

Public Value: The Next Steps in Public Service Reform



David Coats and Eleanor Passmore



Executive summary	4
1. Introduction: The promise of public value	7
1.1 A brief review of public value theory	7
1.2 The ‘delivery paradox’ and the decline of public trust	9
1.3 The trajectory of public service reform	10
1.4 How does public value fit with other approaches to public management?	11
1.5 What is the ‘promise’ of public value?	13
2. What are public organisations for? Securing ‘authorisation’ for services	15
2.1 Public participation and public sector management	15
2.2 The challenges of public participation	20
2.3 Participation, governance and government	23
Summary and conclusions	27
3. Deploying resources and engaging staff effectively to deliver public value	29
3.1 Building public value into commissioning	29
3.2 Engaging the public in service delivery	37
3.3 How should public servants be managed to deliver public value?	43
Summary and conclusion	45
4. A public value approach to measurement	46
4.1 How is public value different?	48
4.2 Measurement in practice	52
4.3 The government’s approach	54
Summary and conclusion	55
5. Conclusion	56
6. References	62

Acknowledgement

This report is sponsored by the BBC Trust, Capita Group PLC, London Borough of Lewisham, The Metropolitan Police, The NHS Institute for Innovation and Improvement, Ofcom, the Quality Improvement Agency, The Scottish Government and The Royal Opera House. Please note that the views expressed in this report represent those of the authors and may not necessarily represent those of the project's sponsors.

Executive summary

What can public value offer us?

Public value argues that public services are distinctive because they are characterised by claims of *rights by citizens* to services that have been authorised and funded through some *democratic* process. Simply expressed, public value is the analogue of the desire to maximise shareholder value in the private sector. It is designed to get public managers thinking about what is most valuable in the service that they run and to consider how effective management can make the service the best that it can be. This approach presents a way of improving the quality of decision making, by calling for public managers to engage with services users and the wider public, it seeks to promote greater trust in public institutions and meet head on the challenge of rising expectations of service delivery.

In simple terms, public value poses three central questions to public managers, which form the backbone of the full report:

- What is this organisation for?
- To whom are we accountable?
- How do we know if we have been successful?

The aim is to use the instruments of deliberative governance to ensure that public organisations are responsive to the refined preferences of citizens.

What are public organisations for?

Establishing the purpose of a public service demands that organisations provide a coherent answer to the second question: to whom are we accountable? Accountability is about more than the simple fact of periodic elections from which politicians derive an electoral mandate.

Public value tells us that public managers as well as politicians have to explain and justify what they do to the public. Successful public service delivery depends on a continuous dialogue with citizens, who should be thought of as stakeholders on a par with government, experts, industry representatives, the media, the judiciary and service users. In the language of public value, organisations must therefore seek democratic legitimacy for their actions by engaging with their 'authorising environment'.

But engaging with citizens is not an exercise in giving the public what they want or slavishly following the dictates of public opinion polls. Public value offers a framework for how the information gathered using these processes should be used to improve the quality of the decisions that managers make. It calls for a continuing dialogue or conversation between public managers and citizens. In other words, if resources are constrained then that should

be explained. If tough choices about priorities are required then that should be described. The intention is that public managers share some of their dilemmas with the public, seek citizens' views and adapt their decisions accordingly. This is what *responsiveness to refined preferences* is all about.

Deploying resources and engaging staff to delivery public value

In practice, creating public value relies upon taking a pragmatic and non-ideological approach to the delivery of public services, giving real effect to the principle 'what matters is what works' viewed through the lens of the principles of equity and accessibility.

Several conditions must be met if public services are to develop a model of continuous improvement to meet rising expectations:

- More effective public sector commissioning, strengthening the capacity of staff to manage relationships, projects and contracts; developing more sophisticated models of procurement that build in a public value element and reward providers for responding adeptly to public preferences; establishing effective ways of determining and measuring performance against outcomes.
- Building a better evidence base, since examples of innovative approaches to commissioning and contracting that meet these criteria are rather few and far between.
- Identifying where it is appropriate to involve the public directly in public service delivery (without presuming that the public want to be involved in every aspect) before piloting new models of delivery, supporting users to give their input, training staff and facilitating culture change.
- The development of a workplace culture where staff are focused on how to best deliver services that are responsive to the public. Staff must adopt an 'outside-in' standpoint, viewing their work from the citizens' perspective. Good employment relations are a pre-requisite for service innovation.

