

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/294607380>

# Governing in the Round. Strategies for Holistic Government

Book · January 1999

CITATIONS

10

READS

795

4 authors, including:



[Perri Six](#)

Queen Mary, University of London

86 PUBLICATIONS 970 CITATIONS

[SEE PROFILE](#)



[Diana Leat](#)

City, University of London

56 PUBLICATIONS 702 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



Philanthropy, Democracy and Public Policy [View project](#)



Popular Understandings of Politics in Britain [View project](#)

Other publications available from Demos:

*Holistic Governance*

Perri 6

*Civic Entrepreneurship*

Charles Leadbeater

*After Social Democracy*

John Gray

*The Future of Privacy, vols 1 & 2*

Perri 6

*Missionary Governance*

# Governing in the round

*Strategies for holistic governance*

**Perri 6, Diana Leat, Kimberly Seltzer  
and Gerry Stoker**

DEMOS



Open access. Some rights reserved.

As the publisher of this work, Demos has an open access policy which enables anyone to access our content electronically without charge.

We want to encourage the circulation of our work as widely as possible without affecting the ownership of the copyright, which remains with the copyright holder.

Users are welcome to download, save, perform or distribute this work electronically or in any other format, including in foreign language translation without written permission subject to the conditions set out in the Demos open access licence which you can read [here](#).

Please read and consider the full licence. The following are some of the conditions imposed by the licence:

- Demos and the author(s) are credited;
- The Demos website address ([www.demos.co.uk](http://www.demos.co.uk)) is published together with a copy of this policy statement in a prominent position;
- The text is not altered and is used in full (the use of extracts under existing fair usage rights is not affected by this condition);
- The work is not resold;
- A copy of the work or link to its use online is sent to the address below for our archive.

By downloading publications, you are confirming that you have read and accepted the terms of the Demos open access licence.

Copyright Department  
Demos  
Elizabeth House  
39 York Road  
London SE1 7NQ  
United Kingdom

[copyright@demos.co.uk](mailto:copyright@demos.co.uk)

You are welcome to ask for permission to use this work for purposes other than those covered by the Demos open access licence.



Demos gratefully acknowledges the work of Lawrence Lessig and Creative Commons which inspired our approach to copyright. The Demos circulation licence is adapted from the 'attribution/no derivatives/non-commercial' version of the Creative Commons licence.

To find out more about Creative Commons licences go to [www.creativecommons.org](http://www.creativecommons.org)

First published in 1999  
Reprinted in 2001  
by Demos  
The Mezzanine  
Elizabeth House  
39 York Road  
London SE1 7NQ  
Telephone: 020 7401 5330  
Facsimile: 020 7401 5331  
email: mail@demos.co.uk

© Demos 1999  
All rights reserved

ISBN 1 898309 02 7

## Contents

Acknowledgements	7
Summary and recommendations	9
1. Introduction	15
2. New Labour's revolution in governance	21
3. A framework for holistic government	48
4. The strategy tool-kit	61
5. Answering the critics	83
Conclusion: holistic government in the twenty-first century	89
Notes	92

## About the authors

Perri 6 is a Senior Research Fellow at the Department of Government at the University of Strathclyde, a Visiting Research Fellow at the Centre for Environmental Strategy at the University of Surrey, and formerly Director of Policy and Research at Demos.

Dr Diana Leat is Visiting Professor at the City University Business School, a former Senior Research Fellow at the Policy Studies Institute, and a Research Associate at Demos.

Kim Seltzer is a Researcher at Demos, a former teacher and educational consultant, and is a PhD candidate in the Department of Social Policy at the London School of Economics. She received her MA in Educational Policy at Harvard University.

Gerry Stoker is Professor of Government and Head of the Department of Government at the University of Strathclyde. He is an advisor to several national governments on local government reform, advisor to many local authorities in Britain and continental Europe and chair of the New Local Government Network.

## Acknowledgements

In a research project of this nature, four authors accumulate a great many debts. The project was directed by Perri 6, who did much of the synthesis work, but all the fieldwork was done by Diana Leat and Kim Seltzer, while Gerry Stoker brought conceptual and theoretical rigour to the work. Siân Gibson conducted much of the early research interviews and some of the conceptual development. We are grateful to all the people who gave generously of their time and ideas, and in particular to Wendy Wallace, Zoë Reid and Arun Patel. The research was funded by the Esmée Fairbairn Charitable Trust, where we are grateful to the Director, Margaret Hyde; by Sequent Computers, and we are grateful to Nick Penston, now at CISCO, and to his successors Rob Green and NB Quin, Sequent Computers; and by ICL UK, where we are grateful to Gill Ringland, John Wolfe and Ian Perkins. Particular thanks for their comments, suggestions and support go to the members of the Advisory Group: Robin Young, Cabinet Office; Jeremy Cowper, Better Government Unit, Cabinet Office; Genie Turton, Government Office Director, Government Office for London; Francis Aldhouse, Deputy Data Protection Registrar; Paul Ververs, Director of Audit Support, Audit Commission; Brian Briscoe, Chief Executive, Local Government Association; Annie Faulder, Deputy Chief Executive, Kirklees Metropolitan Council; Sarah Tanburn, Director of Strategy and Information, Hertfordshire County Council; Elizabeth Ransom, Director, Public Sector Consulting, KPMG Consulting; and Professor Vernon Bogdanor, Department of Politics, Oxford University. We are also grateful to Professor Patrick Dunleavy, Department of Politics, and Professor Julian Le Grand, Department of Social Policy at the London School of Economics for their criticisms of some of our arguments. Jane Taylor worked with her usual despatch, imagination and courtesy as editor. We also thank the following staff at Demos for comments at various stages on drafts: Ian Christie, Tom Bentley, Geoff Mulgan, Ravi Gurumurthy, Gavin Mensah-Coker. Lindsay Nash managed the publication process, and Debbie Porter provided sterling support throughout the project.

# Summary and recommendations

In many countries, the mid-to-late 1990s marked a new phase in the reform of governance. This new epoch will continue well into the first decade of the new century and will come to redefine how we think about government. This book describes the challenges that this wave of reform will bring for politicians, public managers and professionals in the departments and agencies of central and local government. It also draws on empirical research to map out a framework for how the challenges can be met.

During the 1980s and early 1990s, reformers put great effort into refocusing the organisation, budgets and accountability of public bodies around the efficient delivery of specific activities. They secured real improvements in the quality of management, important advances in the measurement of costs and outputs, and some efficiency savings. But these gains were bought at a high price. The culture of focusing on activities diverted attention from solving the problems that the public care most about and exacerbated deep-rooted problems of lack of coordination.

The watchwords of the new phase are 'holistic working', 'integration', 'coordination' and 'joined-up public management'. Integration is a broad spectrum, from dialogue and taking other agencies' operations into account through to large-scale re-organisation and merger. Far from undermining specialisation and the role of discrete professional skills, it puts these things into their proper context: the enemy of integration is fragmentation, not specialisation.

Integration is not rocket science. It does not demand many new or fundamentally different skills from those that good public managers

already possess. But it does require strategic work. This book equips public managers with ways of being able to answer, for their particular situations at every level of policymaking and implementation, the crucial questions: ‘what should we integrate?’ and ‘how should we integrate?’

Holistic working develops out of the redesign of systems of accountability around problems and solutions, or outcomes and out of the redesign of operating systems that bring together bodies of practical knowledge. Pooled budgets, co-locating staff, one-stop shops, integrated electronic consumer information services and the panoply of specific activities are, on their own, neither necessary nor sufficient to achieve holistic working. They are valuable only in the context of integrated accountability and knowledge. And, crucially, holistic working cannot be imposed from the centre but must grow out from every level of government. Many of the errors and failures in the early years of integrated working have stemmed from this misunderstanding.

### Summary of key lessons

- Holistic government is a distinctive and radical agenda, not just a recapitulation of 1970s ideas, not a silly ‘one big lump’ view of management, not a plea to return to simplicity or an exercise in consolidation for its own sake.
- Holistic working is not a panacea. It is not risk-free or costless. It demands radicalism, innovation and courage from politicians and public managers, both in its execution and in familiarising the public with a new understanding of how public services work.
- Most of the skills of holistic working are the same mainstream management skills needed for any kind of organisational and cultural change. There is no reason why public managers should think that holistic working is somehow beyond their capabilities.
- Moreover, the choice is not between joined-up working or retaining a silo-based approach. The agenda demands appropriate forms of integration and differentiation at different levels and for different goals. Policy integration must be wide, even though the integration of delivery staff will often be limited.
- In the long run, joined-up knowledge and accountability will be far more important than joined-up budgets. Managers can become seriously deflected from integrating mainstream activities when they

have to attend to a host of small discretionary pooled budgets. Central government needs to improve the management of its holistic agenda in a number of ways, just as local government needs to rise to the challenge.

- Joined-up front-end consumer interfaces are important, but they will not automatically produce a discipline of holistic working throughout the back offices of the public sector. It is important to develop strategies for integration at the policy level, through the back offices and at the front-end, at the same time.
- Integration brings with it new challenges and dilemmas for public policy. Politicians and managers will need to develop new ground rules and consensuses on key issues of privacy, democracy, accountability, preventive government and governing by cultures.
- There are plenty of good examples of integration on which to draw. There is every reason to be optimistic that the holistic agenda can transform government and meet the aspirations of citizens far more effectively than today’s functionally organised systems.

### Principal recommendations

1. *Policy-level integration is necessary and achievable throughout government*

- In almost all government departments, agencies and authorities, it is possible to improve policy-level coordination with other tiers of governance.
- Below policy level, decisions to integrate will flow from the clear identification of particular goals and outcomes.

2. *Central government must correct its early mistakes and devote more*

- Central government in the UK has done a great deal to promote holistic working. However, it must now focus its efforts on bringing integration to its mainstream budgets, rather than proliferating special initiatives. It must review its earlier strategies to correct the incipient development of fragmented holism. And it must be prepared publicly to defend innovations in integration, especially when these fail – as they sometimes will – in order to begin to erode the culture of blame, send a clear message about the importance of taking risks, and the value of learning from failure.

- Central government, in its dealings with local government, must recognise that holistic working cannot be unilaterally imposed. It should, rather, grow from every part of the public service. Holistic initiatives that bring together the work of central and local government are bound to be fraught with tensions because of the history of the relationship. But unless central government recognises local authorities as genuine partners in the pursuit of joined-up governance, it risks undermining its own stated commitment to radical reform.

### 3. Holistic strategies have enormous potential for development

- Below the level of policymaking, every agency in the public service should review its goals, resources, strategies and potential partnerships to identify opportunities for more effective holistic working.

### 4. Integrated budgets must be used sparingly

- Pooled budgets are a powerful tool for administering shocks to agencies that have been unwilling to work together, or for cementing fragile relationships.
- However, they are in general neither necessary nor sufficient for successful integration.

### 5. Accountability agencies must learn new kinds of lessons

- Scrutineers – select committees, ombudspersons, local authority commissions, auditors and regulators – must equip themselves with new remits, defined either by the outcomes to be achieved or at least by the categories of people served, benefited or affected. These guardians of accountability should become, in the longer run, the key pressure points for producing more effective joined-up solutions.
- Politicians must be wary of the ease with which unreformed or only partially redesigned systems of accountability can stifle the growth of holistic innovation and undermine learning. By imposing goals and performance measures too early in the process of developing integrated practices, they punish effort, sap confidence in risk-taking and curtail effective longer-term development.

### 6. Central authorities can teach some lessons; new local bodies are a needed

- The existing central bodies for intelligence gathering, learning and dissemination – the Social Exclusion Unit, the Performance and Innovation Unit, the Centre for Management and Policy Studies, national audit agencies and so on – cannot on their own create excellence in integrated governance. Their preoccupation is excessively centralist and they create bottlenecks. Moreover, because they tie learning closely to accountability and the possibility of centrally imposed sanctions, they are poor mechanisms through which to encourage more open kinds of learning.
- A network of local and regional Lessons Learned Units (LLUs) should be created to conduct local and inter-regional comparative audits of holistic working across government.

### 7. Government must update information standards and protocols

- The centre must take on the key role of developing guidelines for common data standards and system-recognition protocols for holistic information systems. These must incorporate appropriate guidance for the protection of personal privacy (see 9 below).

### 8. Pay, training and career paths all need renewing

- It will be necessary to review and restructure systems of remuneration, training and professional career paths for the public services. The aim must be to enable and encourage people to move fluidly between professions, functions, agencies and tiers of government in order to pursue careers defined around outcomes or clientèles rather than professional activities or agencies.

### 9. Politicians must tackle the new public policy dilemmas arising from integration

- It is essential that programmes involving the sharing of personal data sets conform with the spirit as well as the letter of data protection and privacy law. The Data Protection Commissioner should publish guidance both on how the law should be interpreted and on best practice in handling personal information in holistic initiatives.



- Politicians have a responsibility to explain the holistic government agenda to a populace whose conception of public services is still largely based on traditional, functionally fragmented systems. There is a job of leadership to be done in persuading the public that holistic working is the most effective way to tackle the problems that matter most to people. To help achieve this, taxpayers, consumers and citizens need to be brought into decision-making about the design of systems of holistic working.
- Effective integration is a 'bottom-up' process, not just one that is led from the centre. Its success depends on the capacity, resources, strategic capabilities, motivations and freedom available to local agencies, politicians and practitioners. National politicians and administrators must recognise this. Correspondingly, developing these capabilities and motivations represents a challenge to which local government and other frontline agencies must rise.

# 1. Introduction

In most of the English-speaking world, increasingly in continental Europe and many countries in South America and east Asia, a revolution is under way in government. It is very different from the transformations of the 1980s and early 1990s, under the slogans of 'reinventing government' and 'the new public management'. That wave of reform was about breaking down government into single functions and units, with highly focused management targets for volumes of cases processed, or more value for money. The aim was efficiency, streamlined handling of transactions, management focus: agencies that did one thing and did it well. Many people imagined that after that period of upheaval – contracting out, specialist dedicated agencies, purchaser-provider splits, downsizing, targets and performance indicators, audit, performance-related pay, freedom to hire and fire – the pace of change would slow down, allowing civil servants, public managers and politicians to get used to the new systems. Nothing could have been further from the reality.

By the early 1990s the costs and limitations of the strategy were clear. The first job of government is not to administer transactions, but to solve problems. The problems that people care about are not defined or shaped in the same way that departments and agencies are, and when government reform focuses only on smooth administration, real problems fall between the gaps. People get shunted between agencies that are trying to manage budgets rather than tackle evils; lack of coordination creates waste and incoherence at every level, from policy downwards. Departmentalism is nothing new in government, but the reforms of the 'reinvention' era exacerbated the scale of poor coordination and

the dumping of costs and problems. Socially excluded citizens were often those affected most severely by the failures of coordination.<sup>1</sup>

The countries at the leading edge of 'reinventing government' have moved quickly into a new phase. Today, the goal is holistic or 'joined-up' government. Governments in Britain, New Zealand, Australia and Canada, and many state and local governments in the United States, spent the mid-1990s looking for ways to *integrate* government around the problems, solutions and outcomes that citizens wanted. The aim was to move away from organising budgets, targets, incentives, management structures and accountability around the administration of functions, towards achieving outcomes and finding solutions.

This was not easy, nor was it obvious where to begin. Yet the similarity in the strategies they began to develop was remarkable, given the limited contact and political sympathy between them. In Britain, Michael Heseltine (a warhorse of 1980s 'reinvention' who in 1982 launched the Urban Development Corporations with the clarion cry that they would be 'single minded' and 'focus like a laser beam') led the way towards integration in the early 1990s with the first attempt at a pooled budget: the Single Regeneration Budget. His colleague, Roger (now Lord) Freeman, in a landmark green paper in 1997 entitled *government.direction* set the direction for integrated information systems. New Zealand introduced its 'strategic areas initiative', an attempt to impose a 1990s cross-cutting commitment to achieving solutions and outcomes<sup>2</sup> upon an 1980s structure designed to deliver processes more efficiently within dedicated agencies.<sup>3</sup>

Australia's pursuit of integration has been particularly controversial. There, a new privatisation strategy was attempted, in which former government agencies in the private sector, such as Centrelink Australia, would do the integrating on the supply side that departments and agencies could not seem to achieve on the demand side. The most innovative states in the US used discretionary pooled budgets to encourage local governments to work more holistically (North Carolina's SmartStart programme and Kansas' Caring Communities programme are examples) and to set outcome-based indicators for all services, as is the case in Oregon and Vermont. US Vice President Al Gore's National Partnership for Reinventing Government shifted its focus towards integration by using electronic information systems and inter-disciplinary training in

programmes such as Hassle Free America, Access America and the Housing and Urban Development Department's 2020 Management Reform Plan pilots.

