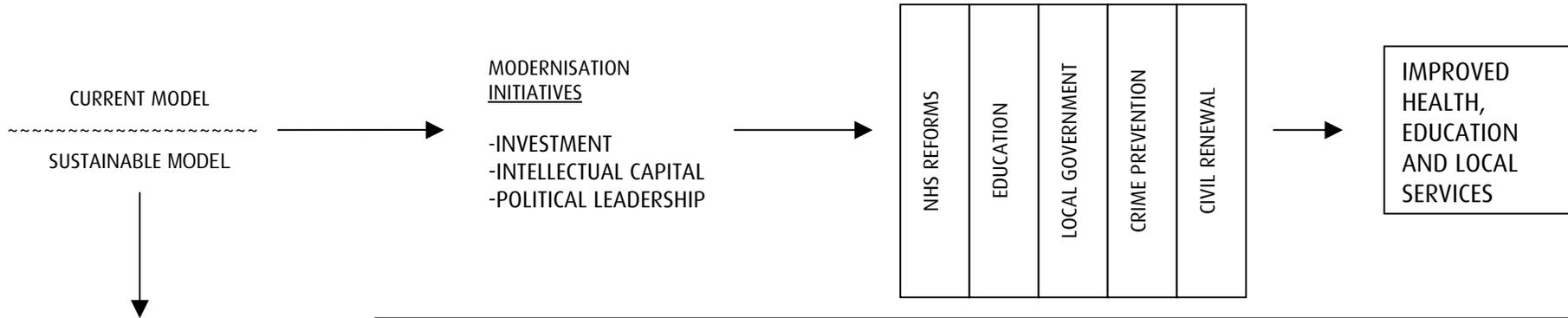
This report is about scaling up to engineer a transformation in the way Government Departments, Agencies, and Local Authorities take forward the modernisation agenda.

There's one added advantage in explicitly embedding the modernisation agenda within a sustainable development framework. The Government has promised much on sustainable development, but as yet has delivered far less. Using sustainable development to provide greater intellectual coherence, better value for money, more durable outcomes, and more popular appeal for the modernisation agenda, would achieve precisely that.

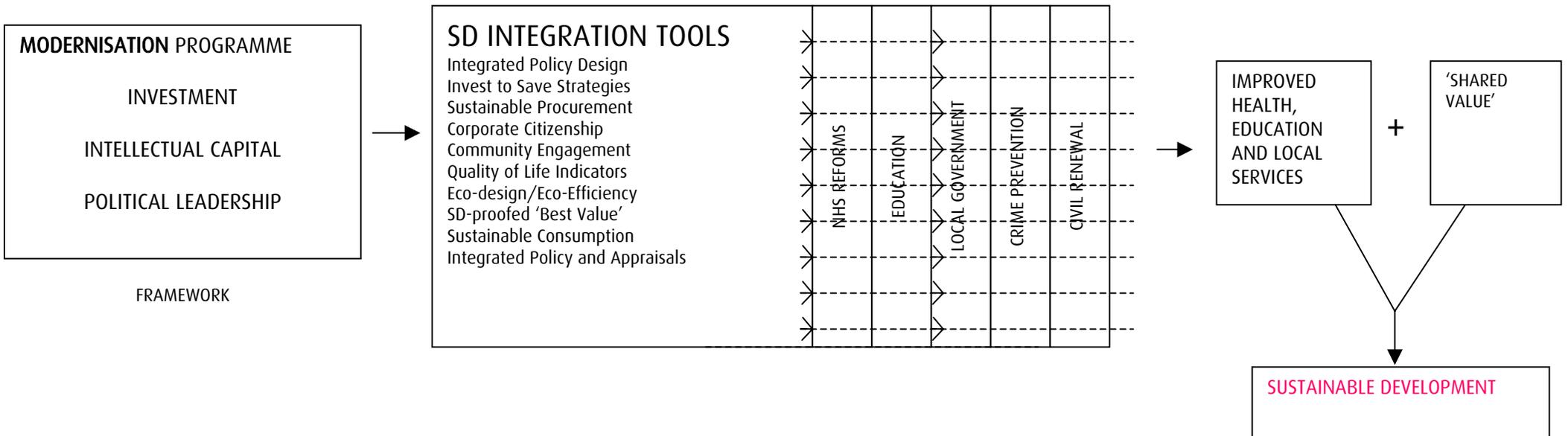
Indeed, it is the view of the Sustainable Development Commission that the single most effective way for the Government to secure real delivery on sustainable development (through its new Strategy due in March this year), will be to drive forward the kind of integration proposed in this paper.

We also believe this will powerfully reinforce the international leadership role that the UK Government has taken on to advance global solutions to climate change, debt relief and other key sustainable development issues.