A public value approach to measurement

Public value does offer a systematic framework for a new approach to goal setting and measurement because:

- Managers will have thought constructively about the purpose their service is supposed to serve.
- There will have been a conversation with the public to ensure that these purposes are consistent with citizens' expectations – understanding of course that these expectations can be reshaped by politicians and public managers.

- These expectations can be transformed into clear goals against which performance can be measured.
- This represents a very different approach, with a strong emphasis on the devolution of power and authority. It assumes, for example, that objectives are not set at the centre through national targets but can be fixed at local level. It also assumes that managers have the authority and capability (with locally elected representatives) to set these objectives. And it opens the way to some trade union and employee involvement in the process.

**Implications
for the public
service reform
debate**

By placing this analysis firmly in the context of public service reform in the UK over the past decade, we offer a practical agenda upon which to base the management of public services in the future. For too long the notion of public management has been politicised, with parties of the centre-left and centre-right adopting very different approaches – ‘trust us’ plus democracy, or the target driven contestability regimes of the New Public Management. Our goal in this report is to say that public management needs to be depoliticised and that a pragmatic approach should be adopted. Politicians will inevitably disagree about levels of taxation, the size of the state and the extent of regulation, but they should not disagree about either what constitutes effective public management or that both public managers and staff must think creatively about service improvement.

‘Responsiveness to refined preferences’ is a formulation that should be attractive to all politicians, whether Labour, Conservative or Liberal Democrat. The possibility of a new political consensus, insulating public services from the permanent revolution of structural change is perhaps the real promise of public value.

1. Introduction: The promise of public value

1.1 A brief review of public value theory

This is the final report of The Work Foundation's Public Value Research Consortium and reflects the work undertaken over the last year. The first phase of the work, completed in 2006, sought to articulate the theory of public value developed by Professor Mark Moore at the Kennedy School of Government, and explain how it might be applied in the UK's rather different constitutional environment. Phase two has explored how public organisations are operationalising the principles of public value, focusing on the role of public engagement, and identifying key lessons based on a series of research papers, case studies, deliberative 'citizens' workshops', expert roundtable events, and academic work completed for the programme's nine sponsors. By placing this analysis firmly in the context of public service reform in the UK over the past decade, we offer a practical agenda upon which to base the management of public services in the future.

What we retained and amplified was a strong sense that public services *are* different from those available in private competitive markets. Most importantly, perhaps, public services are characterised by claims of *rights* by *citizens* to services that have been authorised and funded through some *democratic* process. The overarching objective of public value is to offer public managers a simple instrument to articulate the goals of their organisation. In this sense, public value is the analogue of the desire to maximise shareholder value in the private sector. It is designed to get public managers thinking about what is most valuable in the service that they run and to consider how effective management can make the service the best that it can be.

These simple statements capture the essence of public value as a theory of public management. They enable public managers to ask themselves three very straightforward questions:

- What is this service for?
- To whom are we accountable?
- How do we know if we have been successful?

To begin with, public managers must identify the purposes that the organisation is supposed to serve. This is not simply a process of enlightened reflection leading to a realisation of how the service can be perfected. Managers are not charged with making their own judgements about the purposes that might be seen as publicly valuable. After all, public services are funded with taxpayers' money and are subject to a process of democratic accountability. Public managers cannot behave as Platonic guardians, applying the principle that 'the official in Whitehall