In some ways, Britain has set the pace in this revolution. Since mid-1997, the New Labour administration in Britain has been enthusiastically committed to what the prime minister calls 'joined-up government'. It has experimented with:

- *holistic auditing* in several elements of the Comprehensive Spending Review, designed to track expenditure on particular client groups; and in much of the Audit Commission's work
- *holistic budgeting* in the New Deal for Communities and SureStart
- *holistic information systems* in the continuing commitment of the Central Information Technology Unit to design electronic public services around life events or episodes in people's lives, rather than the convenience of government departments and agencies
- *holistic organisational structures* in the development of partnership structures among public agencies and between them and private firms or voluntary bodies; in the Invest to Save Budget, which gives some central government support for such initiatives
- *holistic action by geographical area* in the development of special action zones for partnerships to pursue health, employment and education
- *holistic policy coordination* through government-wide promotion of public health and an integrated family policy; in the current review by the Cabinet Office's Performance and Innovation Unit of possibilities for more holistic accountability structures and coordination of regional structures
- *devolved structures* to create opportunities for local politicians and public managers to design holistic initiatives such as the Best Value programme to replace compulsory competitive tendering in local government
- *re-organisation at the centre* to promote and enable holistic working throughout government: first, the Social Exclusion Unit, reporting to the prime minister to coordinate policy across departments, followed by the creation of the Performance and Innovation Unit

and the Centre for Management and Policy Studies in the Cabinet Office.

In March 1999, the government published its white paper *Modernising Government*. This set, as the themes for a ten-year programme of change, goals of more customer-focused, joined-up, outcome-oriented, efficient, digital government. All spending reviews are to examine how to improve joint working. Ministers and officials are to be offered training. One-stop shops will be encouraged. New performance targets will be set, wherever possible expressed as outcomes. 'Learning laboratories' are to be introduced to foster innovation. A scheme is being considered to offer financial rewards to staff who identify savings. Services are expected to move to seven day, 24-hour accessibility 'where there is a demand'.

But the new agenda will succeed only if it is pursued at every level of public service. Happily there are many innovators working in forward-thinking local authorities, health authorities, police forces and Training and Enterprise Councils. The best of British local government is still ahead of the central civil service in working holistically; the worst is, sadly, still far behind.

### About this book

This book is the product of eighteen months of intensive research, in which we have studied innovative initiatives in holistic working from around Britain. In October 1997 Demos published *Holistic Government* by Perri 6. That book quickly captured the imagination of politicians and public servants and has attracted attention in many other countries. Its language and many of its ideas were picked up by the New Labour administration. Since then there have been many articles and books examining the issue, but almost none has yet attempted what we now feel is necessary: a catalogue of the practical ways in which the agenda should be pushed forward at every level. This book begins that task.

Anyone seeking to understand how governments will have to reshape their goals, structures and tools will learn something from our findings: local and national politicians, reflective practitioners in the civil service, local government and the health service, as well as commentators and students of government.

We begin with the principal lessons that central government needs to learn from the early experiences. As well as identifying real achievements and recognising the importance of setting an impressive pace of reform, chapter two summarises some of the key problems that have emerged in turning theory into practice, and suggests some remedies.

In chapters three and four we turn our attention from the national to the local level and set out in some detail how public managers can develop strategies for holistic working. First we outline a conceptual framework for understanding holistic government. Then we present a synthesis of techniques for developing integrated strategies, based on the real-life experiences of public managers in our fieldwork. We try to draw some lessons from what has gone wrong. We examine the costs, risks, dilemmas and trade-offs involved in holistic working, and offer suggestions about how these might best be managed.

For the still-sceptical, we recapitulate in chapter five what integrated government is not, before looking ahead in the final chapter, setting the holistic government revolution in a broader and more long-term context of trends towards more preventive and culture-changing government.

It is too early to make any definitive assessment of initiatives in holistic working. All the initiatives we have studied are relatively new, and need time to show results. However, there is every reason to believe that well-designed strategies for integration can work. Even in the early stages, we have seen gains for public managers in the form of:

- access to increased resources through pooling budgets
- better management of turbulence
- better balance of demand and supply through common points of consumer access and pooling budgets
- savings in numbers of staff required through co-location
- reduction in 'dumping' of clients, problems and costs
- flatter management structures
- better understanding of the multi-dimensional nature of clients' problems
- improved communication networks
- improved policymaking procedures

- greater lay managerial and political control over objectives set for professionals
- greater trust between agencies and departments
- recognition of common interest and need for long-term relationships

The gains for consumers that were reported to us include:

- quicker and more comprehensive handling of cases
- improved complaints procedures, satisfaction tracking and so on
- higher quality of services.

As we would expect, there are also many failures. But we found plenty of evidence of risks and obstacles that could have been overcome: in no case of poor outcomes that we observed was integration itself reported to be the problem.

Our research has combined fieldwork in many areas of Britain, studying cases of innovation, interviewing leaders involved in central and local government initiatives, scanning literature, contacting those working on these issues in other countries and conducting workshops with public managers. We do not present our research methods, empirical findings or show much of the data or set out our discussion of the context – those matters are reserved for a longer book to be published in 2000. The point of this book is to present the key lessons for how government might go about the task of integration more effectively.

## 2. New Labour's revolution in governance

Within a few months of New Labour taking office in Britain, it became clear that it was committed to the fundamental reform of government through the adoption of holistic working. The prime minister used the phrase 'joined-up government' in a series of speeches. Indeed, in an early speech on social policy in south London in July 1997, Mr Blair called for more preventive approaches across the public sector. Reform of the Cabinet Office, initiated by the prime minister and conducted by the head of the home civil service, Sir Richard Wilson, was to give it primary responsibility for pushing forward integration and cross-departmental working. The prime minister's speech to the conference of the senior civil service in late 1998 made clear for the first time that the senior tier of public management would be judged above all on its efforts towards integration. The first experiments with holistic budgeting, holistic neighbourhood initiatives and greater policy coordination appeared in late 1997 and early 1998.

Halfway through 1999 it is too early to make a comprehensive assessment of what has been achieved. As the March 1999 white paper *Modernising Government* makes clear, this is a programme of change for the public sector that may take ten years. Nevertheless, we can make some important assessments and observations from the early experiences. When we began our research in late 1997, the agenda of joined-up government was being greeted with high hopes throughout the public services. As we write in mid-1999, a mood of disillusion is setting in which could, if unchecked, turn to resentment and bitterness. We have heard remarks in our interviews, at meetings and conferences of practitioners that tell of a creeping disdain for joined-up working.

In our view New Labour has made some mistakes from which it needs to learn. In this chapter, we concentrate on the implications of our findings for central government in particular. First, we try to codify the pitfalls that are causing integration to founder. We then offer some suggestions for changes of direction to help set the project back on course. Finally, we look at how central government can start to equip the public sector to tap the ever-increasing potential of information systems and, crucially, how holistic working can be properly scrutinised and held accountable.

### Central and local: the big tension

In all our fieldwork, discussions and observations thus far, a single message dominates: central government cannot impose holistic working by *fiat*. If public managers come to see it as something burdensome or threatening, they will resist it. This is not simply a matter of presentation; it goes to the heart of what gets done and how. Central government, we firmly believe, cannot issue a memo to all-comers headed 'What You Must Integrate' because there is no general, one-size-fits-all kit for holistic governing available. Decisions need to be made – and made accountable – at the appropriate level; this often means locally, frequently at the neighbourhood level.

Of course it matters what central government does: the signals that it sends, the resources it makes available, the accountability systems it puts in place and the roles ministers play are all of great importance. But it is a profound and dangerous mistake to believe that by reorganising the administrative furniture in London SW1, holistic working can successfully be institutionalised.

New Labour's message to local government is that more autonomy may be on offer if it rises to the challenge of holistic working, and if it can create democratic legitimacy by raising turnout figures in local elections, which are among the lowest in the developed world. This weakness of local accountability is at the heart of the tension between local and central government. Although high levels of voter turnout are by no means the only indicator of the health of local democracy, they do enable central government ministers to feel more comfortable about devolving powers, responsibilities and revenue-raising powers to local authorities: they are less likely to be held responsible in general elec-

tions for all the sins of local government. It is very old news in politics and public management that the ability to 'decentralise blame' is the best motivator for politicians to accept any devolution of power.<sup>4</sup> Therefore, in our view the government is right to have placed particular emphasis on this.

But it is not enough. The key role of central government must be to facilitate decision-making and holistic policy management at every level. By crowding out local decision-making, or setting it out with such constraints that its results become distorted, central government will put in jeopardy the whole agenda of holistic working.

Clearly, some confidence-building is going to be needed. While ministers see the local tier as lacking legitimacy, good management and direction, local government and some frontline staff feel undervalued and do not understand why they should have to be more deserving. In a relationship as fraught with longstanding distrust as that between central and local government, and in which only a few leading innovators in either setting are succeeding in making the holistic government agenda work, there are no quick or painless routes to improved trust.

One basis for developing confidence in the necessary devolution would be for local government to negotiate with central government a series of schemes for enhanced powers to innovate in holistic working, alongside a corresponding increase in accountability for their use. There is much to be learned from the Scandinavian 'free commune' experiments, in which local authorities whose plans were approved by the centre were then granted waivers from specific legal constraints. The Local Government Association is already developing proposals along these lines.

### Where central government is going wrong

One has to be impressed by the energy and pace with which New Labour has developed initiatives in holistic government. Almost every department has produced important new programmes. A great deal of senior civil service time and effort, prime ministerial backing and a fair amount of junior ministerial time have been committed.<sup>5</sup> The theme runs through the work of the Social Exclusion Unit, the *Modernising Government* and *Modernising Local Government* white papers, the public health agenda, the reorganisation of the Cabinet Office and several

strands of the Comprehensive Spending Review. However, our study has thrown up clear tensions between the aspiration for successful integration and some of the ways in which New Labour is pursuing its goals. The key problems are as follows.

### *Impatience*

Holistic initiatives do not take root overnight. Too often the politicians' demands for 'quick wins' can stifle integration; it takes time to build trust between agencies, identify the correct focus and outcome measures, and develop the right strategy.

### *Initiativitis*

This is the syndrome in which public managers end up swamped by the volume of special projects, discretionary funds and demands to produce plans. Some local authorities report having filed more than 75 plans with central government in a single year. In the attempt to develop a hierarchy out of many cross-cutting issues, social exclusion can often end up at the top of the local agenda, while sustainability, regeneration, community safety and disaffected youth all find themselves 'jockeying for positions'.<sup>6</sup> This may end up making a nonsense out of integration.

### *Fragmented holism*

This is the problem of integration without coordination, which can lead to messy and time-wasting duplications of effort and can end up reproducing the problems of fragmentation at a higher level.

Thus, for example, in cities that have several special action zones, coordinating bodies have had to be set up to sort out relationships between them. One interviewee said to us: 'Pieces of the jigsaw of Health Action Zones, Drug Action Teams, and Crime and Disorder Bill arrangements overlap all over the place.' Managers begin to feel that they are discussing the same issues in different forums — 'a waste of their increasingly hard-pressed time.' Some interviewees reported feeling completely overwhelmed because officers did not have the time to pursue the range of new initiatives. There were difficulties sometimes in getting voluntary sector bodies involved because they did not have the time and resources to cover the range of partnership initiatives to which they were invited.

Eventually the failure to coordinate can undermine integration. One government civil servant conceded that even if you pool funds and decide how much money is spent by each department on an integration initiative, 'the silos come back'.

### *Badly designed bidding competitions*

This can quickly lead to shallow and fragile integration. Our respondents often talked of the 'bidding game', the 'fantasy' involved in bidding for special central funds and the ways in which spurious partnerships come together to make a bid, later dissolving when the money is not granted — or even when it is, so shallow are their roots. As one interviewee observed: 'You get seven days to come up with some fantasy numbers and then you have to spend seven years pretending to live up to them.'

Partnerships motivated solely by securing money do not often achieve genuine integration. In one southern English town, a bid for discretionary regeneration money was successful but only half the requested sum was awarded. Predictably there were difficulties. As one interviewee there explained: 'A lot of people still have expectations way above the money.' The promise or implication of money in this case had been a means of persuading agencies to sign up to the bid. But this led to overly high expectations that then had to be talked down, which did little to increase trust and damaged working relationships at the point when they needed to be strongest.

### *Over-hasty measurement of the wrong things*

While it is vital that holistic working be focused on improving outcomes, there is some skill required in working out how to measure these, and when. As one London interviewee put it, 'If we were starting out now the requirements would probably be a lot clearer.' In another London borough, we were told, performance measures of output and outcome had been 'constructed for the funding application, but it was a bit of constructive grantsmanship'. Hastily set measuring systems can either quickly become irrelevant in practice as the project acquires its natural focus (causing problems later with accountability) or can skew and distort the initiative from the outset. Central government does not need to design its systems of accountability for discretionary budgets in this way, so it shouldn't.

*Intolerance of failure*

We found many examples of managers in pilot projects being firmly told that the project had too high a political profile to be allowed to fail. The effect of this message is that managers become unwilling to innovate or undertake risky initiatives. A system that cannot allow for failure cannot learn.

*Hogging the lessons at the centre*

The main sources of intelligence about what works in holistic government and what does not are highly centralised. The National Audit Office and the Audit Commission collect some of the information. The most politically influential agents of learning about holistic experiments are central government units, such as the Social Exclusion Unit, the Performance and Innovation Unit and the Centre for Management and Policy Studies in the Cabinet Office, plus departmental taskforces set up by ministers dealing with specific pilots. All are accountable centrally. Also collecting intelligence, but of more peripheral use, are national umbrella bodies such as the NHS Federation, the Local Government Association, the TEC National Council, national support agencies such as the Civil Service College and the Local Government Management Board, and private agencies working nationally such as the Office for Public Management.

The distribution of best practice and learning is also highly centralised, through national policy publications, guidance documents and so on. This may seem natural and efficient, but it has real costs. Because these same politically charged, powerful bodies tie learning closely to accountability and the threat of centrally imposed sanctions, they undermine the possibility of a more open kind of learning. Public managers in fear of central sanctions will, understandably, be more concerned to cover up failures than to discuss the lessons learned frankly with colleagues. Moreover, many findings from holistic experiments will have highly specific local value: what makes sense in rural areas may not work in conurbations; what makes sense in comparatively prosperous areas with tightly concentrated pockets of poverty will be different from the needs of extensive urban areas with dense mixes of classes. Although there was some hope that the creation of Government Offices for the Regions and the Regional Development Agencies would

aid this level of learning, their development priorities have prevented them from playing this role.

Finally, the centre is not putting enough effort into adopting the lessons learned from the most innovative local initiatives and applying these to the great departments of state and non-departmental public bodies. The Centre for Management and Policy Studies ought to be a key locus for bringing coherence to Whitehall's learning from the best of the town halls, as well as from national initiatives.

*Conflicting policy priorities*

Very often policy priorities for individual services, such as cutting waiting lists or reducing class sizes, come into conflict with integration. Many interviewees told us how the pressures to achieve government manifesto commitments reduced the time available for integrative activities and undermined the motivation to integrate, because it meant putting effort into things that may not benefit the real outcomes of health, learning, employability or community safety.

Each of the pitfalls identified above is understandable, and none is unique to New Labour. They reflect three kinds of impatience which have deep roots in our system of government. The first is the peculiar pressure that national government politicians feel themselves to be under. They believe they must be seen to deliver certain things, in order to secure their licence to govern from a sceptical public. What those things are might not be the priority goals you would deduce from a rational analysis of public policy, yet to fail to deliver them threatens unacceptably high political and electoral costs. In our interviews with national policymakers, it became clear that some ministers – of all parties – believe they can tell a different story from each side of their mouths. With one side they can address the popular press and indicate their toughness in line with perceived 'popular demands'. With the other side they speak more softly to public managers and the clients of public services, assuring them that these 'popular demands' need not disturb the commitment to well-managed reform of services. Unfortunately each audience is present when the message is addressed to the other.

A second source of political impatience is the short-term pressure of elections or reshuffles, before which ministers hope to make their mark



upon their bit of the body administrative. Many senior politicians are haunted by the sense that the political – indeed, the historic – window of opportunity never remains open for long.

The third source of impatience derives from a disdain of local politicians and managers. The view from the centre is that these people lack the passion to transform, are less competent, less accountable, more prone to take the line of least resistance and to relax into the comfortable sofas of administrative routine. Hence only the most relentless regime of inspection, incentive, sanction and discipline will produce effective action. This type of impatience results from a lack of trust. Any call for a longer timescale in which to take on reform is interpreted as the excuse of the idle, the unwilling or the vested interest. A minister with a zeal for reform will brush aside such calls, reminding her colleagues expansively that she will brook no undermining of her goal.

However understandable, all the pitfalls we have identified here are serious because they all act as forces for short-termism and have the capacity to undermine New Labour's commitment to governing for the long term.

### Pitfalls are not the same as excuses

It is important to be clear about what we are not arguing here. We are absolutely not suggesting that:

- taking any amount of time is acceptable
- ministers should not set timetables
- central initiatives are not valuable or that all initiatives should begin locally
- one cannot work on more than a few fronts at once
- 'early wins' are never valuable
- a single overarching holistic goal should be set, under which all others can be ordered hierarchically
- competitive-funding programmes are a bad thing or should be abandoned
- any partnership that springs up in response to a funding competition will be shallowly rooted
- low standards, low achievement or long-term failure are acceptable
- failure is the only way to learn

- the policy priorities of any government can ever be made wholly consistent and mutually reinforcing.

The danger is that, when criticisms are voiced, they are mistaken by ministers and their advisers for complacency, challenges to the right of ministers to govern or excessive rationalism. This produces a polarised debate in which no one listens and no one learns. While central government has the right and the duty to set the direction and the goals, it is at the frontline of executive agencies operating locally that the knowledge, the capability and the practical networks necessary for successful reform will be found. The centre needs to learn from the locality about implementation, just as the local level needs to learn from the centre about commitment to the goals of reform.

