

This Conservative Government is determined to build a fairer...

Our public services must have values at their heart

DAVID LIDINGTON



When Carillion, one of the Government's major suppliers, went into liquidation in January, it represented a significant risk to some core public services. But the Government's robust response ensured that services continued uninterrupted: the hospitals were cleaned, the school meals were served, and the railways continued to be built. By successfully managing a complex situation we showed it was right not to bail out Carillion for its losses – and right not to reward failure.

However, Carillion's liquidation has been used by some to question the entire case for involving the private sector in the provision of public services. As the Prime Minister outlined on the steps of Downing Street nearly two years ago, this government is determined to build a fairer society which works for everyone. That means one where people from all parts of our country can access the best public services, and for those services to be run efficiently for them and their families.

Whether it is operating our call centres, collecting our recycling or delivering school meals, the private sector has a vital role to play in delivering public services, something this government will never cease to champion.

That is not because of an ideological fixation but because the evidence is clear on the benefits of using the private sector. Economies of scale mean services can be provided more efficiently, at lower cost and at better value; indeed, academic research has shown that outsourcing delivers savings of 20pc compared with bringing services in house.

Open and fair competition within free markets encourages innovation, meaning fresh perspectives can be applied. The private sector also brings skills and knowledge to bear on what can often be complex issues.

Yet some still believe that the state is the answer to everything. They are swift to use events such as Carillion to declare that no public service should utilise the skills of hard-working businesses and their employees. And not only that, those same critics would proactively try to bring every private sector contract – no matter how successful – back under state control, with no care or consideration for the spiralling costs that businesses and consumers would face, nor how it would be paid for.

But if we accept the fundamental role that markets play in our society, then it is our responsibility to ensure that those markets work for ordinary people. That is because, as Conservatives, we believe in an economy that works for everyone: a "responsible capitalism" where everyone plays by the same rules and where businesses recognise the duties and obligations they have to wider society. However, the rise of technology and a shifting economy are fundamentally changing how our society functions – and putting that trust and that unity between us at risk.

It is therefore incumbent on government and industry to build a new model of delivering public services in the 21st century: one which puts values at their heart, and ensures they have the confidence and trust of the people we serve. That is why today I am setting out a number of new ways in which public services are delivered, as we nurture a more diversified, modern and vibrant marketplace.

First, we need to make sure that suppliers are held to account by the public for their performance. Starting with our most important contracts, we will increase transparency by requiring a number of key performance indicators to be published, such as response rates, delivery times and customer feedback, so taxpayers can monitor outcomes and track how money is being spent.

Second, if we want to see public services delivered with values at their heart, then government must encourage greater competition and choice from different sectors. We have already taken action to level the playing field for small businesses, but we will now go further by ensuring that all major procurements take into account "social value", rather than just cost. By doing so, we will create new marketplaces featuring small businesses, mutuals, charities, co-operatives and social enterprises – and therefore harness the finest talent from across the public, private and voluntary sectors.

Third, if we are to build a fairer society, in which the public has greater trust in businesses, we must use the power of the public sector to lead the way. We will therefore develop proposals for government's biggest suppliers to publish data and action plans for how they plan to address key social disparities, such as gender pay and ethnic minority representation in their workforces.

Taken together, these measures will put values at the heart of our public services and build a stronger, diversified marketplace that fosters competition, and has the confidence of the people it is there to serve.

The Government cannot do this alone, however: we need the industry to come with us on this journey as well. They need to put right failings where they have occurred; demonstrate their ability to respond to changing circumstances; and show their capacity for innovation and creativity. If government and industry work together, I am confident we can restore that trust not just between ourselves, but between us and the British people as well – and in doing so, build public services that work for everyone in this country.

If we are to build a fairer society, we must use the power of the public sector to lead the way

David Lidington is Chancellor of the Duchy of Lancaster and minister for the Cabinet Office

This Conservative Government is determined to build a fairer society which works for everyone. That means one where people from all parts of our country can access the best public services, & for those services to be run efficiently, writes David Lidington for today's Telegraph Business section.