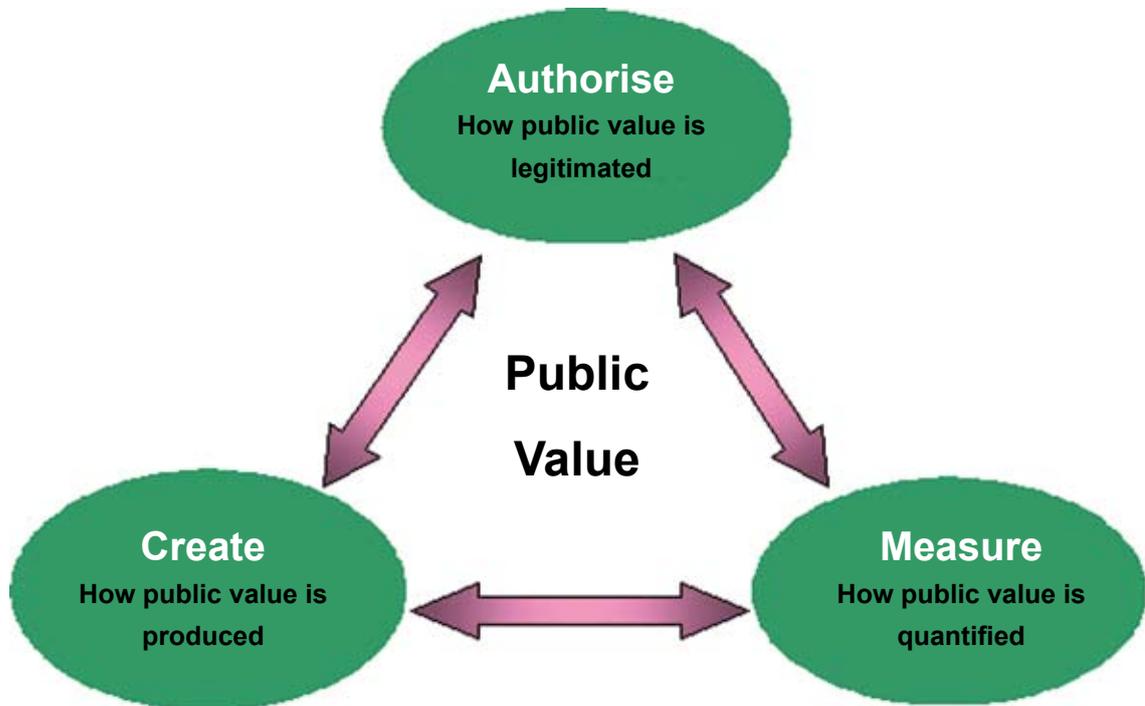
knows best'. The process of creatively working out what purposes the organisation has been established to serve is, more than anything else, a process of more sophisticated engagement with the public. In other words, public value is rooted in a model of *deliberative governance*.

Mark Moore places great emphasis on managing the 'external authorising environment'. In part this is about democracy and accountability, but it is also about effectiveness, since managers will have easy access to citizens who can offer useful feedback about service performance. This helps to explain the sophistication of public value. It is not simply a matter of treating the whole electorate as a compendious focus group, identifying public demands and then 'giving the people what they want'. Market research may be useful, but it is hardly rooted in a robust conception of citizenship. Instead, public value is grounded in the idea that service effectiveness is best defined by *responsiveness to refined public preferences*.

The critical words here are 'refined preferences'. Public value assumes that public managers will try to both shape public opinion and have their views shaped in turn. This is much more of a continuous conversation than an exercise in market research and should be viewed as a serious effort to restore trust in the public realm. Of course, this raises a fundamental question about whether public managers can behave in this way without stepping into the realms of the explicitly political. In the US system this may be less of a problem because so many senior public officials are either elected or are direct political appointees, but it may look slightly odd in the British context where public servants are supposed to be neutral. Perhaps the best response in the UK is to say that we need to develop a slightly different model of the relationship between politicians and public managers if the theory is to be useful. Most importantly, perhaps, the politicians themselves must understand that public value is a compelling model of public management that has concealed within it a particular political theory. In other words, if public managers are to change their relationships with the public then politicians will need to do the same; it is hard to apply the principles of public value without paying close attention to the constitutional implications. Elected officials must understand the value of citizen engagement for both legitimacy and effectiveness. Moreover, politicians should embrace public value as one instrument that might be used to overcome public cynicism about the capacity of the political classes to tell the truth or to serve objectives beyond those focused on narrow party advantage.