### Correcting the early mistakes

There are a number of key lessons for central government.

#### *Lead public opinion, but don't run too far ahead of it*

The public has learned over decades to believe in government organised by functions rather than holistically. Most people, asked what they want done about crime, demand 'more resources' (such as longer sentences, more police officers on the beat, secure accommodation for young offenders). It is the same for ill-health and medicine, learning and schooling and many other areas of public policy.

Government must bring public opinion with it in pursuing more joined-up solutions. This represents a difficult balance. On the one hand a democratic government must be accountable to the values, attitudes, commitments and cultures of the sovereign people. On the other, it must influence those same cultures. Persuasion is not necessarily illegitimate,<sup>7</sup> but in a democratic system innovations that challenge popular attitudes require special effort in legitimisation. Only politicians can shoulder the responsibility for explaining the agenda and showing how it can more effectively meet the public's underlying concerns with outcomes.

The holistic government agenda is therefore much, much more than simply rearranging the furniture within the executive. It will have to become a core programme of democratic re-engagement. Dialogue

between agencies is not enough, there must be dialogue with the public about some of integration's big dilemmas:

- the priority problems for integration to address
- the ethics of holistic handling of personal information
- the legitimacy of increasing the power of boundary-crossing managers
- the ease of comprehension of new systems of accountability.

Politicians locally and nationally need to take responsibility for this. It could become a key role for backbenchers in the Westminster, Edinburgh and Cardiff parliaments and assemblies to promote exactly this dialogue and to involve taxpayers and service-users alike in constructing local priorities for integration.

*Be patient: allow managers to learn how best to integrate*

Ministers should set goals for holistic initiatives, ideally by specifying outcomes and achievable timetables. Those targets should reflect what we already know about the efficacy of public interventions to tackle community safety and crime, health, learning and employability. But they should also permit public managers enough freedom to develop the appropriate partnerships locally and should allow local initiatives to develop their own goals, interpretations of outcomes and legitimacy.

There is a positive role for impatience. Shocks can sometimes be useful. Major budget cuts, territorial boundary changes, legitimacy crises such as the exposure of scandalous environmental conditions on Blackpool beach, have all served as triggers for reform. But no system can develop and sustain reform if continually shocked. After a shock, a period of patience is needed for the forces of reform to learn to work together, to develop their own culture, trust, local goals and organisational structures.

*Value the early stages, build bridgeheads for later integration*

Impatience can lead policymakers to devalue both the weak tools and the early stages of integration. For example, dialogue and taking into account other agencies' work may seem humdrum, a 'mere talking shop'. But no effective partnership, strategic alliance, joint working or satellite agency

can be built without dialogue. The fashionable form of impatience is to say: 'There's no point in talking until we have some concrete, practical proposal for joint working to talk about.' This, we found in our fieldwork, is usually not true. Dialogue can provide a bridgehead, gaining legitimacy for more ambitious programmes. Where there is powerful opposition, mutual suspicion or other serious obstacle, dialogue can be used as a 'Trojan horse' for subsequent deeper integration.

*Bring holism into the mainstream; don't consign it to special initiatives*

Special initiatives can be valuable in helping people to find new ways to work together and in supporting experimentation. But when a plethora of special initiatives and competitions for small chunks of discretionary funding dominate the landscape, it starts to set up problems for the overall integration programme. At local level the big budgets are those drawn from councils' standard spending assessment, general grant and council tax revenues, or health authorities' main resource allocation. It is here that departmental boundaries need to be broken down and integration developed. When managers who are highly committed to integration and reform become preoccupied with small initiatives and discretionary slivers of money, it is easy for them to lose sight of the main issues.

Central government should aim therefore to bring the holistic government agenda into the mainstream of the Treasury's agenda and out from the special-programmes ghettos of the Comprehensive Spending Review, the New Deal for Communities, SureStart and so on. The most promising mechanisms for achieving this are the Best Value programme in local government and the LGA's proposal for the New Commitment to Regeneration. Both initiatives offer scope to bring together mainstream budgets in new ways. At central level, the experiments of the few holistic strands of the Comprehensive Spending Review should be extended. And the new systems of Output and Performance Analysis begin to show how mainstream budget expenditures can be more holistically analysed, presented and managed.

*Integrate central budgets as a spur to local integration*

With exceptional leadership and enormous administrative effort, it is possible for local public managers to bring coherence and order to the

huge number of special initiatives, zones and their own local priorities. But it is hardly surprising that only a few have done so; among the outstanding examples are the work of Plymouth and Sandwell in bringing coherence to their various zones, Hertfordshire County Council's initiative in integrating its various holistic plans into an overarching structure, Southampton's programme of holistic service-impact indicators and the London Borough of Lewisham's holistic redesign of its mainstream budgets.

Central government sets the goals and the terms for much of this local expenditure; and it could ease the process a good deal. If the Treasury and the key central departments were themselves working more holistically together, they would be able to set up a more coherent structure for organising priorities and a more coherent hierarchy of relationships between goals. Time and again in our interviews, local innovators told us how they felt they were left struggling with poor coordination from the centre, even as the centre was demanding more integration from them. The result is that the best of local government, health services and others are well ahead of Whitehall and Westminster in designing integrative activities, despite all the recent initiatives in central pooled budgets.

### *Design bidding systems with greater care*

The purpose behind competitive funding systems was to create incentives for public managers to work together. Yet our fieldwork revealed that creating incentives is trickier than that: public managers were able to secure cash on the flimsiest promise of integration. Competitive funding systems also risk rewarding those who would have integrated anyway, but at extra cost and perhaps with no additional benefit.

These bidding processes can be better designed. For example, we distinguish between programmes where the aim is to achieve deeper integration among prior enthusiasts, in order to create and spread learning; and those programmes where the goal is to encourage the sceptical or the fearful to adopt tried-and-tested integration methods. Budgets, selection criteria and evaluation systems can be designed to reflect these priorities.

The key here, as with overcoming initiativitis, is that competitive funds for small discretionary projects should not be the main instru-

ment for integration because they can distract managers from innovating within mainstream budgets.

### *Fail well: if you're not failing, you're not learning*

This argument is prone to misunderstanding, unless you make the important distinction between chronic and acute failure. Chronic failure in the public services typically occurs where managers do not learn from initial failure. Something has gone wrong with the learning process: signals are not being received; incentives are lacking; or a culture has developed in which managers do not respond to problems imaginatively. In such cases, an external shock – budget cuts, new conditions and duties, taskforces, commissioners, inspectors – is likely to be appropriate, provided there is a clear strategy for follow-up with support.

By contrast, acute failure need not get shock treatment. Often the real value of a special initiative is only yielded when it fails, because the lessons can be learned and disseminated. When the managers of a special initiative – a pilot project, an experimental budget, a risky partnership that goes far beyond traditional professional expectations – are told that the project is 'too important to fail', they know immediately that they are being asked to 'play it safe' and therefore to take an approach from which less may be learned.

Very few initiatives have such high political salience that government ministers are left politically exposed should anything go wrong; these tend to be the things that ministers have chosen to make flagships of their tenure. Moreover, the argument presumes that voters are incapable of respecting politicians who are willing to say openly: 'We decided to try this: it didn't work, but this is what we learned from the effort.' Yet pollsters have reported that the present prime minister's ratings improved in the wake of speeches in which he has adopted this line. And many politicians have lost credibility through their refusal to admit mistakes, as the example of the poll tax showed. If New Labour is serious about governing for the long term, there is no realistic alternative to being willing publicly to learn from failure.

But what can be learned from failure? There is no general answer to this.<sup>8</sup> Most lessons will be specific to a particular experiment, initiative, situation, partnership, network or locality. Nor is there necessarily

always a single correct interpretation of what went wrong. Most of our learning from failure is left implicit, tacit, in the heads of individuals who often carry the blame and therefore have little incentive to discuss what they have learned. The challenge is to design incentives and cultures in the public service that capture this tacit knowledge and subject it to the discipline of debate and further trial.<sup>9</sup>

Much of what is to be learned is in fact *unlearning* the shedding of assumptions inherited from now-inappropriate institutional contexts.<sup>10</sup> Unlearning is particularly challenging and requires a climate and a culture in which public managers can make honest appraisals, be self-critical and critical of the inheritance of their organisations. The public sector has been rather bad at doing this, mainly because of its commitment to accountability and propriety in the use of public money, leading it to establish systems of sanctions that focus on blame.

#### *Spread the message about how to learn*

Holistic working requires more than the current collation of intelligence within Whitehall. The government should, for instance, encourage health and local authorities, TECs and public-private partnerships to establish US-army style, joint 'Lessons Learned Units' (LLUs). Their task would be to create forums in which to share knowledge and to support experimentation. Regional networks of these units, perhaps serviced by the Government Offices for the Regions, could extend the learning at inter-regional level. LLUs might conduct local or inter-regional comparative audits on learning from the smartest and boldest failures as well as apparent successes. They should expect to host a continuous stream of online learning networks of practitioners, using electronic conferences, e-mail and video-conferencing when possible.

#### *Resolve conflicting policy priorities – and do it gently*

Complete coherence in policy is indeed impossible. However, there is scope for reducing conflicts between priorities, for making clearer trade-offs. We have noted that when it comes to such conflict resolution central government tends to reach instinctively for the strong tools of pooled budget incentives, regulation, inspection and sanctions. But these tools are not always the best. What really needs to be joined up is bodies of knowledge, and it is here that the weak tools of government

— persuasion, information, systems of learning, training, building networks, setting or borrowing examples, evaluation and changing cultures through the delicate evolution of expectations, aspirations, motivations and commitments — really come into their own. The machismo of strong tools can be part of the problem, not part of the solution.

#### *Promote pinball career*

Public sector career paths remain firmly locked within functional models.<sup>11</sup> Many managers we interviewed were making considerable sacrifices to pursue holistic working: they risked losing out in promotion, status, managerial and peer support, pay and training to colleagues who remained within functional career silos. There are too few reward systems for cross-boundary working and too many penalties.

This is clearly a job for central government. Only it has the capability to overhaul national pay review bodies, to give them new remits to recognise, evaluate, reward and define promotion paths for holistic working. Only central government can cajole, encourage, persuade and negotiate with the professional institutes and training colleges of housing managers, police officers, probation officers, social workers, town and country planners, transport managers, leisure services managers, the plethora of medical tribes, health service managers and the like, to experiment with common foundation courses and cross-disciplinary mid-career training programmes. Only central government can persuade these bodies to develop systems of professional recognition and status for those who take up 'pinball careers', moving between professions as appropriate in order to pursue joined-up working.

Central government could, through the work of the Centre for Management and Policy Studies in the Cabinet Office, kick-start the process of bringing together bodies of knowledge. And it could create the basis of a holistic learning network for public managers and professionals by redeploying the resources locked up in the Civil Service College to produce joint programmes with the Local Government Training Board, police training colleges, housing-management training bodies, university schools of public management, political science, leisure management, social work, environmental health and so on.

The centre will need to initiate changes in the grading structures of the national pay review bodies to encourage managers and professionals to make their careers by working through many services; it should also signal a shift in recruitment priorities to increase the status of moving from centre to locality – a move too rarely made and still regarded with disdain by many career civil servants.

### *Drive budgetary change from the heart of authority*

Although we have reservations about the efficacy of pooled budgets, there is nevertheless plenty of potential to encourage holism via the budget. Locally and centrally it will be important to design outcome-based spending and performance reviews, to attach mainstream budgets to priority outcomes for policy goals and to give 'accounting officers' the freedom to purchase as they see fit in pursuit of those outcomes. The Treasury holds the key here. It must be persuaded of the importance of moving the holistic working agenda beyond the quagmire of fragmented holism and small special budget initiatives, and of the need for patience, building joined-up bodies of knowledge and learning from failure. It is not hard to appreciate the Treasury's dilemma: new holistic systems of accountability should greatly strengthen its capacity to direct public spending effectively, but in the short term the systems and skills for delivering this do not exist; thus change feels risky. Yet outcome-based change will only happen by devolving decision-making powers for the holistic pursuit of goals to permanent secretaries, agency chief executives, local and health authorities.

### *Benchmark the best; manage expectations*

Elected and appointed politicians and chief officers are responsible for building a climate of legitimacy for holistic working, recognising and encouraging innovators and pioneers and recognising the learning value of bold failure. In this, benchmarking against best-known practice is more valuable than 'naming and shaming'.

Finally, it is important to combine an inspirational approach that encourages and rewards holistic effort with an open and measured account of progress both for practitioners and the wider public. This process is the opposite of every quick-fix ever dreamt up by an opportunist politician in power.

### **What about joined-up ministers?**

It is sometimes argued that holistic government should begin with ministerial portfolios, so that departments of state themselves become organised around outcomes, rather than functions. Although no British central government ministry has ever tried this, there have been experiments in applying holistic design principles to executive management structures. The London Borough of Hackney, for instance, created a number of thematically defined roles for chief officers, and the Japanese car firm Honda experimented with thematic allocation of portfolios to the senior management. Neither case was wholly encouraging. Nevertheless, the reader might expect that, in view of the argument advanced by this book, we would be attracted to the idea.

In fact we are rather cautious. The notion of reshaping ministerial duties is not to be dismissed out of hand. But it needs testing against three touchstone questions: are holistic executive portfolios necessary? Would they be sufficient? Would the process of creating them promise more gains than losses?

In our view, holistic executive portfolios are not necessary, or at least not in every case. The aim of the holistic government agenda is not to destroy functionally defined specialisms, but to hold specialists to account for more holistic goals. It is possible to use other tools – especially holistic accountability and the joining-up of practical knowledge – to further functional integration. As long as professions continue to be defined functionally, there will be functionally defined executive management at some level in the hierarchy. Whether that is to be located at the top but held accountable to holistic systems of scrutiny, or whether it should be at middle management and held accountable to holistically defined executive chief officers is a second-order practical question, the answer to which will vary with specific circumstances.

Without doubt, holistic ministerial or chief officer portfolios would not be sufficient to achieve integrated working – and this may be the relevant lesson to learn from Hackney and Honda. Without putting in place all of the other instruments, it might amount to rather little.

But the big danger is that the upheaval involved, we suspect, simply would not be worthwhile. The experience of most executive-level reorganisations, in both public and private sectors, is that they achieve little, are very costly, distract vital managerial attention and energy from

many more urgent problems and are readily captured by special interests. Even their symbolic value is slight<sup>12</sup> because often they have no bearing on the structures of accountability and knowledge. If anything were to reduce the holistic government agenda, in the eyes of most people, to yet another management fad, it would be a grand renaming of jobs at the top of the pile.

### Information in three dimensions

Information and communications technologies are critical to the success of holistic governance. The integration of knowledge, culture, goals and priorities demands integration, also, of the information infrastructure. Indeed, the availability of advanced information technologies is one reason why the prospects for holistic working are bright. E-mail, intranets, video conferencing and the like are essential network-building tools. Integrated client data-management systems are, in some areas, the heart of an enterprise. Measurement and monitoring require the capture of data on outcomes and the analysis of performance data against financial and activity data for management and political accountability. As this form of governing develops in the coming decade, it will extend the role of information and communications technologies and place new demands on the industries that supply these systems. Public managers will increasingly have to become expert in information systems management in three connected spheres: service delivery, governance and citizenship.

In the 'reinventing government' era, information-based initiatives were mainly about developing large back-office data-processing systems for handling transactions. As the focus shifted to integration of services at the point of delivery, information systems have also moved to the frontline.

The challenge has been to try to assemble the disparate elements that consumers or a particular group of clients might want in response to, say, a major life event or episode – or simply to present a more common-sense set of solutions to their problems. The Cabinet Office's Central Information Technology Unit commissioned just such an integrated, interactive information and services package two years ago. The brief was to give newly bereaved families a single reference point (that would be ready for digital television) for all the practical aspects of

dealing with the death of a loved one. The package covered public and private services, incorporating everything from funeral service arrangements, death duties, pension advice, handling the will and removing the deceased from mailing lists, to contacting support organisations for personal counselling.

Smart-card based systems are finally taking off and multifunctional smart-cards offer prospects for integration. Web-based services are emerging which, thanks to hypertext links, can be organised more intelligently and flexibly than their physical counterparts on the high street. Electronic government has improved the efficiency and responsiveness of a range of services for consumers: paying bills, making applications, granting licences, providing information and advice, delivering education and accreditation. It has been similarly influential in the development of tele-medicine and the processing of public purchasing.

All these advances are valuable, but they represent just the first stage of the holistic government agenda. Our research reveals a common misconception: that if front-end information services can be successfully integrated, the back-office systems will somehow sort themselves out and fall into line. This is misguided. One end cannot be reformed without also reforming the other. Even relatively simple one-stop shops take much more to achieve than just bolting-on an integrated consumer interface to traditionally organised systems.

The 1999 *Modernising Government* white paper describes an ambitious agenda for the development of electronic government in the UK. It promises a corporate strategy for information and communications technologies for the whole of government, sets targets and deadlines for the electronic establishment of operations and transactions and outlines frameworks for the take-up of multi-functional smart cards and the embedding of privacy. However, both *Modernising Government* and the 1997 green paper *government.dire* have been mainly concerned with the integration of transaction processing; the wiring of governance has been neglected.