MODERNISATION & SUSTAINABLE DEVELOPMENT



SUSTAINABLE DEVELOPMENT



2. CURRENT STATE OF PLAY

2.1 The Modernisation agenda

The modernisation agenda seeks to put citizens and users of public services – rather than providers or special interests – at the heart of public policy. It embraces many ideas and programmes: customer focus, efficiency gains, enhanced local government, accountability for professionals, application of new technologies and management techniques in public service, and ‘civic renewal’. There is a powerful ‘managerial’ element, drawing on the ‘Reinventing Government’ ideas of the 1990s, and a broader vision that relates to the revival of civic spirit, political engagement among citizens, and community empowerment.

Notwithstanding partial and often dishonest coverage in the mainstream media, it is clear that key public services (particularly health and education) are starting to improve in many parts of the country. People are beginning to enjoy the benefits of those improvements, as parents, patients, local residents and so on. Given the amount of money currently flowing into those modernisation programmes, it would be surprising if that wasn’t the case. The hard question, therefore, is this: are the improvements commensurate with the level of investment? It is still too early to give any definitive answer on that score, but from a sustainable development perspective, there are some problematic issues that are already impinging on policymakers:

- There are growing tensions between the goal of making services more responsive to individual ‘customers’, and that of serving long-term collective interests
- There are problems in the use of targets and other top-down performance management systems to boost the efficiency of services; targets can distort behaviour, and often produce a narrow ‘silo efficiency’ that generates new costs and distortions elsewhere, which in turn generate increased inefficiency in the system as a whole
- Modernisation is often associated with ambitious strategies for community renewal that do not provide long-term investment and support for local people; the public value secured is not necessarily lasting value
- Of the Prime Minister’s four key goals for modernisation – national standards and accountability, choice, flexibility and devolution – the first has been the clear focus of the programme to date, with an emphasis

on what service delivery professionals can do in terms of value for money for the Government and for ‘the customer’

- The other aspirations have been less adequately addressed, though the focus of the debate has now shifted to increased choice. There are widespread concerns about the balance between individual consumer choice and longer-term community entitlements, as well as about how today’s choices influence people’s capacity to choose in the future
- Modernisation sometimes comes across as a mechanical process, not a values-driven cause. So can it find a wider purpose beyond bare necessity? Could sustainable development fill that values gap?

Many of the disappointments and conflicts in the modernisation process to date stem from a lack of compelling strategic purpose and of systems thinking to integrate its principal elements (the need for services that are more efficient and responsive to consumers, and the need for ‘civic renewal’) into the kind of governance framework that would inspire both service providers and citizens.

Paradoxically, whilst striving to ‘join up’ different policy silos and to foster more integrated governance, much of the modernisation process has ignored today’s sustainable development framework, whose entire rationale is to reflect the interconnections between socio-economic and environmental systems, and to design and manage policies and service delivery accordingly.

The strategic vision for modernisation has never been linked explicitly to the Government’s overall vision of sustainable development. It is quite possible to achieve “excellence” within the terms of the ‘managerial’ modernisation agenda, whether centrally or in local services, while making no net contribution to sustainable development – or even while adding to the problems of environmental unsustainability! The national, regional and local ‘quality of life’ indicators on sustainable development do not connect to systems for resource allocation, reward and performance appraisal in the same way that the performance measures of modernisation do.

2.2 The sustainable development agenda

The Sustainable Development Commission’s summing-up of the limited progress made after five years of the Government’s Sustainable Development Strategy is presented in its report, ‘Shows Promise; Must Try

Harder¹. Other critiques have reached similar conclusions. The House of Commons Environmental Audit Committee² finds a patchy record of achievement in the embedding of sustainable development principles and practice in the mainstream of departments' work and structures. Tools for embedding sustainable development include the Integrated Policy Appraisal and the Regulatory Impact Assessment (now amended to include social and environmental issues), but these are unevenly applied, and have little influence, as yet, on policy design.

At the local level, observers are consistent in seeing sustainable development largely as an 'add on' to core processes and targets applied to local services; there is a widespread lack of understanding of the meaning and implementation of sustainable development, and a fundamental lack of capacity within much of local government to innovate for sustainable development. As evidence of the lack of integration, and missed opportunities that result, we can point to key mechanisms that have yet to take full account of sustainable development as an overarching framework and source of practical policy design tools:

- **Public Service Agreements** include few targets on environment or sustainable development itself
- **Government Departments** devote minimal staff and budgets to policy analysis and delivery of sustainable development, and those small teams are often unable to make serious progress in embedding sustainable development principles in Departmental policy making
- Departmental reporting on environmental sustainability (and the results of policy screening for environmental impacts) is regarded by the Environmental Audit Committee as poorly developed
- **Community Strategies and Local Strategic Partnerships** show little sign so far of mainstreaming sustainable development and in particular environmental sustainability; in some ways, this represents a retreat from the position reached with the precursor of Community Strategies, Local Agenda 21

- The local government power of well-being has seen minimal use so far as a tool to advance sustainable development
- While the **Best Value** regime has seen some successful examples of integration of sustainable development practice, this has not yet been promoted systematically by the Audit Commission
- The **Comprehensive Performance Assessment (CPA)** system has so far rarely taken sustainable development into consideration, despite enormous potential to be a key driver for integrating sustainable development into design and delivery of service improvement. We hope this will be improved upon in 2005 as the Audit Commission consults on improvements in this area
- **Strategic Service-delivery Partnerships (SSPs)** are relatively new in local government, but are already being used by some authorities to deliver continuous improvement in the effectiveness of services. As yet, SSPs have not been framed in such a way as to secure the 'shared value' that sustainable development can bring.