We can summarise the dynamic of public value as follows (Figure 1).

Figure 1: The public value dynamic



Authorisation is the process of answering the *what* question: What purpose does this service exist to fulfil?

Create is about answering the *how* question: What form of service delivery will meet public expectations and allow for continuous improvement?

Measure is about answering the *success* question: How do we know if this service has achieved its objectives?

1.2

The 'delivery paradox' and the decline of public trust

That there has been a decline in public trust is generally accepted as a truism. Yet a closer inspection of the data suggests a more complex picture. Some measures indicate an improvement in public trust – for example, citizens were slightly more likely in 2001 (20%) to say that they trusted politicians to tell the truth than was the case in 1983 (16%), although trust levels may have fallen back as a consequence of the Iraq war. On the other hand, there

has been a catastrophic decline in public confidence that politicians have a broad conception of the public interest (as opposed to a partisan interest), with only 16% in 2000 saying that governments put the needs of the nation above the interest of their party as opposed to 39% in 1974. Moreover, an increasing percentage of the public say that the system of governing Britain could be improved either 'quite a lot' or 'a great deal' (49% in 1973 and 63% in 2000) (Jefferys, 2007). This helps to explain the apparent paradox that objective indicators of service performance are getting better at the same time as the public seem to believe that service quality is declining.

1.3 The trajectory of public service reform

The delivery paradox is even more surprising given the emphasis placed by government on the importance of increased public investment and a commitment to public service reform. But it may be the case that the continued use of the language of reform has convinced the public that something is wrong. After all, 'reform' is usually needed to eliminate abuses, reduce inefficiencies or address other sources of inadequate performance. By creating the impression that public services demand a permanent revolution, ministers have lodged in the public mind the belief that public services are poor and that initiative overload has failed to resolve any of these problems.

Of course, ministers have not seen the course of the last ten years in this light and now offer an ex post rationalisation of the public service reform process. Recent speeches by James Purnell, Andy Burnham, Yvette Cooper and Ed Miliband, have sought to provide the following coherent narrative. In their view, Labour's first term was concerned with setting national standards and requiring all public services to meet centrally determined targets. The second term was focused on choice, diversity and the introduction of quasi-markets, whereas the third term is to be focused on re-engaging with citizens and public service staff.

The third phase gives us some cause for optimism because it does seem to draw inspiration from the public value model. Moreover, it seems to be groping towards a notion that the users of public services are citizens rather than just consumers and that unless staff are committed to service objectives then expectations will not be met. Most importantly, perhaps, this approach views staff as a critical source of intelligence for managers about organisational performance and as a wellspring of innovation. After all, those doing the job will know more about the possibility of incremental improvement than those in the most senior management positions.

On the other hand, there is no guarantee that innovation will emerge in all circumstances. Much depends on the quality of relationships between public service employees and the organisations

for which they work. Trust is the critical factor here and if it is absent, or if staff are disaffected, alienated and disengaged then there is very little likelihood that (rising) citizen expectations will be met.

A natural consequence of this line of argument is that staff have to be seen as part of the authorising environment too. We might also say that Moore offers only a partial account of how high quality public management can be created and sustained because he says so little about the management of the people delivering public services. Our suggestion is that all employees should be motivated and incentivised to view their service from the 'outside in', or from the perspective of the service user or citizen. The aim must be to create a reflective frame of reference where public servants have both the capacity for constructive criticism and the capability to devise creative solutions to the problems that they confront. This carries with it a very different approach to management and leadership. Transparency and accountability as well as clarity of vision are the principles to be applied.