On the ground, though, it is progressing. There has been a significant public sector take-up of intranets and of the use of the worldwide web for electronic delivery of services and public consultation.<sup>13</sup> More recently intranets have been used by decision-makers to network: many public managers have adopted video-conferencing, sometimes via web-

television software, to consult and confer. The current phase involves developing and making banks of policy information available across agencies, subject to suitable security and privacy controls. And there have been experiments in using computer-generated modelling, which can make projections and demonstrate impacts, to help clarify policy-making in a range of areas.

The worldwide web is also being widely used to promote citizenship and democracy: it acts as an information point for more open, accountable government, renders decision-makers contactable and allows complaints to be processed. The next phase, which has been the subject of many experiments around the world, is to facilitate networking, debating and organising among citizens; traditional and deliberative opinion polling; consultative panels of citizens, consumers and customers; and online voting.

Public managers in future are going to have to think and plan holistically in many more dimensions. Services, governance and citizenship activities will increasingly come together. Managers will need to develop their strategies across media and for multimedia. The disciplines of public management and public sector marketing will have to merge. The design of holistic inter-organisational information systems will be complex: in part open to citizens, but with many levels of internal and external authorisation and security. Most challenging for politicians, the holistic government information agenda will require central and local information systems to be brought together, not only to enable the centre to collect necessary information from local tiers but also to encourage joint decision-making and planning. Hitherto, networks and data-capture systems have been entirely separate, connected to the centre only by reporting requirements. Holistic working will erode secrets and remove information barriers between central and local systems.

The information industries also face a huge task. Joined-up governance and holistic working will require new data-capture systems for joined-up monitoring, audit, financial management, strategic management of outcomes, clienteles and areas, outputs, throughputs and inputs. Some local authorities are already experimenting with geo-demographic systems in order to model the impacts of policies and services. The development of more automated and more objective data-capture on outcomes is still in its infancy. More flexible data

systems with many more tiers of security will have to be designed on a bespoke basis. And aspects of many of these systems will eventually have to be operable through digital television or mobile telephones.

For consumers, citizens and customers, the age of holistic working offers new opportunities to voice concerns and initiate action, but it also brings new challenges: as access to information is extended, cultural settlements may be harder to sustain and social fracture may increase.

### *Tasks for central government*

If information and communications systems are going to work effectively for the integration project, government needs to take some specific actions. This is, however, a delicate area, and it should be clear from the outset that it will be particularly hard to strike the right balance between enabling and excessive *digirisme*.

There is a real danger of fragmented holism in local information-based projects. For example, many local authorities are introducing multi-purpose smart-cards, which allow people to handle cash transactions more conveniently and to deal seamlessly with a range of public bodies — tax authorities, benefits agencies, regulators, transport controllers and so on. But if every locality has its own proprietary system that turns out to be incomprehensible to card-reader systems in neighbouring authorities, or that has incompatible data standards, we will be storing up huge trouble. Imagine the impact on the road haulage industry if every long distance lorry's windscreen had to carry scores of cards to deal with each different geographical authority's road pricing schemes. The same problem is magnified throughout the public services.

It is up to central government, therefore:

- to produce clear guidelines about the data definition, security, recognition systems and standards to be applied throughout the public services. Government cannot and should not try to substitute its decisions about standards for those of the industry or the various British, European and international standards bodies. But it can and should make clear the basic standards it expects to use in its own purchasing and to which it expects departments, agencies and local authorities to conform.

- to specify the importance of buying systems of recognition protocols that can be updated (this is not the same as laying down which particular technologies public authorities must buy). This would enable smart-card readers, for example, to be updated to recognise a wide range of card systems and corresponding data management systems, through the use of automatic terminal responses drawing upon a database that could be updated as new cards came on to the market.
- to set out a more detailed agenda for holistic e-governance, or the use of electronic information and communications systems to wire the policy process itself. To date, departments, public authorities and agencies have made less-than-imaginative use of their intranets – for many, these are little more than expensive e-mail systems.

### **Accountability and the out-of-control manager**

Central government will have to construct a framework for the monitoring, audit and accountability of holistic governance. It will need to introduce reforms at many levels: how the House of Commons holds the executive to account; how ombudspersons and systems of audit work; how accountability within the executive works, for example in the design of cabinet committees, and the roles of senior civil service accounting officers; and, most difficult of all, how central government holds local government to account.

Other than at elections, most of the ways we hold public authorities to account are designed around particular functions or activities. Parliamentary select committees, ministerial portfolios, the span of responsibilities of many regulators, departmental supervisory or contractual relationships with local authorities, health authorities, TECs and agencies are all organised on functional lines (the two exceptions are the generic audit bodies the National Audit Office and the Audit Commission).

Through these forums the public sector has learned well enough how to hold public managers to account for efficiency, economy, value for money, the careful husbanding of inputs and the smooth processing of activities, and also for the management of specific risks (for example, prison governors for escapes from prison, child-protection social

workers for child deaths at the hands of abusive or neglectful parents). Yet, in calling for accountability around outcomes, holistic working brings real strains to these systems. Consider a simple care initiative from the Scottish borders. Nurses, community psychiatric staff and social workers can all be care managers, holding budgets. The director of social services is accountable for cost and quality but has no managerial authority over nurses or community psychiatric staff.

Until we know – if we ever can know – just what difference teaching makes to learning for a given individual or group; what difference policing and community crime prevention make to community safety for a particular area and population; what difference medicine and health information campaigns make to health for a particular population; what difference welfare-to-work programmes make to long-term employability – and until we know exactly how each element in a partnership of agencies contributes to the maximum achievable difference – it will not be possible to hold public managers directly to account for their proportion of responsibility for outcomes.

Even when accountability for failure (identifying responsibility, blame or reward) is not in question, evaluation (identifying effectiveness) often cannot easily disentangle the different contributions. Typically the result is a cat's cradle of overlapping, competing and unclear lines of accountability. In our interviews with innovators in integration, they repeatedly used the language of learning to 'manage out of control'. This generally involves managing across networks where you have no direct authority to issue commands to other partners – and those to whom these other partners are accountable may not appreciate what is involved, or may be actively hostile to integration. Some of the more heroic public managers find this liberating, but all find it risky and dangerous. It can also endanger accountability: when managers work to the very brink of their mandates, they can be highly ambivalent about inviting scrutiny from unwelcome or unfamiliar quarters. One manager of a holistic initiative told us she had decided not to bother reporting to one of her partner agency's accountability committees, even though there was a case for doing so, for fear of dissipating the momentum of the project.

Government, therefore, must innovate with more intermediate and indirect forms of accountability:



- select committees in both houses of Parliament, ministers, regulators, auditors, local authority commissions and so on should have remits defined by outcomes rather than by function, and extended powers to hold agencies to account; at the local level, directly elected mayors represent an important opportunity for making local executive bodies more holistically accountable
- new forms of measurement are needed to measure effort, skills, capacity building and strategy building, working across boundaries, building partnerships, developing career – and reward-patterns for staff working innovatively and holistically
- the regulatory machinery for public services needs reviewing to identify opportunities for more joint inspections, common standards and, where appropriate, mergers between regulators.

This is far from straightforward to achieve: these systems will invariably cut across existing tiers of governance and therefore raise constitutional questions. However, an immediate start might be made on the following:

- how to recalculate central grants to local government to reflect not only ‘needs’ and inputs, but incentives for more holistic working
- how to make local government more holistically accountable to central government
- devising measuring systems to compare how much effort different local authorities are putting into holistic working; these could be published and, over time, refined.

Finally, from our fieldwork we have distilled several pointers towards what to measure, which should help central government devise a more holistic framework for accountability.

### *Don't let performance measurement become a straitjacket*

Our case studies showed that integration could be killed off quickly by setting up rigid systems of measurement and accountability early on. Initial ideas about what should be measured, and what outcomes were sought, would often prove unhelpful after a while and have to be revised or scrapped. Better by far is to encourage continual strategic conversa-

tion about outcome measures, targets, systems of monitoring and accountability. Public managers should be encouraged to develop their own outcome measures. This can sometimes be hard for politicians who may suspect that such self-regulation merely lets officers off the hook. But as we have learned, machismo in setting rigid forms of accountability too early turns out to be the enemy of effective holistic working.

### *Measure the cracks in the jigsaw*

Government is going to need to find ways of measuring the costs of dumping between agencies, such as the knock-on cost of school exclusions for the criminal justice system, or the effects of changes in NHS geriatric care for local government social services, or the impacts of programmes to diversify rural economies upon environmental policy. There is great scope for local innovation in this. For example, the opportunity for local councils to develop their own indicators in the Best Value programme could be built upon to encourage them to develop indicators of the opportunity costs and benefits of holistic working by comparison with previous approaches. For example, Southampton City Council now requires all departments to report, at least on a rough-and-ready ordinal basis, the contribution they make to a number of priority indicators that are based around clienteles and life events or episodes.

### *Pin down the intangibles*

Often, intangible elements such as knowledge are more important to successful integration than joining up money. So it matters that we learn to measure and value such intangibles. The government's 1999 white paper on competitiveness<sup>14</sup> calls for the private-sector capital markets to develop better metrics for intangibles in firms: knowledge, skills, trust and social capital. The same applies in the public sector. While there are standard measures of formal professional knowledge derived from examination-based qualifications, we still lack measures of the wider, often implicit, practical knowledge and skills embodied in organisations and organisational memory.

A standard criticism of intangibles measurement is that it cannot be other than subjective and is not comparable between organisations. By contrast, the standard fare in annual reports – financial metrics

(income, expenditure, assets and liabilities, balances and surpluses after costs), certain activity measures (numbers of clients processed) and outcome measures (water or air quality, quality-adjusted life years yielded per finished clinical episode) – allows ready comparison. In part, this is true. Yet financial data, too, have to be interpreted. As various commentators have pointed out, performance indicators often need to be read as ‘tin openers’ rather than ‘dials’:<sup>15</sup> they do not signify a specific, unambiguous course of action but point to cans of worms that need to be opened. For example, league tables for schools and hospitals should always be interpreted with a specific local context in mind, even though the units are clear and the observations relatively straightforward.

Even where comparison is not possible, indicators can still be useful as a way of appraising strategy. ‘Subjective’ indicators can be invaluable in sustaining a strategic design against setbacks because they can help to explain responses to those setbacks which are not otherwise legible.

*Count the outcome even if you can't measure the difference made*

An outcome is a state or change of state in some aspect of well-being. For example, there are various scalar measures of the independence of old people, some using ‘activities of daily living’, which are outcome measures for that clientele. One complex measure invented by health economists about twenty years ago is ‘quality adjusted life years’, used to help policy-makers assess a range of public health or clinical proposals. In the environment there are outcome measures for air quality, water quality, soil nitrate levels, bio-diversity and so on. *It is important to measure outcome even if the contribution made by each participating agency or partner cannot in practice be disaggregated.*

Few of the initiatives that we studied had yet achieved a great deal in outcome measurement, and some were reluctant to push too quickly in that direction. While general outcome targets can be set centrally, public managers should retain the leeway to select those most appropriate to their work.

### The challenge for central government

In its early years New Labour has set an impressive pace in the reform of government. In many ways its approach resembles that of other

nations that are also focused upon integration; in others, it is distinctive. However, there remain serious problems with key aspects of the implementation. We make this point, not to condemn or carp, but to offer practical and constructive lessons for improvement. At national as well as local level, failures, mistakes and problems are often the most useful resource with which to learn.

### 3. A framework for holistic government

In this chapter and the next we turn our attention to a detailed and highly practical account of what exactly integrated government is, drawing on the evidence and conclusions from our fieldwork. We begin with the nature of the problems to which it has been a response, and look at the idea of ‘customer focus’, which was in many countries the first practical manifestation of the new way of working. Next we set out a range of goals for holistic working and the menu of mechanisms or integrative activities through which to pursue those goals. The aim in this chapter is to give politicians and public managers a way of answering the questions ‘What, and when, should I integrate?’ The next chapter discusses in detail strategies for integration addresses the question ‘how?’

#### People have joined-up problems

The fundamental and over-arching goal of holistic government is to reflect the fact that people’s problems do not respect borders between disciplines, professions or organisations.<sup>16</sup> Government agencies are more likely to find solutions to the problems that citizens worry most about if the cultures, incentives, structures, accountability, flow of resources and bodies of knowledge of government are oriented towards those problems, rather than towards the efficient administration of processes. Most of the outcomes that matter are the products of many departments, agencies and professions, policies and practices.<sup>17</sup>

Medicine, for instance, does not produce health; indeed, health care explains a very small proportion of health and illness. Health is the product of factors to do with diet, water quality, exercise, air quality,

housing and working conditions, and behaviour, such as the use of nicotine, alcohol or other drugs, or the take-up of dental checks. Likewise, crime is not much influenced – sadly – by policing. Acquisitive crime is the product of aspirations and expectations, of inhibitions and the acceptance of moral rules, cultures (among young males in particular), the tolerance of others, the availability of opportunities and the balance of rewards.<sup>18</sup> Employment and employability are the products of education, aspirations, class structure, labour markets, social networks, relationships between housing, transport and the labour market, and so on.

To promote health, community safety and employability effectively, therefore, will take the coordinated efforts of many public, private and voluntary agencies.

Fragmented governance typically produces the following kinds of negative results:

- *dumping of problems and costs by one agency on another* – where each agency focuses on its own priorities, it ends up leaving others to pick up the pieces – or not. Thus school exclusions have brought about serious problems of youth crime, which the criminal justice system has had to cope with;
- *duplication* – this causes waste and frustration to service users. The Social Exclusion Unit found that one London borough had to respond to six different regeneration initiatives;<sup>19</sup> we found authorities that were obliged to file more than 75 plans with central government departments;
- *conflict* – the consequences of different services’ goals can conflict sharply – anathema to holistic working. For example, the aspirations of the police to secure convictions that lead to punishment can readily conflict with those of youth services and probation for re-integration;
- *narrow exclusivity in responding to needs* – where individual services assume they can provide a complete solution, without reference to other agencies, and end up failing to meet real needs. For example, before the establishment of Area Child Protection Committees, psychiatrists, education welfare officers, child-protection social workers and police officers all determined the manner and scope

of their interventions separately. A southern English county project on young people at risk found that many young people were the subject of attention by the police, social services and education welfare services, each operating in ignorance of what the others were doing;

- *inaccessibility of services, confusion about what is available* People don't divide their problems into neat categories. As a result they often do not know where to find the most appropriate services. Someone who has been bereaved may need to sort out probate for the will, secure the termination of pension, benefit and tax arrangements, have access to medical services, organise the funeral and even find some support for themselves. But, despite the pilot project referred to in chapter two above, as yet there is no single point at which you could find the complete range of public and private services necessary for dealing with this single life event. The same is true of the situation of someone coming up to retirement, giving birth or giving up work to become a carer.

### Why customer focus isn't enough

Integration is supposed to be about what we, the clients of government, want and care about. Unsurprisingly, therefore, 'customer focus' was one of the earliest integrative concepts and has been central to holistic working. Over time, though, it has become apparent that the relationship between customer focus and integration is more complex, difficult and politically charged than was initially assumed. In the era of reinvention, 'customers' meant principally the current clientele or service users. Customer focus was therefore about improving quality at the front-end – the point of service delivery, contact with the individual, information provision and collection – and reorganising the service delivery process to aid this. This was thought to be a straightforward exercise, activated by the centre imposing stronger financial and managerial discipline on frontline managers, while at the same time empowering them to redesign and innovate in response to customer opinion (suggestions boxes, complaints procedures, surveys and focus groups, consumer panels or watchdogs). As reinvention progressed, most of the gains that could be secured with these techniques were achieved. The one-size-fits-all approach began to run out

**Figure 1: Who are 'the people' anyway?**

Category	Role	Demands
Consumers	users of services	services we can understand, which are quick, easy and not demeaning to use
Citizens	all of us who vote for services and have views about what we want and what other citizens ought to get	services that are effective and focus on tackling the problems we vote governments in to deal with
Taxpayers	taxpayers and levy-payers who finance the services	services that are cheap, efficient and value for money

of problems it was equipped to tackle. Each of us plays three distinct roles with respect to public services, as Figure 1 shows.

The different demands we make quickly come into conflict. Services that are quick to process can easily degenerate into a demeaning experience for consumers. Effectiveness can conflict with intelligibility, because citizens' priorities tend to be the really big, really tough issues of community safety, employability and employment, health and learning. Simple economy in services is not always efficient. Nor is the most efficient service necessarily the cheapest.

In the reinvention era it was too often assumed that there were managerial and technical solutions to these problems, if only public managers would make the effort to look for them. But there are not. To find the appropriate balance between economy, efficiency and effectiveness is not a formal economic problem: political conflicts require political settlements. Nor is a single national political solution necessarily appropriate for all services everywhere.

A useful way of thinking about this is to distinguish between three dimensions of the public service operation: services, governance and the means by which citizens can voice their concerns. Services encompass both the 'front-end' delivery to consumers and the 'back offices' that process decisions. Governance includes policy formulation, policy management, oversight and holding to account. Citizenship mechanisms encompass complaints systems, survey polling, citizens' juries,

**Figure 2: What people want out of public service provision**

	<b>Services</b>	<b>governance</b>	<b>citizenship</b>
<i>Consumer</i>	'I want it quick, easy, understandable, high quality and just once'	'I don't care about that stuff, just concentrate on the service'	'I'll complain if I get poor service, but I've usually got better things to do'
<i>Citizens</i>	'I only want the ones I care about, the ones that work, and which respect my privacy'	'Open it up, join it up, make it work on the right things'	'Give me more say'
<i>Taxpayers</i>	'Keep the costs down, cut the waste, just give them to those who really need them'	'Keep it lean'	'Don't spend too much on it, and don't give special interests too much power'

voting and the like. These three layers of activity are not and should not be independent of one another. The effort to separate them, while valuable for some straightforward processes, is in the long run deeply problematic. From the examples in Figure 2 we can begin to get an idea of the complexity of political problems involved in public service provision, looked at in this more rounded view.