This represents a waste of public money, and a misdirection of peoples' energy and creativity.

Progress towards sustainable development cannot achieve the 'step change' of which the Prime Minister has spoken without a systematic effort to connect that agenda to the modernisation process. By the same token, the modernisation process will not fulfil its potential unless implemented within a clear and coherent organising framework that can motivate professionals and the general public alike. The Commission believes that framework can only be supplied by sustainable development, underpinned by a set of core principles which are all of direct relevance to the modernisation agenda (see Appendix 1).

In short, sustainable development needs better machinery, while the modernisation agenda needs a sustainable core and a bigger public purpose than can be provided solely by prevailing views of 'efficiency' and 'customer choice'. Neither programme is achieving its full potential, and we contend that neither can do so unless and until it is integrated with the other. Modernisation without sustainable development is a recipe for short-term gains but long-term waste, frustration and contradiction. Sustainable development without the leverage and resources of the modernisation agenda will remain marginal in most public services.

¹ Sustainable Development Commission (2004) *Shows Promise But Must Try Harder*. London: SDC also available at www.sd-commission.org.uk

² House of Commons Environmental Audit Committee (Session 2003-2004) *The Sustainable Development Strategy: Illusion or Reality?* November 2004 (HC 624-I), London: The Stationary Office

2.3 Towards the next phase of modernisation

The modernisation programme has already achieved much. But the evidence of 'unjoined-up' action, over-centralisation, and the perverse consequences of excessive use of targets, has stimulated a wide-ranging debate on where public service reform goes next. A variety of concepts is under discussion as candidates for an overall organising principle and framework for the next stage of modernisation. For example:

- Devolution: a continuation of measures to slim down Whitehall by devolution to the Devolved Administrations and the English regions, although this move has been stalled by the "no" vote to an elected Regional Assembly in the North East.
- 'New Localism': the idea of a re-empowerment of local government, coupled with new forms of public engagement in the design, assessment and delivery of services
- 'Public Value': the idea of a distinctive set of virtues and benefits generated by effective public services, offering a basis for an improved system of evaluation and performance measurement in the public sector
- 'Increased Choice': the aspiration to enable citizens (or 'customers') to have more choice of the type and location of provision
- 'Personalisation': an extension of the idea of consumer choice in public services to embrace not just customisation for the user, but the involvement of the user in design, assessment and improvement of services
- 'Co-production': the idea that citizens should be involved in the design and improvement of services and of solutions to community problems rather than being treated as passive 'customers'.

This is very fertile territory. But we argue that there is already an organising framework available for guiding the design of services and the engagement of users. That framework is sustainable development, as set out by the Government in its own Sustainable Development Strategy. This is not to rule out the benefits of applying the concepts above. But there is no need for a new integrating framework; the real need is to ensure that sustainable development is understood and embedded in public service reform, to the benefit of both agendas ~ embedded not as another tick-box exercise, but by way of applied policy design.

On the choice and personalisation agenda, for instance, it is argued below that the balance between social entitlements and personal responsibilities that lies at the heart of sustainable development could provide a critical reality check in a debate that all too

easily collapses in phoney either/or positioning. It is universally accepted that public services are more likely to deliver what people want if they are involved personally in the design and development of those services. But if personalisation is characterized by a narrow, short-term consumerist perspective, stripped of any strong community dimension, then its contribution to improving public services might be short-lived.

It is critical that citizens are empowered to get involved in 'co-producing' improved public services, both as members of shared communities as well as individual users. The personalization of public services must be rooted in concepts of long-term shared citizenship rather than short-term consumerist individualism. As the Prime Minister puts it: 'services personal to each, and fair for all'.

As a recent DEMOS pamphlet ('Personalisation through Participation')³ argues, the deliberative involvement of citizens has a vital role to play in improving public services in a way that is sustainable for whole communities over time, and in a way that one-off, narrow-focus individual choice is unlikely to achieve. The difference lies in what motivates the individual as he/she gets involved: personalised, instant benefits, or personalised benefits plus ongoing 'shared value' for the community over time.

This 'time-frame' dimension is critical to the choice debate and sustainable development provides the most compelling ethical framework within which to handle that dimension. 'Ensuring a better quality of life for everyone, now and for generations to come' (the Government's admirably populist rendering of the original definition of sustainable development in the 1987 Brundtland Report) goes to the heart of what is missing in the choice debate: how do we get it right for tomorrow's citizens as well as for today's?