1.4

Those new to the idea of public value may want to see how it fits into other ideas about public management – even though it has clear practical application, public value can still seem a little theoretical and disconnected from day-to-day realities. This section tries to explain how and why it is different from more conventional approaches. For the sake of simplicity (and at the risk of some distortion) the other approaches to public service management might be described as:

How does public value fit with other approaches to public management?

- Professionalism and trust;
- Targets;
- Voice and democracy;
- Choice, contestability and 'quasi-markets' (Le Grand, 2007).

Professionalism and trust: This model could be summarised as 'trust the people doing the job because they know how to do it best'. It has been applied more commonly to those with professional or high level technical skills (doctors, other clinicians, teachers) rather than those at lower levels in the pecking order. While it has obvious advantages (allowing professional best practice, self-regulation and peer pressure to maintain standards), its greatest weakness is that it depends on the goodwill of these public servants and assumes an alignment of interests between doctors and patients or teachers and pupils. Sometimes this will be the case, but sometimes it will not, which is what is meant by the expression 'producer capture', where the service is ostensibly organised for the benefit of employees rather than citizens. The attack on

public services by centre-right politicians during the 1980s and 1990s was derived from their deep suspicion of the 'trust us' model.

Targets: One response to the failures of the 'trust us' model is to impose centrally determined targets on public servants. The assumption here is that the target reflects a national priority (and presumably an outcome that the public value), but many targets have been more focused on *outputs* than *outcomes* and are rarely the consequence of an exercise in deliberative governance. Moreover, we also know that targets are subject to Goodhart's law 'that any observed statistical regularity will tend to collapse once pressure is placed upon it for control purposes'. And public managers may also sacrifice other valuable outcomes as a result – they may 'hit the target but miss the point'.

Voice and democracy: The aspiration to 'democratise' public services is well-established amongst many political parties on the centre-left. But quite what this means is often left unclear. In principle, 'more democracy' looks like an effective mechanism to make public servants more responsive to the demands of citizens and, in that sense, could be read as an essential element of the public value story. On the other hand, as many critics have pointed out, 'voice' very often means that those with the sharpest elbows or the loudest voices are able to reshape services to their needs or, as one critic has argued, voice is irredeemably middle class (Le Grand, 2007). The argument ought not to be taken too seriously, however, simply because nobody believes that the quality of our democracy is an exclusively middle class preoccupation. Yet we need to be alert to the fact that special interest groups can sometimes become dominant and that the voice of the poor is all too frequently heard only as a whisper. These are legitimate concerns to which the public value model must offer a response.

Choice, contestability and quasi-markets: Another approach, mostly developed by parties of the centre-right, suggests that public services should become as much like private markets as possible. After all, we know, don't we, that private markets are highly efficient at delivering a wide range of goods to consumers at prices that people want to pay. Why can't public services work in the same way? Sometimes the policy involves a straightforward transfer from the public to the private sector, where a former public sector organisation has to take its chances in a competitive market – the privatisation of a national airline or a telecommunications company are two obvious examples. But in other cases governments have tried to give citizens *choice* by either allowing private players to compete with the public sector (like the specialised treatment centres in the UK NHS) or by encouraging direct competition between hospitals and schools

in the public sector with money following patients and pupils. These arrangements are often described as 'quasi-markets'. They are not real markets; consumers are spending taxpayer's money rather than their own money and the 'competition' is very often between organisations that are firmly in the public sector.

Whether these policies work or not is essentially an empirical question, but all market processes run the risk of embedding pre-existing inequalities – the poorest are deprived of 'real choice', or simply lack access to the information needed to make these choices, meaning that they are condemned to use the lowest quality services (failing schools or hospitals end up serving only the most vulnerable pupils or patients).

1.5 What is the 'promise' of public value?

There is a great deal more that could be said about each of these models and more developed descriptions and critiques can be found elsewhere. Nonetheless, for our purposes the advantage of public value is that it helps us to avoid the pitfalls of each of these approaches.