The intensity of these conflicting concerns will rise and fall in response to changing political sensitivities. At times of taxpayer revolt, politicians will feel a need to emphasise the importance of constraining expenditure above maintaining quality or giving consumers more say. When politics is highly polarised, alliances develop between movements of consumers and citizens. In the late 1990s political polarisation has been less severe, allowing greater harmony between citizen and consumer concerns on integration, within a general climate of fiscal restraint.

The aims of integration, therefore, cannot simply be read off from what 'customers' want (the customer-focus approach). They have to be settled politically – and politics is never a perfectly rational process that produces clear goals and straightforward, coherent trade-offs.

### What and when to integrate: setting the terms of the strategy

Politicians and public managers often ask: 'Where do we need to be doing joined-up working and where does it make more sense to organise by traditional function?' The choice is not a simple either/or between holistic working or managing on a functional basis. Rather, the choice is about the level at which different kinds of integration might be appropriate for particular purposes.

In hardly any activity of government is it appropriate not to take into account a very wide range of other programmes; and there are few instances in which extensive dialogue with adjacent services and programmes is not useful. But there is no general answer that makes the same sense in Gateshead as it does in Guildford to a question such as: 'Which services should develop strategic alliances and which should merge?' Local problems and priorities differ; local capabilities differ. The costs and benefits of pooling budgets on elderly care between health and social services will look very different in Bexhill or Lyme Regis from central Manchester. The costs and benefits of creating a one-stop shop for young people in an area of declining population will be very different from those in, say, the suburban south-east.

Another version of the question goes like this: 'Surely we don't need to be working holistically just to deliver basic services like emptying the bins properly and on time?' But this also misses the point. Holistic working is not an addition, nor applicable only to special cases, nor a kind of career move that agencies adopt once they have proved themselves 'successful' in delivering the 'basics' in the traditional way.

Even 'basic' services have to be connected up at some point. Emptying the bins is a good example, for policy integration between waste collection and community development, environmental strategy and crime prevention makes perfect sense. Collaboration between waste management, transport planning, development control, environmental health and the public health functions of the health authorities can be very important in coordinating targets and identifying areas where one might be dumping costs and problems on others. On the other hand, it is not sensible to have multi-disciplinary teams coordinating everything. They are a scarce resource to be deployed with care.

The first issue is what goals one has. That settled, the levels, focus, and depth of working will follow.

## Goals

The central goal of holistic working is greater effectiveness in tackling the problems the public care most about. But there are also other, less ambitious goals. It is helpful to think about goals at each of four key levels: policy, client group, organisations and agencies.<sup>20</sup> Policy-level goals describe the over-arching purpose of public intervention in a particular area. Client-level goals are concerned with meeting the needs of the clientele, or helping to reshape the clients' preferences. Organisational goals address the effective management of organisational relationships. Agency-level goals animate the work of the component agencies involved.

People will approach integrative working with a variety of motivations. In many partnerships, partners do not share common goals, but that fact does not necessarily undermine the capacity of each partner to achieve some of its goals. Most agencies pursue integrative work with multiple goals. But intelligent and effective holistic working typically requires that at least one of the agencies in the partnership has a clear and consistent set of goals. Figure 3 opposite summarises some of the principal goals we have identified.

## Focus

Once goals have been set, politicians and public managers have to take a series of framework decisions. The first is to fix the focus of integration for each level of operation.

At the highest level of ambition, the goal is to improve outcomes, for which it is usually necessary to integrate many processes.<sup>21</sup> If, for example, the policy aim is to enhance employability, some of the key factors are education, family, mobility and transport, social networks, attitude to risk, aspiration, housing and cost of childcare. The focus of involvement would be all the agencies, probably in both public and private sectors, that provide, regulate and promote policy initiatives in these areas.

At the client level, the focus of attention might be children, or older people, or carers, or young adults at risk from crime or at risk of turning to crime. You would seek to involve all those agencies that have a significant impact on the life chances of the chosen group. (The client group could equally be defined geographically, as is the case with the UK government's various programmes for special action zones.)

**Figure 3: Goals and purposes for holistic working**

Focus:	Inputs	Throughputs*	Outputs	Outcomes
<i>Policy goals</i>	policy coherence	better policy management	better quality of service-delivery	more effective cure, palliation or prevention / greater control over clientele
<i>Client goals</i>	encourage citizens' or users' views and/or involvement	greater acceptance by clients of service process	comprehensive service delivery/ more accessible services	greater public legitimacy, community building
<i>Organisational goals</i>	avoid duplication, minimise conflict, share risk management, maximise knowledge	cost-efficiency	greater control over outputs	n/a
<i>Agency goals</i>	leverage resources or investment	transfer of administrative control	greater control over outputs of related agencies	n/a

\*includes activities, relationship between inputs and outputs

At the outputs level you would be trying to bring together all those involved in providing or regulating a particular service. At the throughputs level, you are aiming to integrate all the relevant activities that involve processing payments to and from citizens; and finally, at the lowest level, you are bringing together all those using certain types of inputs, such as the consolidation of a data system.

## Depth

The second round of framework decision-making should flow fairly naturally from setting goals and identifying the key focus. It involves determining the depth of integration. There are four component measures: intensity, scope, breadth and exposure.

- *Intensity* is the measure of the resources to be shared between the integrated activities – for example, labour-time involved or frequency of contact. This doesn't always have to be very great. An Area Child Protection Committee system can be run without need for the police, NHS psychologists or health visitors, social services or education-welfare services all to commit huge amounts of time or money. By contrast, joint commissioning between health and social services typically requires the NHS and local authority social services to allocate significant slices of their geriatric services budgets.
- *Scope* is the measure of the number of agencies involved in the collaboration.
- *Breadth* is the measure of the relevant range of activities to be brought together (this measure is often cross-disciplinary and cross-functional).
- *Exposure* is the degree to which integration will disturb the core business of each of the agencies involved; or the extent to which central activities, budgets, professional priorities and/or political credibility are exposed to risk in the course of integration.

Intensity, scope, breadth and exposure do not necessarily rise and fall together. Some low-intensity integrative efforts can be surprisingly highly exposed, because even though few budgets are pooled, or only modest amounts of labour time needed to sustain the partnership, the nature of the integration has significant financial or political consequences. An example would be a major shift by a police force or a health authority towards more preventive working. In the case of the police, the work of crime prevention – long-term, small-scale and collaborative with many other agencies – is often viewed as a low-status, low-value activity, compared to the 'real work' of detection, or even pounding the beat (this perception holds equally true for officers and public alike). Any chief constable intent on pushing preventive work up the agenda runs a risk of suddenly finding themselves in the firing line politically. The same holds true for health authorities, which have to beware of sharp adverse public reaction to the idea of putting resources into preventive health care rather than directing them towards nurses, doctors or hospitals.

In the same way, you cannot read off from a narrow scope or breadth of focus any particular assumption about the level of intensity or exposure. These will depend largely on the goals that have been set.

In designing strategies, though, it is important to think carefully through the consequences of the chosen focus for the depth of integration. Thus, if the focus is upon outcomes, it is reasonable to expect that new ways of working will be required. A key danger in designing integration around a geographical area or a clientele is to underestimate its scope: strategists often fail to involve all the activities and agencies that impact upon that focus. For an initiative that brings together all the agencies involved in a certain activity or throughput – such as home visiting for elderly people – breadth and scope are critical, but exposure may not be, if the budget implications are not very great as a proportion of expenditure. Figure 4 summarises the most likely key implications.

### Mechanisms

By this point we can start to identify the specific integration activities to be carried out. *One cannot simply read off the appropriate mechanisms from the goals* Within relationships as different as mergers and joint projects, the same kinds of integrative activities may be appropriate. Figure 5 (on pages 58 and 59) is an extension of Figure 3 and shows how specific mechanisms support goals at each level of integration.

It is important to recognise that the columns represent goals of integration at the four levels and therefore, for example, a mechanism that is itself an input can appear as supporting a goal of integration at the

**Figure 4: How focus affects the depth of integration**

Focus	Key dimensions of depth
outcomes	exposure
clientele /area	breadth, scope
outputs	exposure
throughputs /activities	scope, breadth
inputs	intensity

**Figure 5: Mechanisms to support goals at different levels of integration**

Focus	Inputs	Throughputs	Outputs	Outcomes
<i>Policy goals</i>	policy coherence	Better policy management	better quality of service delivery	more effective cure, palliation, or prevention /greater control over clientele or public
<i>Policy mechanisms</i>	<ul style="list-style-type: none"> <li>● intergovernmental or departmental policy groups</li> <li>● refinancing, grant aid</li> <li>● cross-departmental spending review</li> <li>● regulation waivers</li> <li>● legislative mandates</li> <li>● technician assistance</li> <li>● reclassified funds</li> <li>● policy coordination units</li> </ul>	<ul style="list-style-type: none"> <li>● intergovernmental forums</li> <li>● integration of policy data capture and management</li> </ul>	<ul style="list-style-type: none"> <li>● intergovernmental or departmental audit, performance monitoring</li> </ul>	<ul style="list-style-type: none"> <li>● policy coordination units</li> <li>● interdisciplinary research</li> </ul>
<i>Client goals</i>	encourage citizens' or users' views and/or involvement	greater acceptance by clients of service process	comprehensive service delivery/more accessible services	greater public legitimacy, community building; enhanced human and/or environmental well-being; problem prevention
<i>Client mechanisms</i>	<ul style="list-style-type: none"> <li>● joint consultation, surveys</li> </ul>	<ul style="list-style-type: none"> <li>● joint citizens' charters</li> <li>● joint user-feedback system</li> </ul>	<ul style="list-style-type: none"> <li>● one-stop shops / co-location</li> <li>● case conferences</li> <li>● case management</li> <li>● centralised client information</li> <li>● flexibly decentralised funding</li> </ul>	<ul style="list-style-type: none"> <li>● joint measurement of outcomes</li> <li>● joint evaluation of each partner's contributions to single set of outcomes</li> <li>● case management</li> <li>● case conferences</li> <li>● centralised client information</li> </ul>

Focus	Inputs	Throughputs	Outputs	Outcomes
<i>Organisational goals</i>	avoid duplication, minimise conflict, promote collaboration, share risk management, maximise knowledge	cost-efficiency resource-efficiency transfer of administrative control	greater control over outputs	n/a
<i>Organisational mechanisms</i>	<ul style="list-style-type: none"> <li>● inter-organisational information systems</li> <li>● cross-training</li> <li>● joint planning</li> <li>● reorganisation</li> <li>● open planning</li> </ul>	<ul style="list-style-type: none"> <li>● creation of new coordinating bodies</li> <li>● pooled budgets</li> <li>● staffing</li> <li>● integrated information systems</li> <li>● reorganisation</li> </ul>	<ul style="list-style-type: none"> <li>● integrated audit, benchmarking and performance monitoring</li> <li>● consolidated personnel management</li> </ul>	n/a
<i>Agency goals</i>	leverage resources or investment, avoid duplication, minimise conflict/promote collaboration, share risk management, maximise knowledge	transfer of administrative control	greater control over outputs of related agencies	n/a
<i>Agency mechanisms</i>	<ul style="list-style-type: none"> <li>● co-location</li> <li>● inter-organisational information systems</li> <li>● joint planning</li> <li>● joint staffing</li> <li>● joint training</li> <li>● joint commissioning</li> <li>● joint funding</li> <li>● consolidated personnel management</li> </ul>	<ul style="list-style-type: none"> <li>● out-station staff</li> </ul>	<ul style="list-style-type: none"> <li>● joint inspection</li> <li>● joint monitoring</li> <li>● inter-agency agreements</li> <li>● joint planning</li> <li>● joint staffing</li> <li>● joint training</li> </ul>	n/a



outcome level. There is no necessary one-size-fits-all relationship between mechanisms. Most integrative strategies require the use of several or many mechanisms. Conversely, most mechanisms can be used to support more than one kind of goal, so many appear in several different places in the table.

Setting goals, fixing the dimensions of integration and the appropriate mechanisms for pursuing it: these elements comprise the framework for joined-up government. Without a clear perspective on this big picture, an effective strategy cannot be developed.

## 4. The strategy tool-kit

In this chapter we offer a tool-kit for putting together holistic strategies.<sup>22</sup> This is not the same thing as providing a single strategy as a formula for success. Such a magic formula is not possible. Rather, politicians and public managers will need to use the procedures identified below to work out the best strategy for their specific circumstances and goals. We begin with the relationships they will need to develop, and then examine in turn the necessary conditions, obstacles, tools, tactics and risks.

One word of caution about our use of terminology. Whole organisations – a local authority or a central government department, for example – are rarely the relevant organisational units when it comes to setting up integration initiatives. The point of integration is not ‘one big lump’ administration but sets of activities brought together for particular purposes. When we refer to the ‘entity’, then, we mean the organisational unit that corresponds to an activity being integrated with others. It might be a whole agency, if the agency is dedicated to a single activity, or it might be a sub-division of a department.

### **A revolving ten-step strategy process**

To develop strategies for integration in government is much like developing a strategy for any initiative or process of change management. The politicians, civil servants and public managers whom we interviewed and watched during our research did not exhibit any special ‘integration’ skills. The procedure outlined below is drawn from our research but is a familiar sequence for strategy formation. It has ten basic stages.

1. Identify the organisational *relationship* necessary to pursue the chosen integration.
2. Understand the *context* for pursuing those goals; in particular the *constraints*, *obstacles* and *resources*. This will typically require an understanding of the cultures, skills and history of the agencies and activities involved.
3. Identify the *conditions* needed for integration.
4. Identify the *power tools* and *resources*.
5. Apply the tools and resources to put the appropriate *conditions* in place (if they are not already).
6. Identify potential *risks*.
7. Identify *tasks* and *tactics* needed to overcome obstacles and manage risks.
8. Identify *mechanisms* or specific integrative activities with which to achieve the tasks, and learn to deploy them skilfully.
9. Design and implement *measurement systems* to monitor and evaluate the consequences (intended and unintended) of the integration strategy, in terms of the substantive goal(s); and hold the integrating agencies accountable.
10. Revisit tasks and tactics.

In practice this procedure is not linear: managers will begin at various points and have to go ‘back’ – often several times – to revise goals or tactics. Inevitably this sounds more rational than organisational life ever actually becomes. Goals and understanding of context are not always clear, or shared; necessary conditions do not all come together obediently before managers select their tactics and so on. Yet despite the inevitable messiness of organisational decision-making, there is no reason for fatalism about the prospects for improvement in the quality of strategy. Many of our case studies showed real gains being achieved.

#### *Identify the appropriate organisational relationships*

The choice of inter-organisational relationship will reflect the particular goals of the strategy. Figure 6 (opposite) sets out the menu of choices.<sup>23</sup>

At the most basic level, two entities may not contact each other much, but they may adjust their strategies to avoid duplication, reduce

**Figure 6: The spectrum of possible relationships in integration**

Type of relationship between entities	Definition
<i>Taking into account</i>	strategy development considers the impact of/on other entities
<i>Dialogue</i>	exchange of information between entities
<i>Joint project</i>	temporary joint planning or joint working between entities
<i>Joint venture</i>	long-term joint planning or joint working between entities
<i>Satellite</i>	separate entity created to serve as integrative mechanism between existing entities
<i>Strategic alliance</i>	long-term joint planning and working between entities on issues core to the mission of at least one of them
<i>Union</i>	formal administrative unification of entities, maintaining some distinct identities
<i>Merger</i>	fusion of entities to create a new structure with a single new identity

conflict, create synergies or identify areas where one can build upon the achievements of the other. We call this ‘taking into account’. Next is dialogue, where entities exchange information, begin to talk about how their work impacts upon each other, identify areas where they may dump problems or costs, identify and discuss conflicting goals, examine how they might plan to change these impacts and look for ways to solve problems. Joint planning does not always imply joint execution of plans. Where joint planning and working are done on issues that are core to the business of at least one participating entity, we speak of a strategic alliance. In a union, administrative unification nevertheless leaves each partner entity with a distinct identity. At the extreme, entities can merge.

The driving forces of any integration agenda are often the ‘weak’ ones ranked at the top of Figure 6: we observed much failure and disappointment with holistic working that stemmed from an undervaluing

of 'taking into account' and 'dialogue'. Dialogue is easily dismissed by those in a hurry who want to see 'real results', 'quick wins' and 'deliverables'. One public manager explained how her chief officer thought that the talking necessary to begin building a partnership was 'girlie'; by contrast, he (and gender-based differences in perspective can be very important here) would have preferred to rush straight into a joint venture. As one respondent told us: 'There's a real tension between taking the time, doing the research, thinking and so on to come up with a coherent strategy for the whole city, and the pressure to do something in two months to show that we're getting on and producing results.'