In that sense, 'shared value' embraces not just value shared more equitably across this generation, but value shared with future generations – adding real social and economic value for future beneficiaries of health, education and local government services, as well as meeting the needs of people today for improved services. Without that ethical underpinning there is something disturbingly hollow and potentially very short-lived and even self-defeating about today's modernisation crusade.

Interestingly, very little effort has been made by this government to apply the principles of co-production to

³ DEMOS (2004) *Personalisation Through Participation*, Author: Charles Leadbeater, available at <http://www.demos.co.uk/catalogue/personalisation>

some of today's most pressing environmental issues – climate change or waste minimization for instance. But if the ideal is to get citizens to become active participants in healthcare or education, rather than passive recipients of what the state offers, why should that not be equally relevant to sharing responsibility for today's environmental problems?

3. THE POTENTIAL FOR INTEGRATION AND INNOVATION

3.1 Critical affinities between modernisation and sustainable development

There are strong affinities between the Government's goals for the modernisation agenda, and the principles and practice of sustainable development:

- the emphasis in both sustainable development practice, and in debates on 'new localism', on new forms of public engagement in decision-making, on innovation for 'deliberative' or 'participatory' democratic governance
- the focus in sustainable development on understanding whole systems, and the focus in modernisation on effective 'joined up' government and integrated service delivery
- the emphasis in sustainable development on long-term action for systemic change and equity between generations, and the success in some areas of public service modernisation in shaping policy for long-term goals (as in the focus in Sure Start and in neighbourhood renewal)
- a shared focus on achieving the right outcomes, preventive approaches in policy design and delivery, anticipatory policymaking, and action to bring about cultural change and market transformation.

3.2 Benefits from adoption of the sustainability framework

This suggests that the next phase of modernisation in public services could harness a great potential source of energy by becoming far better integrated with sustainable development. The Commission has identified the following benefits that could flow from pursuing modernisation within a sustainable development framework:

1. A preventive account of the 'common good'

Sustainable development provides a clear and accessible framework for defining the common good, and the performance standards to be met by public services. It is entirely consistent with the emphasis on partnerships between public bodies and other

stakeholders in the search for 'joined-up' solutions and shared value.

It seeks to design problems out upstream rather than having to cope with them later downstream. That means putting the emphasis on preventive policy-making, ensuring that policies are geared as much to avoiding negative, knock-on consequences as to achieving a specific goal or outcome. Many of today's sustainable development tools have a built-in 'proofing' mechanism to prevent social exclusion, negative impacts on health, environmental damage or other avoidable externalities – investing upstream to avoid trouble down stream.

2. A better understanding of efficiency

As an integrating framework (mandating the simultaneous consideration of economic, social and environmental issues), sustainable development promotes a systematic approach to efficiency that goes well beyond the 'silo efficiency' provided by the target-setting and cost-effectiveness schemes established so far. The focus is on the effectiveness of public services over time and across departmental budget boundaries:

- The need for system efficiency, not simply silo efficiency: gains in departmental cost-efficiency can be secured all too easily at the expense of wider systemic efficiency – as when park maintenance budgets are slashed and subsequent neglect of public spaces encourages more crime and anti-social behaviour, for example
- The importance of resource efficiency: traditional concepts of efficiency must be extended to embrace resource efficiency and productivity – rewarding producers and consumers for consuming resources far more effectively and for securing desired outcomes with ever less environmental impact and resource use
- The value of preventive investment: despite the Government's Invest-to-Save initiative, it is still too easy for organisations across the public services to assume that a reactive, short-term approach to problems will be less expensive than a proactive and preventive one
- Insistence on 'whole life costing' and greater use of lifecycle approaches to procurement, investment and maintenance, in order to minimise the damage done by crude cost-benefit methods that do not take full account of environmental impacts and other costs

during the lifetime of a product or investment.

3. Managing 'trade-offs' more intelligently

Sustainable development can also provide a robust rationale for considering the long-term alongside the short-term, for openly recognising and dealing with risk, and a clear pathway when policy-makers and service providers are obliged to make 'tough decisions'. It does not abolish the need for trade-offs or hard choices between economic, social and environmental goals; there will still be winners and losers in the re-balancing of economic, social and environmental factors in any decision-making process. What it does is to insist on applied innovation in policy design so that mutually reinforcing outcomes are pursued to the fullest extent, and the need for trade-offs is reduced or eliminated if possible.

4. Avoidance of mixed messages

A fully integrated approach to sustainable development is needed to avoid inconsistency and mixed messages. At present, there is a tendency for core sustainable development goals to be robustly stated in national policy, and then to be watered down through inconsistency in incentives or guidance in public policy. For example, the UK Government is a pioneer in setting national long-term goals for tackling climate change. Yet the message to consumers is not simply 'save energy', but also 'switch to cheaper energy suppliers'. To avoid dilution and contradiction it is vital to have a set of fundamental goals (e.g. reduction in fossil fuel use and CO₂ emissions, delivery of floor targets for social inclusion and basic needs, reduction in waste volumes and maximisation of recycling) whose delivery is a core element throughout all public and private value chains.