In other words, public value enables us to:

- Develop a healthy respect for professional judgement without allowing professionals to hold the trump card when it comes to service design or the identification of publicly valuable outcomes. In other words, public value offers grounds to challenge professional judgement and avoid 'producer capture', whilst recognising that 'professionalism' is a characteristic to be cherished.
- Understand that all public services need clear *objectives* and that the public must be involved in the process of deciding *what* these objectives should be. This is very different from simply aiming at a centrally determined target and suggests an alternative approach to both developing objectives and managing performance against their delivery.
- Place a high value on voice (because we care about the involvement of the public) but recognise too the risks that those with the loudest voices should have the final say.
- Assess contestability policies against their outcomes and their consistency with the principles of accessibility and equity. Ideological hostility to markets can sometimes appear backward looking. The essential point is to recognise the power of the maxim 'what matters is what works', drawing a clear distinction between ends (the goals we seek) from means (the tools we use to achieve these ends).

The remainder of this report will explore how the principles of public value have been applied to a range of dilemmas confronting public managers. We will look at how organisations have sought to develop a more sophisticated understanding of their purposes, how both citizens and staff have been engaged in the process and how organisations have measured success. There can be no doubt that much has been achieved, but no doubt too that public value in the UK is work in progress. For too long the notion of public management has been politicised, with parties of the centre-left and centre-right adopting very different approaches – ‘trust us’ plus democracy, or the target driven contestability regimes of the New Public Management. Our goal in this report is to say that public management needs to be depoliticised and that a pragmatic approach should be adopted. Politicians will inevitably disagree about levels of taxation, the size of the state and the extent of regulation but they should not disagree about either what constitutes effective public management or that both public managers and staff must think creatively about service improvement.

‘Responsiveness to refined preferences’ is a formulation that should be attractive to all politicians, whether Labour, Conservative or Liberal Democrat. The possibility of a new political consensus, insulating public services from the permanent revolution of structural change is perhaps the real promise of public value.

2. What are public organisations for? Securing ‘authorisation’ for services

2.1 Public participation and public sector management Public value calls for managers and staff to have a clear view about the broad objectives of public organisations for which they work. This is the case for all levels of public service, from the implementation of major policies at the heart of a government’s programme, through to land use planning decisions in a locality, to the management of a doctor’s surgery. When asking what an organisation’s objectives are and what is publicly valuable about the service they provide, answering ‘because it is there’ or ‘because it is tax funded’ is not enough. Public value is not designed to give succour to empire builders or to justify poor quality of service just because it is currently provided by the public sector. To establish what the purpose of a public service is, public value demands that organisations provide a coherent answer to a second question: to whom are we accountable?

The idea of formal accountability is what helps to make public services different from the private sector. In other words, public services are subject to claims of *rights* by *citizens* (and not only consumers) that have been funded following the outcome of a *democratic* process. This is certainly a laudable sentiment, but what does it mean in practice? First, accountability is about more than the simple fact of periodic elections from which politicians derive an electoral mandate. Public value tells us that public managers as well as politicians have to explain and justify what they do to the public. Successful public service delivery depends on a continuous dialogue with citizens, who should be thought of as stakeholders on a par with government, experts, industry representatives, the media, the judiciary and service users. In the language of public value, organisations must therefore seek democratic legitimacy for their actions by engaging with their ‘authorising environment’.

There are a variety of methods for engaging the public and promoting greater levels of participation in public life, which have been documented comprehensively by researchers, explained in guides published by government departments and promoted in reports from independent organisations and charities¹. Taking a broad view of what constitutes public engagement, we have categorised the range of available approaches in the following way:

- Formal or statutory mechanisms (formal consultation processes, public hearings, governance arrangements);
- Information and communication (in the form of leaflets, newsletters, advertising, websites, engagement with the media);

¹ The Audit Commission, Cabinet Office, Home Office, (former) Office for the Deputy Prime Minister, and the devolved administrations have all published guides to public or community engagement. Involve’s website also serves as a useful source of information containing reports, evaluations of the various methods available, case studies and practical advice: <http://www.peopleandparticipation.net/display/Involve/Home>

- Effective customer service and face to face interaction (sometimes called customer focus);
- Market research (eg surveys, focus groups);
- Deliberative methods (eg citizens' panels, juries or inquiries);
- Devolved responsibility (eg participatory budgeting, New Deal funding for community partnerships).