In one of our case studies, a partnership was dissolved after it had successfully built some new homes for autistic people. Some partners felt that the dissolution was a sign of failure. Others were pleased with the joint achievement. Despite good intentions, there was no shared understanding of the goals of integration or the nature of the relationship. Some stakeholders clearly viewed the collaborative structure as a project, or temporary arrangement in order to achieve a short-term objective, while others expected a long-term joint venture or strategic alliance.

### *Understand the context*

Any group of politicians and public managers that have worked out their long-term and short-term goals, focus, depth and the type of inter-organisational relationships they want to achieve have completed the first half of the strategic work – namely, being clear about what it is they want.

In practice, as we observed repeatedly in our case studies, agreement of this ideal kind is not often found. *But agreement and understanding on goals is not always necessary for integration efforts to proceed successfully.* Misunderstandings can lead partners to divorce, and we have seen cases where this has happened. But in relationships between organisations it need not. There are cases of integration where one agency persuades another to become involved on the basis that the goal is modest joint planning or working, but this is a Trojan horse for a longer-term agenda of, for example, a strategic alliance. As the integration develops, the second agency may feel that deepening is a natural process, while the

first has intended this all along. Both may consider it successful, but there is no shared understanding of goals.

At this stage it becomes important to subject the goals to a 'reality check'. The key questions are:

- Are the goals achievable in full?
- If not, what are the obstacles or constraints and how powerful are they?
- What features of the context – political, budgetary, legal – may limit the acceptability of what is proposed, even if it can be done?

In general, if there is a good case for integration in a particular area, we believe it is rare for the context to be so oppressive as to require integration to be abandoned.

### *Obstacles*

When it is hard to persuade people to do something, it is more usually because they don't want to than because they can't.<sup>24</sup> Most of the reasons that make holistic government hard to achieve stem from fear, lack of ambition, risk aversion and the power of incentives to maintain the status quo. However, because it is not generally thought clever to parade one's fears, low aspirations, aversion to risk or vested interests, the arguments that get voiced against innovation tend to focus on institutional blockages. In general, 'can't' turns out to mean 'won't'. From our fieldwork, the main types of obstacles are shown in Figure 7 (overleaf).

Issues of professional pride can be as important as those of law. One interviewee in a London collaboration between health and social services told us of the enduring disdain of some professions for others: 'This is not about money. Doctors are not that interested in managing budgets, but they do want to lead a professional team.'

Career prospects, status and rewards are critically important. These are the heart of what often appears, when things are going badly, to be a zero-sum relationship between integration in the mainstream and integration on the margin. One respondent in a southern town told us about their efforts to create a successful regeneration partnership: 'If mainstream officers put their hearts into SRB work then they get into trouble for neglecting other work. But if you employ separate staff then

**Figure 7: Obstacles to holistic working**

Obstacle	Excuse	Exam ples
<i>Authority</i>	mayn't	no legal power; no budgetary provision; violates law eg. on data protection; different data confidentiality standards; beyond powers of accounting officer; can't re-write existing contracts
<i>Legitimacy</i>	shouldn't	other organisation led by non-elected politicians, or self-appointed committee members; outputs aren't immediate, tangible, visible to public
<i>Capacity</i>	can't	lack of managerial skills for 'managing out of control'; resource base isn't large enough
<i>Priority</i>	needn't	'minding the shop' comes first; takes too much time; can't plan that far ahead when there are emergencies; central money on offer is too marginal to be worth the effort; can't spare this key individual
<i>Inertia, loss of control</i>	won't	political or professional fear of loss of power, control over budget, decision-making; pride in existing services; loss of career opportunities, promotion, rewards, reputation
<i>Bargaining</i>	wouldn't unless ...	side-deals with 'barons' required but can't be afforded or struck
<i>Jeopardy</i>	mustn't	threatens stability, survival, public acceptability; first setback taken as evidence of misconceived objective; would undermine our existing accountability or expenditure control system
<i>Perversity, futility</i>	won't work anyway	integration irrelevant to policy objectives, or may undermine them
<i>Difficulty</i>	can't see how	boundaries are not co-terminous; can't overcome problems in employment law, eg. transfer of pension rights; can't create appropriate accountability structure; organisations have different cultures, time horizons; incompatible performance indicators; incompatible data systems and data standards

it becomes marginalised as a project rather than changing the way in which the whole organisation thinks and works.' If career incentives, rewards and professional status were better aligned to integrated working, this perception of no-win would be far less likely.

The law did cause headaches, though. As one respondent said: 'One of the biggest blocks to joint working is employment law. It's so difficult to move people from one organisation to another.' Others had to overcome union opposition both to the movement of staff and to potential redundancies. Pension arrangements were another difficulty: in one Midlands city centre partnership we studied, all the staff are still technically employed by one agency (the local authority), mainly because of the pension problems, despite agreement among managers that other types of employment arrangement would be more appropriate.

Another kind of legal difficulty arises when geographical boundaries for the different agencies (for example, education, social services, health, police and probation) are not co-terminous. While these obstacles can be overcome, it takes additional effort, cost and political will.

Working beyond the scope of a specific legal duty or power also has consequences, as one interviewee told us: 'We have to be more political with non-statutory duties. With statutory duties it is clear what departments should do. With non-statutory projects, you are dependent on departments' good will and interest. I suspect this is why things go so slowly and not necessarily how you want.'

Many of the obstacles fall into more than one category. For example, the borders between authority, capacity and difficulty are not always clear in practice. Similarly the line between priority and jeopardy is often fuzzy. Inertia, control and autonomy problems are often fundamental. Few politicians and public managers would put them forward publicly, but they might use them when 'upping the ante' in negotiations.

Obstacles can compound each other. Lack of legitimacy, for instance, can reinforce inertia: if no one in authority is going to make this a priority and specifically give permission, why bother? Those who raise obstacles in the hope of achieving a deal to their own advantage will use almost any kind of argument that comes to mind.

### *Identify the necessary conditions*

Conditions are the contextual and environmental factors necessary for tools and resources to be effectively used. In practice, public managers often find that the process of putting basic conditions in place, applying tools to develop resources for integration and using those resources unfolds seamlessly. But it is helpful to set out the different elements clearly.

In our field studies, four types of conditions emerged as the most important, falling into two broad categories: *pull factors* (foreground forces operating on key individuals) and *push factors* (background forces operating at a general level).

#### ● *Pull factors: catalysts*

First, some kind of catalyst is required: typically an event that triggers integration. These triggers are often adversities or shocks. We often heard that budget cuts were a key catalytic event. In one London borough, budget problems in 1994 led to a longer-term financial review that revealed a projected deficit of £25 million in the coming three years if radical steps were not taken. This led to investment in information and communications technologies for a one-stop shop.

A finding by an external regulator of some critical and embarrassing failure, such as a death of a child at risk or, in one northern county, a high-profile environmental mess attracting European regulatory attention, also worked to stimulate integration. In other cases the catalyst was a major public stand-off with another governmental body or local businesses. Less pessimistically we also found examples where new opportunities acted as catalysts. New funds, powers or status can prompt public managers to pull out the stops; so can something as mundane as a local government boundary change. In catalysed moments of change, public managers often feel they have little choice but to innovate in the kinds of services they can provide, and integration may be the natural choice.

Other catalysts included changes of control within the organisation: the arrival of a new chief executive or other chief officer, a new leader, the coming to power of a new party or coalition, or the election of a new national government. In one Midlands authority, much of the drive for change was attributed to a change in council leader. In a big

north-western city, a dynamic and charismatic deputy chief executive was the trigger for the council to develop a programme of partnership building and integration.

#### ● *Pull factors: skilled champions*

Second, integration, like any programme of change management, requires champions. Individuals with leadership roles and abilities can create legitimacy, give permission and motivate and persuade others to innovate. The skills, imagination, perseverance, persuasive capacity and even charisma of such individuals matter enormously. Without them, integration has limited prospects. These key people also need time to pursue integrative strategies and perseverance to make the best use of it. It is important to find leadership both at the centre (for example, an agency chief executive or leader of a council) and at the periphery (among, say, frontline unit managers). In the southern English county mentioned above, our interviewees emphasised the importance not only of a high-level champion but also of the full-time project coordinator who could act as a bridge between partners on a daily basis. Boundary managers,<sup>25</sup> or brokers dealing directly with other potential or actual partners, are often key personnel.

#### ● *Push factors: recognition of the value of integration*

The third necessary condition is that key individuals in at least one of the entities understand and accept the goals, roles, agenda and implications. In a southern English county where we studied an initiative involving police, social services and education-welfare to identify and target young people at risk, councillors and senior officers were the first to perceive a youth problem. One interviewee told us: 'There was a general feeling that someone needed to do something ... The political climate was right to do some work on crime and young people.' As a result the local authority became the lead body, even though it had no specific remit to work with young people.

In one London area we studied, the strategy-makers had recognised that much more could be achieved for people with learning difficulties by pooling the social services and health authority budgets for this clientele than either could achieve by continuing to work separately.

In assessing the potential gains from integration, it can be important

that these – and indeed the losses – are seen as being fairly distributed between participants in the initiative, in order to generate trust and commitment to change. This can come right down to the share of funds pooled in a joint budget. In the London borough where we studied a partnership between health and social services for people with learning difficulties, one interviewee told us: ‘I doubt that we could have done the same thing in mental health, for example, because the funding ratio [between health and social services] is so uneven.’ Equality of gains and losses may not only encourage support but also give legitimacy to the emergence of a lead body to drive the initiative. One interviewee commented: ‘The closer you are to parity in funding the easier it is to accept someone from the other party as the lead.’

#### ● *Push factors: legitimacy and trust between entities*

Fourth, at the inter-organisational level legitimacy is a crucial condition: without the sense that permission is given and integration is valued, public managers are unlikely or unable to pursue it. And without trust between organisations, integration cannot proceed. Trust can work at many levels, but initially it can be provisional and low level: there may be ongoing doubts about the long-term intentions or goals of the other entity. It is essential that the lead body is not regarded as opportunistic or likely to behave purely self-interestedly, at least in the short run. In the southern English county where a major programme of collaboration has been established between social services, education-welfare and the police to target young people at risk, it took time and great effort to build trust between these agencies, because each tended to feel that they were being blamed for the failures that had led to the collaboration being seen as necessary in the first place.

Our studies suggest that *all* of these conditions are necessary and have to be put into place: push and pull factors, catalysts, cognitive, personnel and inter-organisational factors. Catalysts typically come first, because they open up windows of opportunity<sup>26</sup> for leaders to emerge, for boundary-spanning managers to seize the initiative, for recognition of reasons and gains to dawn upon people, and for legitimacy and trust to begin to be built. Thereafter, conditions can be put in place in any order; they are usually mutually reinforcing.

#### *Identify the power tools*

To pursue goals successfully and overcome obstacles requires tools of power and the skills to wield them. Here, we draw on previous work to present the key tools,<sup>27</sup> set out in Figure 8. Within each category the tools are ranked according to ‘strength’, that is to say, the degree of their coerciveness.

In principle one can pursue integration by mandation, incentive or persuasion. Recent debate has focused on the use of pooled budgets as an incentive. What emerges from our research is that pooled budgets are not an all-purpose effector.<sup>28</sup> Their usefulness is specific, limited and

**Figure 8: The power tools of government**

Types of power tool	Tools, ranked strong to weak
<i>Effector</i> (for producing changes in culture or behaviour)	<ul style="list-style-type: none"> <li>● direct government provision</li> <li>● government-owned corporations</li> <li>● regulation, mandation, permission, prohibition</li> <li>● rights and systems of redress</li> <li>● contract purchasing</li> <li>● loan guarantees</li> <li>● grants-in-aid, matching grants</li> <li>● tax expenditures</li> <li>● information delivery: persuasion, propaganda, example, demonstration projects, education, training</li> </ul>
<i>Collector</i> (for obtaining money and other resources)	<ul style="list-style-type: none"> <li>● taxation, direct or indirect</li> <li>● levies</li> <li>● service fees and charges</li> <li>● appeals</li> </ul>
<i>Detector</i> (for acquiring information)	<ul style="list-style-type: none"> <li>● requisition</li> <li>● inspection</li> <li>● purchasing, barter</li> <li>● appeals (including rewards for information)</li> </ul>
<i>Selectors</i> (for managing, selecting, analysing, presenting information)	<ul style="list-style-type: none"> <li>● audit</li> <li>● cost-benefit analysis</li> <li>● performance indicators and measurement</li> <li>● cost measurement, resource budgeting</li> <li>● management review</li> <li>● scenario-building, risk assessment</li> </ul>

precise, and they should be seen as one component of the tool-kit: they are neither necessary nor sufficient in general for successful integration.<sup>29</sup>

As one of our interviewees commented: ‘Money can be an important condition or a trigger. But it’s like a shotgun marriage. It will only work if you work at it together.’ The greatest achievements of, for example, the Single Regeneration Budget, were to administer shocks and act as a trigger to bring together professions, organisations and agencies for the first time. The key SRB agencies dealt with physical infrastructure regeneration, transport, job training and community development. Where fresh initiatives were undertaken they were sustained not so much by the availability of the pooled budget but because they created a common culture, goals and, crucially, common bases of professional knowledge.

In one Midlands city where we examined an integrated city centre initiative, the role of pooled budgets was symbolic, rather than a budgetary discipline for joined-up working. Those who set up the programme had hoped to use the tool of European funding to demonstrate what the effects of new money would be and to lever further funds from businesses, and the promise of new money was significant in gaining the city council’s support. In the event the European funding bid failed but by then the project had gained sufficient support to continue.

Similarly, in another Midlands town an SRB bid was unsuccessful; but by the time the bad news came through, those working together had built up enough knowledge, trust and capabilities to guarantee the project’s survival.

There are, conversely, many cases of innovative and successful joint working between health and social services, despite the separation of budgets, that are based firmly on joint identity and knowledge. Where existing networks are weak and in need of reinforcement (in some cities sustainable urban development is an example), pooled budgets can have a one-off cementing effect. But it is the creation of common cultures, knowledge bases, identities and synergies in working patterns and roles that are the really powerful tools for sustaining integration.

In short, the strong tools of government are not always the most powerful or effective. Strong tools – command, duties, incentives – are useful for short sprints. But the weak tools of government – building

**Figure 9: Obstacles and resources**

Obstacle	Key resources to overcome obstacle
All	means of communication and persuasion
No authority	legal powers, decision-making authority
No legitimacy	status-defining authority
No capacity	people, skills, money, knowledge
No priority	decision-making power
Inertia, loss of control or autonomy	decision-making authority, status-defining authority
Bargaining	money, decision-making authority, status-defining authority
Jeopardy	knowledge, skills
Futility, perversity	knowledge, skills
Difficulty	knowledge, skills

knowledge, information and identities, persuasion and example – are the long-distance runners.

### Resources

The main resources required for integration (as for any substantial change-management programme) include authority to make decisions or confer status; people and their skills; bodies of knowledge; and skills of communication and persuasion. Figure 9 summarises the key resources.

Resources are assembled by combining power tools. Figure 10 (overleaf) summarises this and shows how those resources can help to create various of the necessary conditions.

Only the elected national government has extensive access to a full set of power tools. But many public agencies and organisations have a good proportion of them. Local authorities, police constabularies, government offices of the regions and health authorities between them command a wide range of legal powers (including the power of councils to levy and collect taxes), and their political leaders and chief



**Figure 10: Making resources from tools**

Resource	Power tools needed	Helps put in place condition of ...
Knowledge, information	all detectors	acceptance that gains can be secured, reasons to integrate
Means of communication and persuasion	information, persuasion	trust, legitimacy; perseverance
People, skills	all collectors; information and persuasion	leaders, skilled managers at the boundaries
Money for investment, incentives	all collectors	reasons to integrate; catalysts
Legal powers	regulation	catalyst; legitimacy
Decision-making authority	regulation	catalyst; reasons to integrate
Status-defining authority	information, persuasion; regulation	legitimacy; reasons to integrate; leaders
Accountability	regulation	legitimacy; reasons to integrate

officers have the power to define accountabilities and status within their domains. If the entities seeking integration are very weak, they may need first to engage with others to access the necessary power tools and resources. But many agencies can use their vertical systems of accountability to reach many of the resources they require.

The key weak tools are information and persuasion but to maintain these takes effort and has costs. An interviewee in the London borough initiative for a comprehensive consumer information service said: 'Being a product champion takes up an awful lot of time: research, keeping abreast of the issues.' Another noted: 'Sharing information and intelligence is a necessary condition for integrated planning and working. That means creating time, space and a place for that.'

### Identify tactics

The next stage is to develop a tactical programme to serve the goals and, if necessary, help secure the right conditions. It should enable managers

to overcome obstacles, secure access to tools and build some of the principal resources, such as legitimacy. Tactics are not themselves specific integrative activities; they are the micro-political devices that make the integrative activities possible. *Organisational* tactics involve creating or rearranging the structure of entities. *Rhetorical* tactics are deployed to change hearts and minds. Our research demonstrated that both kinds have to be used. Figure 11 summarises the most important types and examples.

Events or crises may serve as triggers for intervention. They do not have to be externally generated: some crises can be engineered, or at least exploited. Thus budget approvals can be held up; chief officers can be sacked or suspended, or their resignations quietly procured; committee chairs can be removed or induced to spend more time with their families; cuts can be made without being demanded by central government; activities can be privatised in new ways; regulators can make an example of particular authorities, and so on. We have seen a number of cases where politicians and chief officers have used crises to remove key obstacles or stimulate people to innovate. The really important thing is to use the crisis to build legitimacy for the integrative solution.