5. A richer approach to 'choice'

Sustainable development offers new approaches to the desire for more 'choice' in public services. Choice is a useful tool in a modernisation process to help pressure complacent, provider-led institutions to respond more intelligently to increased expectations. But adopting a more ambitious, private sector-derived model of increased choice would require substantial spare capacity in the public sector, would generate more not less use of resources, would not take environmental costs properly into account, and could lead to further inequitable outcomes (by excluding those without 'effective demand') in a society with an already unacceptably large gap between the worst-off and the affluent and confident.

Moreover, there is clearly a potential clash between maximising the individual consumer's choice and the impact this can have on collective quality of life. Many believe that calls for more choice through some

kind of 'personalisation agenda' are unlikely to be compatible with securing greater 'public value' through public services. Without people having an equal capacity to choose, increased choice may undermine the pursuit of greater social cohesion and social justice.

The key to this choice conundrum is stakeholder accountability and shared responsibility – a reflexive two-way relationship between citizens and the agencies which affect them (directly or indirectly) which allows citizens to express their interests and to hold institutions to account – in return for which, those agencies can expect increased personal responsibility and a readiness on the part of citizens to co-create the solutions to today's problems. Just as service-providers need to get closer to the citizens they serve, so the latter need to understand their role in making the services work better for them and for the whole community and environment. This implies new forms of dialogue, accountability and cooperation between local stakeholders in services.

6. Deliberative decision-making

Sustainable development requires deliberative decision-making processes that engage stakeholders alongside politicians and service providers. It defines a new role for the public sector in overcoming the structural powerlessness which is today's norm. This goes well beyond the 'market research' focus of responsive government; it places an emphasis on responsible choices being made and justified by key stakeholders and decision-makers.

This also requires an approach based on problem-solving, learning, engagement with citizens, and the generation of what we have called "shared value" benefits - savings and efficiency gains that service users can share with producers, future generations, and citizens elsewhere in the world, connecting local action to the Government's global agenda for sustainability (climate change, international development aid, fair trade and security).

Sustainable development emphasises the need for 'nesting' of different levels of governance, with a hierarchy extending from global to micro-local levels:

- **global and international** (for example, regulation of greenhouse gas emissions)
- **inter-governmental and national** (major infrastructure, market frameworks, taxes, levies and regulation to promote sustainable production)
- **regional** (water management, biodiversity, integrated spatial planning)

- **sub-regional and local** (education, transport, waste, decentralised energy systems, social care, community planning, local finance etc);
- **micro-level** (users' engagement in co-production; of shared value in services, and in debating and reducing the impacts of consumption).

There is insufficient clarity at the moment about what is best done at which level; vertical integration is as important as more effective, horizontal integration.

7. A much clearer role for local government

Sustainable development emphasises the critical importance of the local in governance arrangements:

- The practice of sustainable development gives a key place to a strong 'local state'; the local is the point of connection between large-scale strategies and services and the individual and community. It is the level of governance which can be both strategic and focussed on local and neighbourhood practice at the same time. 'Sustainable modernisation' clearly requires a 'new localism'
- Local government still suffers from a lack of 'democratic credibility'; filling the 'democracy gap' is essential for sustainable development to take root. It will help spread capacity, responsibility and accountability more widely, critical to taking informed decisions locally and taking responsibility for the outcomes.

8. 'All the way down' to the micro-level

The micro-local level comes into play within a sustainable development framework because of the need not simply to provide efficient services, but to promote active citizen and responsible consumption. A sustainable development framework sees governance for public services going 'all the way down' to the users of local systems, recognising that in key areas (transport, waste, health, schooling, food, community safety and the creation of clean and vibrant neighbourhoods) citizens are co-producers of both problems and of solutions. A sustainable development perspective sees schools, hospitals, public parks, the design of buildings and streets and green spaces, and other community services, as a focus for bringing users into deliberation on service design, basic needs and real quality of life.

The Home Office's civil renewal initiative is central to this process, and has within it enormous integration potential. Neighbourhood empowerment and community engagement should both be much more

deeply embedded in the public service modernisation process.

9. A much clearer agenda for national government

Bringing the modernisation agenda within the purview of sustainable development will help provide greater clarity about central government's role. To make the most of this integration will require:

- Robust fiscal policies that continue to deter environmental 'bads'
- Rigorous integration of sustainable development in policy design, not simply in post-hoc evaluation of policies and projects
- Strengthening the role of DEFRA as lead for sustainable development in Whitehall, in close association with the central policy units
- Further action to transform obstructive Whitehall cultures and practices that stand in the way of improved public services and sustainable development
- Assessing performance against yardsticks of efficiency and public value that are fully consistent with the strategic goals and measures set for sustainable development
- Strong and clear guidance to regional and local actors on the high-level priorities to be set and the floor standards to be met, whilst acknowledging that local performance must be free to vary considerably within these priorities and standards.