This concept of participation has traditionally been modelled on a ladder or scale: starting with 'informing', and moving through 'consulting', 'involving', 'collaborating', and finally to 'empowering'. Another way of thinking about the process is to envisage what participation looks like from inside and outside an organisation. For instance, a public manager with experience and expertise in a particular field may have a specific view about what is important to the organisation in order for it to be run efficiently and effectively. Yet viewed from 'outside', the public may have a very different set of priorities. Public value suggests that public managers develop an 'outside-in' frame of reference, where their ability to run the organisation depends on a much keener appreciation of those things that the public genuinely value. This means that a balance must be struck between an organisation's *internal* priorities and public concern with particular issues. Sometimes public opinion may be ill-informed (witness the recently revisited controversy about the MMR vaccination) but the role of the public manager is to respond sympathetically to these concerns, offer an account that tries to change the public mind and listens carefully to the views of citizens as the process unfolds.

Public value therefore calls for more rounded forms of democratic accountability, which can incorporate each of the processes described above, depending upon the type of decision being discussed, the objectives of engagement, which stage in the process the public are involved in and the intended audience. The key is to encourage public managers to instigate a more deliberative and reflexive dialogue with the public about what they value in public services, how resources should be deployed to achieve this, and how to measure the results. The following case study describes research undertaken for Lewisham Borough Council on how to extend public engagement in planning beyond the statutory minimum, and practical recommendations for how this might be achieved for a major new development.

Box One: Public participation in planning

Context

Over the last few years, the London Borough of Lewisham has sought to engage members of the public in a major redevelopment of Lewisham town centre called the Lewisham Gateway Development, scheduled for completion in 2013.

It is clearly important to ensure that members of the public are aware of, and engaged with this major project in order to:

- Ensure that the mayor, elected members and senior officers have an appreciation of public opinion as the development unfolds;
- Ensure the public are fully informed and that citizen's concerns are addressed;
- Identify where it is possible and practical to engage the public to improve the quality of decision making, for example, around the landscaping of the development, the availability of public space or the accessibility of public leisure facilities;
- Manage the engagement process to ensure that people's concerns are addressed;
- Meet statutory requirements and adhere to Lewisham's Statement of Community Involvement.

Members of the public have already been invited to give their opinions about the development via a number of channels. Urban Renaissance Lewisham (URL), a regeneration partnership led by Lewisham Council, has led this work.

In the context of the Public Value project, the Council was interested in considering the project through a public value lens. During initial discussions however, it was agreed that due to the long term timescales of the town centre development, a broader piece of work, identifying what other councils and planning departments have been doing to engage the public, what has worked and what hasn't, would be undertaken.

Cont...

Cont...

Approach

The Work Foundation conducted a literature review focusing on the broader question of how councils have developed different instruments to involve the public in redevelopment and regeneration programmes. This examined whether local authorities have developed additional instruments to engage their citizens and if so where the results have been successful. Our intention was to offer Lewisham a short review of the existing literature, an evaluation of what has been done to date and some thoughts about the development of these processes in the future.

Key Findings

The planning profession is, in many ways, already at the forefront of the move to ensure that public services take the views of the public into account, a fact attested to by the breadth of the literature on the subject, and exemplified by the work of numerous borough councils.

The following summarises the key arguments for planners to take more steps to engage the public:

- **Because they have to** – At a minimum, the planning profession needs to take public engagement seriously in order to fulfil its statutory obligations, particularly with the introduction of new duties to consult the public in the Planning and Compulsory Purchase Act of 2004 and further changes indicated in recent white papers.

From a public value perspective, however, it is the role of all public servants to seek out and respond appropriately to public needs, concerns and preferences in order to secure democratic legitimacy for their actions and to restore trust in public services and politicians, as demonstrated by static or declining levels of satisfaction with public services, negative media coverage and declining levels of civic participation.