This, in turn, calls for knowledge-driven tactics. Public managers pursuing integration engage in careful advocacy to build the culture. They draw on the external expertise of consultants and researchers; they appeal to bodies of research, analogies or benchmarks; they use the wider political environment, such as appealing to central government's commitment to bring down 'Berlin walls' between health and

**Figure 11: Understanding tactics**

Driver	Organisational tactics	Rhetorical tactics
Event-driven	engineering a crisis to be a trigger	using a crisis to build legitimacy
Knowledge-driven	creating specialist structures for knowledge creation and sharing	advocacy
Personnel-driven	creating safe havens	managing expectations
Structure-driven	trojan horse	managing expectations

social care, or to Local Agenda 21 or Kyoto targets for reducing emissions. If necessary, they supplement advocacy with study groups, joint or inter-professional working parties, planning cells, scenario-building or community-visioning workshops, consensus conferences and so on, in order to build and share knowledge between those among whom they seek integration.

Tactics are also needed to secure the commitment of key individuals: for nurturing leaders and boundary-spanning managers, for keeping people on board (see below for the specific case of ‘managing out of control’).

At the level of structure, or inter-organisational relationships, ‘Trojan horses’ can be a useful tactic. In this case, the lead agency lulls its potential partners into going along with a modest type of relationship and gently encourages its development into something deeper. When more ambitious relationships or deeper integration are proposed, it is very hard to refuse or to pull out without undoing work that is by then valued on all sides.

Marketing skills are universally important. Powerful rhetoric, imagery and symbolism can persuade the reluctant. One of our respondents described the way they had secured the participation of other key agencies as ‘glitzy packaging’. But the glitz shouldn’t be allowed to dominate. Managing expectations is a crucial tactic. On the one hand, aspirations need to be raised about how integration will enhance organisational performance, personal work satisfaction, public recognition and plaudits, leveraged resources and learning, and so forth. On the other hand, expectations cannot be allowed to soar so high that any setback – and there are usually many – will lead to crushing disappointment. All reporting should be imbued with a sense of realism and robust anticipation of setbacks.

Finally, public managers need occasional relief from the pressure and the exposed nature of their work. This can be very informal, little more than support networks in which leaders and key individuals can share problems and experiences. Equally, though, more formal structures may be appropriate to demonstrate support, such as training in specific skills of public sector entrepreneurship, boundary-spanning, negotiating complex legal minefields and so on. In the London borough consumer information initiative, frontline and senior staff from across council

departments and external agencies were offered training together in joined-up thinking, planning and working. All staff were required to discuss and plan a project focused not on departmental needs but on customer services.

In the long run, however, support for integration staff will need to go further. In many of our case studies, to take on the role of cross-boundary working was perceived as carrying a double risk: of being marginalised in today’s organisational and professional power structures, and of losing out on future career opportunities. Hence the need for a reappraisal of public sector and professional career structures and statuses to recognise this new way of working.

### Managing out of control

Managers engaged in integration often describe what they are doing as managing ‘out of control’. This can be both exhilarating and exhausting. Inter-agency working, we were told by one manager, required ‘getting people to live with a sense of chaos’. In these circumstances, the same interviewee acknowledged, it was not surprising that members and officers ‘keep wanting to rediscover security and go back to the old ways to feel safe and in control.’

Managing out of control takes particular skills. One interviewee explained: ‘The work involves battling all the time and we’re asking people to work outside their professional training. They need to learn new skills that they haven’t been trained for – persuasion, brokering and so on. You need people who can think outside their box.’ Cross-boundary working skills also included handling multiple points of accountability in different structures and value systems, being accountable for things beyond your control, speaking in different languages and learning to let go.

It’s a demanding role. Our interviewees stressed the importance of personal charisma and managerial and political abilities, as well as expecting the individual to be suitably senior in ranking to carry clout. One put it graphically: ‘It has to be someone with the capacity to live between two states and sleep easily on the border’.

The most basic prerequisite for managers to cope with the risks of managing out of control is explicit support: they must be assured that they will be backed if they run into opposition or criticism. In a north-

ern city embarking on an inter-agency collaboration, our interviewees told us that the council chief executive had given them explicit permission and guidance, and a clear indication that they would be protected. Without this, the council officers involved would not have felt able to proceed as boldly as they did (or even at all, in some instances).

### When things go wrong

Things can go awry at every stage and every level.<sup>30</sup> The things that can imperil individual initiatives arise from:

- the organisational structure, including mistakes of design
- events in the process of integration, including mistaken tactics
- unintended consequences, including mistakes in execution.

Moreover, risks can compound each other. Mistakes in design are likely to lead to failures of execution. A failure at central government level will increase the chances of structural design problems on local-level projects.

In chapter two we set out specific measures that central government should take, better to manage the large-scale risks of impatience, initiativitis, poorly designed incentives, fragmented holism and the like. Here, we explore further lessons, particularly to do with strategy design, and therefore more applicable at the local level.

#### *Better local learning*

Public managers experimenting with inter-agency working frequently mentioned how their superiors were suspicious of the endless talking that seemed to characterise the process of building partnerships: ‘going round in circles’ and ‘constantly revisiting the same problems’ were the stock complaints. Were our interviewees peculiarly bad at managing these conversations and relationships? Not from the evidence of their achievements. As we talked to them, it became clear that ‘revisiting issues’ was an essential part of the strategy process. Strategy-making is not a once-and-for-all exercise that you devise, execute and move on from. Rather, it is an iterative procedure, in which goals, activities or mechanisms and risks are reassessed at each stage. This is the essence of continuous learning.

If it looks like going round in circles, that is because it is supposed to. One politician (not, admittedly, part of our research interviews) remarked: ‘Any officer in my council who has time for continuous learning clearly isn’t doing their job properly.’ The remark was made lightly but was probably at least half serious, and it does seem to sum up the attitude of many politicians and senior managers across the public sector.

The most successful holistic initiatives often work unobtrusively against the grain of the managerial culture, creating ways to learn from experience and from failure. But many more are learning little or nothing. In chapter two we advocate setting up local and regional Lessons Learned Units (LLUs). The point is not to proliferate new agencies for the sake of it, but to provide an independent space for learning, ring-fenced against the potential penalties of admitting failure, and to give collaborative learning its due status and recognition.

An overly rigid culture of accountability is in large part responsible for undermining learning. Goals, outcome and performance measures are set too early on and then become immutable; there is no room for the recognition that innovative initiatives may well change, grow new purposes, be successful in new terms – or that there are lessons to be absorbed from the shift away from the original aspirations. The use of taxpayers’ money demands public accountability; poor performance must attract sanctions. But traditional practices of accountability applied in haste are in danger of making the best into the enemy of the good. LLUs might boost managers’ confidence to make the case to politicians (at all levels) for developing more appropriate systems of accountability.

### Dilemmas and trade-offs

Holistic working is no panacea. Below we identify some of the key dilemmas and trade-offs that strategists will have to negotiate.

#### *Sharing out private lives*

Traditionally, privacy has been seen as a public concern best protected by the incompetence of government.<sup>31</sup> To the post-war generations that grew up in the shadow of mid-century totalitarian states, the very fact that government was unable to share personal data between its tiers, agencies and departments was reassuring. Today that reassurance

is being eroded by the imperative for more effective government, of which holistic working is one of the most powerful expressions. There is an unavoidable tension between a conception of privacy that rests on government ignorance or inefficiency, and a conception of effectiveness that rests upon integration.

A new view has begun to gain credence: that privacy is best protected by reliable, credible and accountable government commitments not to use personal information in certain ways. In future our privacy from the state must consist not in what government does not know but in what it will not do with what it does know about us.

Many holistic initiatives involve joining up sets of personal data collected by different government agencies for different purposes. For example, the police hold a great deal of very soft data, including unsubstantiated allegation; social services child-protection agencies hold very intimate and sensitive data, including sometimes the judgments of individual staff; housing departments typically hold mainly financial data plus a small amount of intimate data. When these data sets are combined in projects on, say, mapping young people at risk, they provoke serious concerns about privacy.

The first of these concerns is that the ‘finality principle’ in European and British data protection law requires that data be collected only for a specified purpose, and that the data subject should know what purpose that is. So far, holistic initiatives have too often been unclear about what exactly is the new holistic purpose for which personal data are being collected and joined up.

Second, data-matching can create injustice. Error rates are often high, and data cleaning is harder to do accurately if the clerks have no knowledge of the cases they are processing. If this creates misleading profiles of individuals in files being accessed by public bodies with the powers to take children into care, arrest people, exclude children from school and detain people for compulsory treatment for mental illness, serious injustice can result. The planners of holistic initiatives need to develop clear safeguards against this.

Third, holistic initiatives should comply with the principle that data collected on individuals should not be excessive or irrelevant to the purpose. For example, there is a line of argument in debates about social exclusion which holds that almost anything about the lives of the worst-

off may be relevant to designing initiatives, and therefore government agencies cannot know too much. This assumption is not only wrong but will surely condemn such projects to suffer severe breakdowns of legitimacy and trust. The socially excluded also have privacy rights, and these should be protected as a mandatory goal of public policy.

Fourth, an agreement to share defined categories of personal information between agencies may not always be legally sufficient. But even where it is legal, democratic openness and accountability surely require that the fact of disclosure be made public and the data subjects know of the change of use of information about them. If at all possible, without vitiating the purpose for which information is collected, individuals should have a right of consent or veto over which kinds of information about them may be shared.

In short, embedded within integrated governance there must be codes of practice on privacy that are as holistic as the information flows themselves.

### *New boundaries for old*

Typically, whenever two activities integrate a new boundary appears, promising to turn into a new problem. For example, integration *across* professional domains may overlook fragmentation *within* one domain; by singling out a clientele for integrated service provision, one risks jeopardising their need to be properly catered for within mainstream services used by larger numbers; integration by activity can exacerbate fragmentation across geographical boundaries; the creation of neighbourhood-based systems may resolve departmentalism at a community level while inadvertently fragmenting the management of more specialised services. As one glum interviewee pointed out: ‘If you marry agencies, the boundaries just move.’

How can this problem be mitigated? First, return to Figure 6, classifying the different types of integrative relationships. Any degree of integration short of merger should still leave cross-boundary managers time to anticipate the knock-on effects, and open up dialogue or do more taking into account with relevant agencies. If these relationships are being crowded out, the reason may well lie in ineffectual management or resource deployment. Second, politicians and public managers have to decide on what their priorities are. And third, it is crucial to recog-

nise that no particular integration initiative is for all time. Our governing systems have become intolerably fragmented precisely because functional boundaries have been allowed to become permanent features of the organisational landscape. Tomorrow's integration priority may not simply add to, but may replace, today's.

#### *Over-rewarding the enthusiasts*

Programmes of change generally begin, sensibly, by tackling the things that are easiest to sort out. By doing this one can secure some 'quick wins', build legitimacy for the bigger programme and learn useful skills. The downside is that funding and effort may be directed into non-priority areas. So it is with integration. In pursuit of early demonstrations of success, many programmes bring forth off-the-shelf initiatives from those who are already thinking about working together, who have already started building networks and creating trust between agencies. Suddenly they find they are offered the incentives of, for instance, extra funds from discretionary budgets, to support activities that they almost certainly would have undertaken anyway.

How to deal with this problem? In part, it entails devoting more attention to focusing resources on the priority areas. But in addition managers will have to devise incentives for those who have not worked together to start doing so. The long-term solution, in our view, is to move beyond the quick-fix tools of special discretionary funds and duties, and attend to the rewards, status and career paths of professionals. If pay-review bodies, professional training and development, promotions and status are increasingly linked in to cross-boundary working skills, managing out of control, innovation, and thinking and working holistically, individual managers will have powerful incentives to develop new networks.

In the short term, there is no ducking the trade-off outlined above. In the medium term, there is a need to develop systems of political accountability, from the House of Commons downwards, that stress the importance of integration. Central government should give guidance about how committees, commissions, complaints systems and enquiries could be better designed to promote holistic working across government.

## 5. Answering the critics

Holistic government has plenty of enemies: those battling to protect their turf from integration, those who believe the exercise will be futile, those who believe it desirable but unachievable and many others who misunderstand it. In this chapter we respond to their arguments.

Government reform is often dismissed as merely a succession of management fads, each as one-sided as the last. At the opposite extreme is the Whiggish view that each phase is a necessary stage in a grand historical progress. Both cynicism and romanticism are lazy views of the world. The first excuses inaction and gives its advocates a tawdry sense of superiority over those who must wrestle with these problems. The latter leaves politicians and public managers passive, dismayed that the mess they see around them must represent the best we can achieve until the forces of history move us forward.

Our view is straightforward. Some strategies are genuinely worse than others and should be supplanted. This may generate new problems but can on balance represent significant improvement.

It is easy to dismiss the tidy logic of the framework and strategy outlined in this book by recourse to the obvious: in reality political, managerial and inter-organisational life is not often like this. But neither reality nor social science nor our own fieldwork gives us any reason to believe that it is impossible to improve the rationality of decision-making procedures.

Of course there will always be emergencies, which allow no time for planning and strategy development; there will always be situations of political force *majeur* in which some powerful actor insists on something being a particular way; and there will always be the power of the

legacy, the rationalisation of drift, caprice or aspiration. But in our fieldwork we have watched politicians and public managers struggling with the exigencies of their organisations' legacies, the problems of incompatible cultures, the political difficulties that make integration feel like it has to be an undercover operation. And these people are far from being pawns of the grand forces of administrative history. They have in almost every case, sometimes against great odds, succeeded in finding the time and commitment for planning and forethought, forcing their work out into the open to gain proper recognition.

Pessimists suggest that only the most heroic or stubborn public managers will attempt holistic work. Our contention is that structures can be changed to enable ordinary mortals to work effectively in new ways. What emerges clearly from our study is that, put bluntly, this is not rocket science. Very few of the capabilities and skills called for are exceptionally demanding, nor are they specific to integration or even to the public sector. In fact the main skills are easily summarised and very familiar: taking enough time, setting achievable goals, building legitimacy and permission from power brokers, perseverance, creating a balance of incentives, negotiating legal and budgetary difficulties, using outside experts as appropriate for advice and legitimation, building consensus, identifying and supporting leaders, supporting risk-takers, not running before you can walk, selling the idea without creating unrealistic expectations.

### **Misconceptions: what holistic government is not**

Critics of integration caricature it in various ways in their efforts to disparage it. Their portrayals fall into five broad types:

#### *Government in one big bpm*

This common misunderstanding holds that coordination and integration mean a reversal of the long-standing trend in organisations towards diversification; that it involves getting rid of specialisms – even of specialists; that it is about managing huge, undifferentiated organisations. Not only are each of these impossible and undesirable, they are no part of the holistic agenda.

The opposite of coordination is not differentiation, but fragmentation.<sup>32</sup> In fact integration depends on differentiation. In bringing

together one group of organisations at some level, one may weaken, perhaps temporarily, links with others. The aim is to end up with boundaries in more sensible places for tackling the important problems. Differentiation and integration are not opposites, they are organically related.

Holistic working does not look to create huge monolithic agencies (indeed, gigantism in central government has arisen from functional organisation, not holistic working). It is about creating accountability structures that are either problem-shaped or outcome-shaped, to which functions can be held answerable and which will offer incentives to agencies, professions and departments to innovate in their organisational, financial and information relationships with others.

Behind the level of accountability, the agenda is about coordination and integration between sets of activities or collaborative structures, rather than between organisations. There are special situations in which mergers between whole organisations might be appropriate but these are not the norm, and they are certainly not the heart of the holistic government programme.

#### *Simplistic governance*

There have been many proposals for making government simpler and easier to understand. The first type of argument is usually a democratic one: the enormous complexity of the public sector means that citizens cannot understand it and cannot therefore hold it to account. If one could simplify the structures so that they were explicable in citizenship classes at school, the argument goes, citizens would be far better equipped to subject government to scrutiny. The second argument for simplicity is concerned with the point of service delivery: it is confusing for citizens to have to deal with so many different agencies and offices, so one-stop shops would be much better.

As we have seen, the one-stop shop does have a place in holistic government. But behind the shop-front are a great many 'back offices', and holistic government is fundamentally about how these relate to one another. A 'simple government' agenda has nothing to say about the coordination of the back offices, beyond the aspiration that a common service-delivery point will discipline them into sorting out their relationships. A decision to 'co-locate services' at the front-end does not

mean that co-location of back offices is sensible: it is certainly not enough, and there may be better ways to integrate. As one of our interviewees put it, 'Co-location is only as good as the people you co-locate: you can't just put people in patches without doing the work to weave things together.'

As for the more substantive argument about democratic legitimacy, what any citizen regards as 'simple' depends on what they are used to, what they expect and how they rate their chances of solving the particular problem they're having. Without doubt, the classifications around which public services are organised should and do change over time in response to changing circumstances and cultures. Britain no longer has a war department or an imperial office, but it does have commissions for racial and sexual equality.

Moreover, comprehensibility at the level of structure, organisation, budgeting and so on is important; but when citizens hold government to account, they do so for what government as a whole has achieved. They do not hold it to account organisation by organisation, agency by agency, department by department. Holistic government is concerned with citizens' understanding at the levels of accountability and delivery.

### *Government as personal banker*

In the 1970s, it was first proposed to bring together the payment of taxes to government with the payment of benefits from government in the form of a negative income tax. Since then there have been various proposals for a single personal account, to handle all the financial transactions that citizens have with government, administered through the Post Office and commercial banks. Benefits, student loans, taxes, passport charges, pensions and estate duties could all be handled on the same account.