4. POLICY IMPLICATIONS

4.1 Cross-cutting themes

Measures to secure the kind of integration outlined in this paper need to be taken forward both by individual departments (see section 4.2) and across the whole of government. For example:

1. Performance improvement in central and local government:

Measures for securing substantial synergies between sustainable development and performance improvement processes include:

- Using the regular Spending Reviews to 'lock in' departmental contributions to sustainable development, with a much more explicit use of Public Service Agreements to drive improved performance;
- Developing the Comprehensive Performance Assessment process to integrate a commitment to sustainable development practice, and to demonstrate how the core sustainable development outcomes are being integrated into policy and delivery through

- continuous improvement and corporate self-assessments;
- Promoting full integration of the national, regional and local quality of life indicators in PSAs and CPA systems, so that these measures become a core part of the process for resource allocation, support and challenge;
- Ensuring that this approach is carried through consistently in Best Value assessments, sustainable public procurement practice, and in community strategies and Local Strategic Partnerships;
- Building understanding and capacity in local, regional and national services through establishment of the Egan Report's proposed National Centre for Skills in Sustainable Communities, and through regional and local learning networks;
- Embedding 'strategic partnering' for local authorities (working together with other public, private, voluntary and community organizations) within a formal sustainable development framework;
- Developing the use of the Welsh Assembly Government's 'integration tool' to ensure that all major policy processes are taken forward from the start within a sustainable development framework.

2. Sustainable Procurement

Across the public sector, there is confusion about what is meant by 'best value' in public procurement, and in many cases it is taken to mean buying at the cheapest possible price. Sustainable development provides a framework for modernizing procurement practices to achieve best value in its widest sense; this means looking beyond short-term costs, and making decisions based on whole-life costs, including social and environmental implications. Whole-life costing offers the opportunity to make longer-term cost savings, whilst contributing to wider government agendas. It will support the goals of the Government's Sustainable Consumption and Production Framework, which stresses the need for public sector purchasing decisions to promote sustainable development, as well as contributing to objectives for sustainable communities, public health, employment, transport, waste and energy.

The Efficiency Review chaired by Sir Peter Gershon announced a drive for cutting the estimated £120 billion spent each year in the public sector by 25%. The vast majority of this will be achieved through changes in procurement practices. Nine Regional Centres for Procurement have already been set up to take the lead in delivering these efficiency savings.

At the same time, the Government has been pushing forward an ambitious strategy for sustainable procurement: with the Office of Government Commerce issuing new Guidelines on sustainable procurement; ODPM pressing for sustainable development targets to be embedded in the National Procurement Strategy for Local Government; and Defra actively promoting its Sustainable Food Procurement strategy for the public sector. The Welsh Assembly Government has also launched new (and much more sustainable) approach to public sector food procurement.⁴

There is already a substantial evidence base demonstrating how sustainable procurement can drive not just efficiency savings but improved service delivery and stakeholder relations, and can encourage local enterprise, create new forms of waste reduction, and shift materials and energy usage to recyclables and renewables, all involving lower lifetime costs.

It would be a disaster if these two strategies were not properly integrated from the very start – which means, quite simply, that all central government departments, as well as the new Regional Centres for Excellence, must be given an explicit sustainable development remit to stand at the heart of their drive for increased efficiency. Interpreting 'efficiency' in a broader, longer-term context (rather than focussing solely on cost and economies of scale) will ensure not just reductions in public expenditure, but an array of 'shared value' benefits over and above those savings.

We see the cross-cutting work of the Modernisation and Efficiency Team, within ODPM as central in informing and orientating the development of innovative trading companies by local authorities, so that they embrace sustainable development as shared value.

4.2 Departmental Priority Areas

What then are the key areas which Government should make a priority for action to bring public service modernisation into a sustainable development framework? We have identified four major areas of policy design where the benefits noted in Section 2 could be secured, and where Government is already active in beginning to connect up policies in ways which will promote sustainable development.

1. Sustainable Communities
2. Individual and Public Health
3. Education and Skills
4. Crime Reduction

⁴ Welsh Procurement Initiative *Buy Now Don't Pay Later* (December 2004).

In many instances, strong evidence already exists to demonstrate why some of the policy convergences below will work. We really do know by now that making a priority at the local level of cycling and walking (or even just getting out into the natural world!) can improve public health; that serious investment in energy efficiency can save a lot of money and can reduce fuel poverty; that good design of public spaces helps prevent crime, as recent research from the Commission on Architecture and the Built Environment⁵, has shown.

It's practice that counts here, not theory. But individual government departments have been unimaginative in drawing on the existing research base, and in commissioning new research to test the advantages of seeking policy integration of this kind. The 'shared value' available to them often remains obscured, and that must now change as a matter of urgent priority.