Such ideas have important merits, the main one being the huge potential economies of scale and scope that would flow from government having a single transaction-processing system. The benefits would be greater for those who dealt with government most often – students, claimants, poor pensioners – because they would save time. However, the logic driving these proposals for consolidation is not holistic but functional: that similar activities (citizen-government transactions) should be brought together for administrative convenience.

Beyond the sphere of financial flows, however, the 'consolidated account' model has little to say about, for instance, how government should tackle homelessness, community safety or public health. Nor could it: no one would – we hope – seriously advocate a single do-everything government home-visiting service that would provide domiciliary care, benefits advice, delivery of special postal parcels, home adaptations for people with motor or sensory disabilities and environmental health inspection.

### *Back to the bad old days*

Two different misconceptions of holistic government both end up reading it as a return to a style of governance that predates 1980s 'reinvention'.

The first is that it seeks to reverse the achievements of reinvention: managerial freedom to hire, fire and buy, purchaser-provider splits, performance measures, audit and so on. On the contrary, holistic government builds upon these foundations. In calling, for example, for more use of outcome-based indicators in audit, or for smarter purchasing systems that give incentives for suppliers to innovate, the new agenda clearly represents a radical extension of reinvention.

There is one sharp discontinuity with reinvention: the 'dedicated agency' model is rejected, and the attention on management focus is moved from administering activities to solving problems. But this is not a return to anything. There never was a golden age of effective holistic working in the 1970s, or in any other decade.

The second misconception is that holistic government tries to revive 'joint approaches to social policy', 'zero-based budgeting', 'programme analysis and review' and other initiatives from the 1970s that were designed as tools for coordination. Since they failed then – the argument runs – they will fail again.

The holistic government agenda reflects what has been learned from the experiments of the 1970s. Most of those initiatives were not silly or misguided. Moreover, the budgetary and accounting and organisational strategies did not all fail resoundingly as the critics claim: with more political backing, better information technology to handle the tracking of flows of money and outcomes, and with more attention to management skills, they might have been more successful. Today there

is more political commitment, there are clearer understandings of the management challenges to which strategies must rise and we have much better information technology.

### *Just for the poor*

Some people believe that it is only the poor who have joined-up problems and who need holistic government or that even if middle-class people have some joined-up problems, they can handle the different services for themselves without difficulty.

It is certainly true that poverty and social exclusion tend to be multi-dimensional, so government interventions, to be effective, must be holistic. However, the better-off also have problems and issues that do not fit functional structures. For example, one-stop shops for dealings between businesses and government have not been achieved, despite many efforts over the years. Think of a business start-up that needs to deal with a local authority for land-use planning, environmental health and transport, and with central government bodies as diverse as HM Customs and Excise, the Inland Revenue, the Contributions Agency and regulators such as the Data Protection Commission and the Health and Safety Executive. At a personal level, the problems of crime, health, learning and employability affect everyone, albeit in differing degrees and at different points in people's lives. Holistic government should benefit all sections of society.

## **Conclusion: holistic government in the twenty-first century**

This book is principally about integration, but integration could hardly be the last word in the reconfiguration of governance. For much of history, the business of government was largely about preparing for and fighting wars. By early modern times government had become preoccupied with building nations and sustaining a cultural sense of nationhood. The great transformations of the industrial age pulled government into regulating what the nineteenth century came to call 'the social question'. And out of all these things — the treasury requirements of war, the pressures of managing empire, the demands of business and the political upheavals of poverty and class-based politics — national and supra-national government came to be a principal regulator of the economy.

The political rhetoric of the end of the twentieth century has government on the retreat, selling-off, outsourcing, delegating and simply shedding functions it had accreted during the post-war era of big government. That great expansion was down to two factors: education and the growth of curative and palliative services (interventions after the fact of harms such as illness or accident, unemployment, crime or environmental damage). While the subsequent privatisations have changed the nature of government's relationship with citizens in some respects, in reality there are few risks that governments have ceased to regulate, insure against, manage or take some responsibility for.

The cost of curative and palliative government dwarfs the resources given over to preventive action, and there is no straightforward trade-off to be had between spending more on prevention and less on cure and palliation. However, a combination of fiscal pressures, the rising



costs of curative and palliative technologies, and rising average household prosperity are already forcing the issue: we are starting to see experiments both with collectively financed prevention and greater private and personal responsibility for shouldering the costs of cure and palliation.

This will put holistic working into a new context. Preventive work can only be undertaken in an integrated manner. Crime cannot be prevented by the police alone, sickness and accidents by the skills of doctors, unemployment by social insurance or environmental damage by market-based regulation. As the role of government shifts from palliation and cure toward prevention, the tool-kit offered in this book will become increasingly important.

But the elements of the tool-kit that are most effective and most used will change. The reinvention era was dominated by the use of strong tools but characterised by a concern to shift from a reliance upon the coercive ones – regulation, prohibition, mandation and direct provision – to more deployment of incentive-based ones. Thus in combating unemployment, government shifted from job creation and direct employment towards micro-incentives for individuals to find private sector work; in environmental policy the shift was from prohibition to green taxes and so on. Incentive, as was discovered, can be a very blunt and costly tool. Because most people do not maximise monetary rewards but optimise on lifestyle, above a certain threshold it becomes very expensive to secure changes in behaviour.

In moving beyond reinvention, governments have had to place more and more stress on weak tools: providing information,<sup>33</sup> using persuasion and changing cultures. Increasingly, they pursue their policy goals through persuasion – to eat more healthily, spend more parental time supporting children's education, recycle household goods, save more, give or volunteer more and so on.

Like preventive government, this 'governing by cultures' can only be pursued holistically. There are diminishing returns to conducting parallel initiatives in persuasion. Attention and motivation are quickly sapped by persuasion-overload. Only holistic strategies can make governing by cultures an effective strategic direction for government.

In this book we have shown that:

- holistic working is breaking out across the developed world
- it is a distinctive agenda
- it is founded on a clear conceptual basis
- there are strategies for pursuing it
- the elements of those strategies are no different in principle from those for any other kind of change-management programme
- there are good examples to be learned from
- there are ways in which the agenda can be taken forward more intelligently.

Despite the hopes or fears of some, government will neither wither nor be disabled in the information age. On the other hand, the higher expectations of the educated and information-rich publics of the twenty-first century will ensure that government must and will change in radical ways. Integration is the first and most urgent response to public demands that government tackles problems rather than merely administering them.

# Notes

1. Some commentators have disputed this. Using an analysis of data from the British Household Panel Survey (BHPS), a team from the Centre for Social Exclusion at the London School of Economics comprising Tania Burchardt, Julian Le Grand and David Piachaud argue that socially excluded people do not have joined up problems and therefore do not need joined up solutions. (Burchardt T, Le Grand J and Piachaud D, 1998, 'Social exclusion in Britain today', paper presented at an ESRC conference 3 December 1998.) They examine BHPS data for 1990 to 1995, focusing on five dimensions of social exclusion:

- *consumption* activity: income half the mean equivalised household income
- *savings* activity: not in owner-occupation, not contributing to or receiving an occupational or personal pension, savings less than £2000
- *production* activity: not in employment or self-employment, full-time education or training, looking after children or retired and over pensionable age
- *political* activity: did not vote in the 1992 general election, not a member

of any political or campaigning organisation

- *social* activity: lacking people to offer support of any of five kinds: someone to listen, help in a crisis, to relax with, really appreciates you, can count on for comfort. They argue that in any single year fewer than 0.2 per cent of the subjects were excluded in all five dimensions; 1-2 per cent were excluded in four dimensions; about 5 per cent in three dimensions and 12 per cent in two dimensions. The authors assert that this provides no evidence of the existence of an 'underclass' cut off from 'normal' activity for long periods of time; and that these five dimensions of social exclusion are not substantially related. Therefore, they conclude, integration is not necessary to address the problems of the socially excluded, as their problems are not multi-dimensional.

This argument has several weaknesses. First, the BHPS sample systematically under-represents socially excluded people, not least because it has a poor representation of prisoners, homeless people, people in care, illicit drug users, people with poor mental

health. Second, the study treated health and housing indicators as mediating factors rather than dimensions that constitute social exclusion. The absence of any consideration of risk factors – such as poor health, education or housing, racial disadvantage or discrimination – means that the study fails to see the high levels of correlation that most studies find between these variables: see eg, Amin K and Oppenheim C, 1992, *Poverty in Black and White*, Child Poverty Action Group, London; Bradshaw J, 1990, *Child Poverty and Deprivation in the UK*, National Children's Bureau, London; Dennehy A, Smith L and Harker P, 1997, *Not to be Ignored: Young people, poverty and health*, Child Poverty Action Group, London; Audit Commission, 1996, *Misspent Youth: Young people and crime*, Audit Commission, London; Rutter and Caprar, in Rutter M and Smith DJ, eds, 1995, *Psychosocial Disorders in Young People: Time trends and their cause*, John Wiley, Chichester; HM Chief Inspector of Prisons for England and Wales, 1997, *Young Prisoners: A thematic review*, Stationery Office, London; Bynner J, 1998, 'What are the causes of social exclusion affecting young children?', paper presented at the cross-departmental review of provision for young children, London Ministerial Seminar, Joseph Rowntree Foundation, London.

Third – as we argue in this book – integrated working between professions, tiers and agencies across the public sector is typically necessary in order to address any one of the five dimensions selected by the LSE study.

2. Matheson A, 1998, 'Governing strategically: the New Zealand experi-

ence', *Public Administration and Development*, no 18, 349-363.

3. Boston J, Martin J, Pallot J and Walsh P, 1996, *Public Management: The New Zealand experience*, Oxford University Press, Auckland.

4. See, for example, the work of Klein on this theme: Klein R, 1995, *The Politics of the National Health Service*, 2nd edn, Longman, Harlow; and Day P, ed, 1996, *Only Dissect: Rudolf Klein on politics and society*, Blackwell, Oxford.

5. Utting D, ed, 1998, *Children's Services Now and in the Future*, National Children's Bureau, London and Joseph Rowntree Foundation, York; Department of Health, 1998, *Working Together to Safeguard Children*, Government proposals for inter-agency working, Department of Health, London; HM Treasury 1998, *Modern Public Services for Britain: Investing in reform – comprehensive spending review: new public spending plans 1999-2002*, HM Treasury, London; London Housing

Unit, 1998, *Housing Benefit: Making the links*, London Housing Unit, London; Social Exclusion Unit, 1998, *Bringing Britain Together*, Social Exclusion Unit, London; Department of the Environment, Transport and the Regions, 1998, *Building Partnerships for Prosperity: Sustainable growth, competitiveness and employment in the region*, DETR, London; Cabinet Office, 1998, *The People's Panel*, Cabinet Office, London.

6. Holman K, 1999, *New Connections: Joined-up access to public services*, Community Development Foundation, London, p75.

7. 6 P, 1998, 'Problem-solving government', in Hargreaves I and Christie I, eds, 1998, *Tomorrow's Politics: The third way and beyond*, Demos, London; 6 P,

- 1999 [forthcoming] 'The morality of managing risk: paternalism, prevention, precaution and the limits of proceduralism', *Journal of Risk Research*.
8. see Anheier HK, ed, 1999, *When Things Go Wrong: Organisational failures and breakdowns*, Sage, London.
9. On the importance of tacit knowledge and the case for making it more explicit, see Leadbeater C, 1999, *Living on Thin Air: The new economy*, Viking, London.
10. Leadbeater C, 1999, *ibid*.
11. Williams J and Williams P, date unknown, *Pass Me a Boundary Spanner* Society of Local Government Chief Executives (Solace), Liverpool.
12. Brunssen N and Olsen J-P, 1993, *The Reforming Organisation*, Routledge, London.
13. Bellamy C and Taylor JA, 1998, *Governing in the Information Age*, Open University Press, Buckingham; see also Gosling P, 1998, *Government in the Digital Age*, Bowerdean, London.
14. Secretary of State for Trade and Industry, 1998, *Our Competitive Future: Building the knowledge driven economy*, December 1998, The Stationery Office, London.
15. Carter N, Klein R and Day P, 1992, *How Organisations Measure Success: The use of performance indicators in government*, Routledge, London.
16. For an answer to those who deny this see note 1, but for examples of the fact, see also Audit Commission, 1999, *Safety in Numbers: Promoting community safety*, Audit Commission, London; Joseph Rowntree Foundation, 1998, *The Role of Social Services in Maintaining Children in School*, Joseph Rowntree Foundation, York; Pugh G and McQuail S, 1995, *Effective Organisation of Early Childhood Services* National Children's Bureau, London; Audit Commission, 1994, *Seen But Not Heard: Coordinating child health and social services for children in need*, HMSO, London; Blank M and Hoffman A, 1994, *Services Integration in the United States: An emerging agenda*, Institute for Educational Leadership, Washington DC; Parston G and Timmins N, 1998, *Joined Up Management*, Local Government Management Board, London.
17. Smith P, 1996, *Measuring Outcomes in the Public Sector*, Taylor and Francis, London.
18. Audit Commission, 1999 (note 16); Audit Commission, 1996, (note 1).
19. Social Exclusion Unit, 1998, (note 5).
20. Agranoff RA, Pattakos AN, 1979, *Dimensions of Service Integration: Service delivery, programme linkages, policy management, organisational structure, human services*, Monograph Series 13, Project SHARE and US Department of Health, Education and Welfare, Washington DC; Kagan SL with Neville P, 1993, *Integrating Services for Children and Families: Understanding the past to shape the future*, Yale University Press, New Haven, Connecticut.
21. Hornbeck DW, 1991, 'Outcome measurement as a tool to provoke systems change', in Schorr LB, Both D and Copple C, eds, 1991, *Effective Services for Young Children: Report of a workshop*, National Academy Press, Washington DC.
22. We draw here on many of the frameworks in the literature on integration, collaboration, boundary-spanning, inter-organisational coordination. See eg, Hudson B, 'Collaboration in social welfare: a framework for analysis', in Hill M, ed, 1997, *The Policy Process: A reader*, 2nd edn, Prentice-Hall /Harvester Wheatsheaf, Hemel Hempstead. For a recent US study, see Bardach E, 1998, *Getting Agencies to Work Together: The theory and practice of managerial craftsmanship*, Brookings Institution, Washington DC.
23. For an alternative classification, see Daines R, Lyon K and Parsloe P, 1990, *Aiming for Partnership* Barnardo's, Ilford, Essex; see also chapter 8 of Scott WR, 1992, *Organisations: Rational, natural and open systems* 3rd edn, Prentice Hall, Englewood Cliffs, New Jersey.
24. There is a very large literature identifying barriers to effective integration: see eg, Parston G and Timmins N, 1998, (note 16); Blank M and Hoffman A, 1994, *Services Integration in the United States: An emerging agenda*, Institute for Educational Leadership, Washington DC; United States General Accounting Office, 1992, *Integrating Human Services: Linking at-risk families with services for more successful systemic reform efforts*, US General Accounting Office, Washington DC.
25. Thompson JD, 1967, *Organisations in Action*, McGraw-Hill, New York; Scott WR, 1992, (note 23).
26. Kingdon JW, 1995 [1984], *Agendas, Alternatives and Public Policies*, 2nd edn, HarperCollins, New York.
27. Figure 8 and much of argument of this section is taken from 6 P, 1997, 'Governing by cultures', in Mulgan GJ, ed, 1997, *Life After Politics: New thinking for the twenty-first century*, HarperCollins, London; the classification is a development, extension and re-working of that offered by Hood CC, 1983, *The Tools of Government*, MacMillan, Basingstoke; see also the classification of Salamon LM, ed, 1989, *Beyond Privatisation: The tools of government action*, Urban Institute Press, Washington DC.
28. 6 P, 1997, *Holistic Government*, Demos, London.
29. Leat D, 1999 [forthcoming], *Holistic Budgets*, Demos, London. The argument of the next paragraph is also taken from this study.
30. Harries J, Gordon P, Plamping D and Fischer M, 1998, *Projectitis: A whole systems view*, Kings Fund, London; Weiss JA, 1981, 'Substance and symbol in administrative reform: the case of human services coordination', *Policy Analysis*, vol 7, no 1, pp21-46; Altman D, 1991, 'The challenges of services integration for children and families', in Schorr LB, Both D and Copple C, eds, 1991, (note 21); Kagan SL, Goffin SG, Golub SA and Pritchard E, 1995, *Toward Systemic Reform: Services integration for young people and their families*, National Center for Service Integration, Falls Church, Virginia.
31. For a full statement of the argument of this section and more detailed recommendations, see 6 P, 1998, *The Future of Privacy, Volume One: Private lives and public policy*, Demos, London.
32. Lawrence PR and Lorsch JW, 1967, *Organisation and Management: Managing differentiation and integration*, Graduate School of Business Administration Press, Harvard University Press, Cambridge, Massachusetts. Leach S, Clarke M, Campbell A, Davis H, Rogers S, 1996, *Minimising fragmentation: Managing services, leading communities*, Local Government Management

Board, Luton.

33. Gowda R and Fox J, 1998, 'Action and reaction in right-to-know: Megan's law, veggie libel laws, et al', paper pre-

sented at the annual research conference of the Association for Public Policy Analysis and Management, New York, 31 October 1998.