1. Sustainable Communities

The Government's Sustainable Communities Plan is potentially a showcase and a laboratory for the integration of sustainable development practice in the design of policy and delivery of joined-up and reformed public services. It is essential that the opportunities are seized, and that the recommendations of the Egan Report and the Sustainable Buildings Task Group be implemented. Measures to make the most of this potential include:

- Ensuring that planning, design and accountability in the Sustainable Communities Plan are based on the principles of sustainable development and on a core set of sustainability outcomes
- Consistent and rigorous application of the "criteria of success" in sustainable regeneration identified by the Sustainable Development Commission: putting local people at the heart of the process; improving the quality of the local environment; and taking an integrated and long term approach
- Development of Local Strategic Partnerships in growth areas (as well as Community Planning Partnerships in Scotland) as 'second chambers' for public engagement and stakeholder deliberation on the sustainable design of settlements, buildings, spaces and services

- Full integration of sustainable development principles in PFI construction and maintenance arrangements
- Establishing a variety of effective approaches to sustainable and affordable housing, involving full community participation
- Emerging proposals to set-up Local Area Agreements (to promote improvements in the public realm, the 'liveability' agenda and inter-departmental coordination at the local level) must have sustainable development at the heart from the very start.

2. Individual and public health

Improving the NHS is at the top of the public service agenda. But the approach so far has been to focus on service delivery issues to improve the treatment of illness rather than to improve health and prevent illness. As the Public Health White Paper⁶ outlines promotion of public health needs to be at the centre of the NHS modernisation programme, to ensure that the aim of the health service is to avoid illness wherever possible, and to deal with unavoidable illness more effectively.

Sustainable development provides a framework for achieving this. By putting sustainable development at the heart of decisions, NHS Trusts can use their role as powerful corporate citizens to improve the health and wellbeing of staff, patients, and visitors, enhance their local community and local environment, and reduce health inequalities. Acting as a "good corporate citizen" includes providing healthy meals in NHS canteens and on wards, developing local employment schemes, supporting local economies by opening up procurement contracts to local suppliers, using renewable energy and minimising energy use, managing waste in ways which minimise pollution, encouraging staff to walk or cycle to work, developing car sharing schemes, and making resources available to community groups.

Integrating sustainable development into corporate activities in these ways will not only help to improve working conditions, public health and wellbeing of local communities; it will also bring benefits to the NHS. More efficient use of energy and resources and reduced waste will help to reduce costs; healthier and happier staff will be more productive; and improving local population health will help reduce the demand for NHS services, which will result in a more effective NHS in the longer term.

⁵ CABE Space: *Policy Note: Preventing Anti-Social Behaviour in Public Spaces* (November 2004) London, Also available from <http://www.cabespace.org.uk/publications/index.html>

⁶ *Choosing Health: making healthier choices* (Public Health White Paper), Department of Health, CM 6374, 16 November 2004

Sustainable development needs to be integrated into all NHS capital development programmes – in both Acute and Primary Care Trusts. The existing NHS Environmental Assessment Tool goes some way to achieving this, particularly in relation to improving environmental performance; but as part of the modernisation programme, the tool should be developed to embrace sustainable development objectives more widely, and promoted so that it is used for all building schemes.

The modernisation of incentive structures and the development of new healthcare standards provide major opportunities to promote the links between sustainable development and health. A critical element in this will be to reward health service managers who are already seeking to ensure that their Trusts' resources are used to promote health and enhance communities. The new rating system should encourage Trusts to take a wider perspective and explore what they can do for local citizens and the surrounding community, rather than just patients.

Food and health

The current debate over obesity shows that the Government is willing to ask tough questions about the causes, and not just the treatment, of ill-health. This is just one area where the NHS, and the public sector more widely, can use its purchasing power to contribute to improved health (and therefore reduce demands on health services) and sustainable development. For example, by developing sustainable food procurement policies, public sector catering outlets can promote high production standards and local seasonal produce, reduce the negative environmental impacts of food production and transport, and ensure that their customers have access to healthy food. School meals can become the foundation of a nutritious diet and healthy lifestyles, as some pioneers in school catering services have already demonstrated.

3. Education and skills

The Department for Education and Skills has already started to think about how it can become a major force for an integrated approach to modernisation and sustainable development. Its Sustainable Development Action Plan could begin to make a real difference. Areas for innovative action include:

- Requiring all funding, monitoring and auditing bodies for learning and skills to embed sustainability criteria in their systems;
- Further embedding sustainable development in the life of schools, not only in specific subjects (geography, citizenship, technology), but in guidance on standards, procurement,

communication with parents and local communities, and schools' use of resources and facilities;

- Embedding sustainable development in the design, siting and construction of all new schools, so that this becomes the rule rather than the occasional exception;
- Ensuring that the same principles and good practice apply to all major refurbishment projects, and to all regular maintenance expenditure on the education estate;
- Widespread promotion of systems for sustainable food procurement in the school meals service, with investment in healthier food and local sourcing;
- Promotion of sustainable development education for commerce and industry via business schools, MBA courses, Modern Apprenticeships, continuous professional development, LSCs, the vocational training system, and the new CSR Academy;
- Further embedding sustainable development in FE and HE, building on the progress that has already been made in this area;
- Development of state-of-the-art sustainable school buildings, HE/FE buildings, catering systems, school grounds and home-to-school travel systems in the designated Growth Areas, as a flagship initiative for the Sustainable Communities Plan.

4. Crime reduction

Government departments and agencies such as Groundwork have been active in addressing the connections between crime and public disorder on the one hand, and environmental degradation and social exclusion on the other. There is strong evidence that citizens are highly concerned about, and motivated by, the quality of their local streets, parks, open spaces and badly maintained, threatening places. There are all sorts of opportunities in linking crime prevention policy to sustainable urban design and maintenance, and to the repopulation of public spaces. As has already been demonstrated by some pioneering Police Authorities and Local Councils, this can save resources, directly raise quality of life, and generate public trust and confidence. Areas for innovative action include:

- Experimentation and learning from leading practice in crime prevention and sustainable design in the Sustainable Communities programme;
- Integrating environmental quality fully in the design and assessment of neighbourhood regeneration and social inclusion programmes;

- Improving environmental quality and maintenance of the public realm (as well as skills and job opportunities linked to these) as a priority in areas of high crime, fear of crime and anti-social behaviour.

APPENDIX A

The SDC's Principles for Sustainable Development

1. Putting sustainable development at the centre

Sustainable development should be the organising principle of all democratic societies, underpinning all other goals, policies and processes. It provides a framework for integrating economic, social and environmental concern over time, not through crude trade-offs, but through the pursuit of mutually reinforcing benefits. It promotes good governance, healthy living, innovation, life-long learning and all forms of economic growth which secure the natural capital upon which we depend. It reinforces social harmony and seeks to secure each individual's prospects of leading a fulfilling life.

2. Valuing nature

We are and always will be part of Nature, embedded in the natural world, and totally dependent for our own economic and social wellbeing on the resources and systems that sustain life on Earth. These systems have limits, which we breach at our peril. All economic activity must be constrained within those limits. We have an inescapable moral responsibility to pass on to future generations a healthy and diverse environment, and critical natural capital unimpaired by economic development. Even as we learn to manage our use of the natural world more efficiently, so we must affirm those individual beliefs and belief systems which revere Nature for its intrinsic value, regardless of its economic and aesthetic value to humankind.

3. Fair shares

Sustainable economic development means "fair shares for all", ensuring that people's basic needs are properly met across the world, whilst securing constant improvements in the quality of peoples' lives through efficient, inclusive economies. "Efficient" simply means generating as much economic value as possible from the lowest possible throughput of raw materials and energy. "Inclusive" means securing high levels of paid, high quality employment, with internationally recognised labour rights and fair trade principles vigorously defended, whilst properly acknowledging the value to our wellbeing of unpaid family work, caring, parenting, volunteering and other informal livelihoods. Once basic needs are met, the goal is to achieve the highest quality of life for individuals and communities, within the Earth's carrying capacity, though transparent, properly-regulated markets which promote both social equity and personal prosperity.

4. Polluter pays

Sustainable development requires that we make explicit the costs of pollution and inefficient resource use, and reflect those in the prices we pay for all products and services, recycling the revenues from higher prices to drive the sustainability revolution that is now so urgently needed, and compensating those whose environments have been damaged. In pursuit of environmental justice, no part of society should be disproportionately impacted by environmental pollution or blight, and all people should have the same right to pure water, clean air, nutritious food and other key attributes of a healthy, life-sustaining environment.

5. Good governance

There is no one blue-print for delivering Sustainable development. It requires different strategies in different societies. But **all** strategies will depend on effective, participative systems of governance and institutions, engaging the interest, creativity and energy of all citizens. We must therefore celebrate diversity, practice tolerance and respect. However, good governance is a two-way process. We should all take responsibility for promoting sustainability in our own lives and for engaging with others to secure more sustainable outcomes in society.

6. Adopting a precautionary approach

Scientists, innovators and wealth creators have a crucial part to play in creating genuinely sustainable economic progress. But human ingenuity and technological power is now so great that we are capable of causing serious damage to the environment or to peoples' health through unsustainable development that pays insufficient regard to wider impacts. Society needs to ensure that there is full evaluation of potentially damaging activities so as to avoid or minimise risks. Where there are threats of serious or irreversible damage to the environment or human health, the lack of full scientific certainty should not be used as a reason to delay taking cost-effective action to prevent or minimise such damage.

APPENDIX B

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Ultimately, however, this report is the work of the Sustainable Development Commission as a whole, which is made up of the following individuals:

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