Therefore engaging the public can lead to:

Cont...

Cont...

- **Greater legitimacy** – It will be easier to justify the decisions taken if it is possible to demonstrate that the local community has been involved in making them. Involving the public should enable planners to demonstrate that they are operating in a transparent and accountable way.
- **Better quality decision making** – Engaging the public can enable professionals to make better decisions by presenting them with an alternative view point on specific issues, highlighting questions that may need to be clarified, acting as a sounding board for what approach to take or language to use when conveying a particular message, and by flagging concerns that may arise when the policy or decision is communicated to the public at a later stage. Decision making, however sound the empirical evidence or technical expertise upon which it is based, must attend to public concerns, preferences and perceptions, or risk failure. Public engagement, as described in the report, is therefore an important part of road testing new ideas.
- **Building trust** – The approach described here represents a departure from the traditional image of planning. Done well, community engagement can help to foster trust between the local planning authority and the local community it serves, and ultimately contribute to improving the image of the profession.
- **Increasing social cohesion** – It is also aimed at promoting 'social cohesion' by making local people feel empowered. If councils make a concerted effort to contact and involve those that do not normally volunteer their opinions, participative planning may also help to overcome social exclusion.
- **Improving communications** – By creating a channel for communication and information provision, community engagement can help to raise awareness and interest about other council activities, thus facilitating greater involvement.
- **Managing the process** – Planners should, if they have engaged effectively, be aware of, and better able to address or respond to the concerns of local people. In doing so they place themselves and council members in a better position to explain their ideas, and prepare for the range of responses their decisions will generate.

Cont...

Cont...

Our review of the literature highlights that whilst many enthusiastic claims are made about the benefits of public engagement, the cost of different participatory methods are all too often neglected, as are the legal constraints in which planning departments must operate. A number of critiques have also emerged that present a more sceptical view of participatory approaches and what they can deliver that must be taken into account. Yet another reiteration of the principles of 'good' participation will not be sufficient to address these challenges. For those wanting to engage the public, learning how to 'do' it is relatively straightforward; a matter of technical competence and learning by doing.

What is needed is a more strategic approach to participation – ways this could be achieved include:

- Developing clear guidelines on the purpose and scope of public activities;
- Clarity about who is accountable and for what;
- Development of appropriate management skills;
- The creation of appropriate incentives for managers to focus on public engagement and the delivery of public value;
- Evaluating effectiveness and sharing learning.

2.2 The challenges of public participation

Whilst this sounds compelling in theory, the messiness of practical implementation has highlighted the limitations of some forms of public engagement. A commonly reported problem is that public meetings, consultations and deliberative exercises are vulnerable to 'capture' by unrepresentative vocal groups. Some critics have gone further, challenging the notion that it is possible to create a forum in which inclusive, un-coerced discussion is the norm, since engaging with 'hard to reach' groups is notoriously difficult, and these fora tend to favour the most eloquent or those with the loudest voices. There is also a danger that seeking consensus (the goal of some of the more deliberative approaches, such as citizens' juries) creates a search for the lowest common denominator and encourages a risk-averse approach.

The idea that reaching a consensus is always a desirable and achievable goal has also been questioned, since there is so often a tension between seeking to represent diverse views and simultaneously trying to reach agreement about complex or controversial issues. Related to this is the issue of how to placate the 'losers' from a decision making process, which there will almost inevitably be. Another potential risk is consultation fatigue; whereby participants feel that

they are asked for their opinions, see too few changes as a result, and lose faith in the process. What could be more off-putting than a public consultation over a policy or decision whose outcome has already been decided? There are serious risks associated with getting it wrong, as the two well publicised case histories at the end of this section illustrate.

There are also more prosaic considerations that public managers need to take into account when considering how to engage the public, factors that have tended to be overlooked in light of the lofty claims made about the benefits of more participative approaches to decision making. First, it is important to recognise that these processes may add to, rather than reduce the time that a formal consultation process takes. Second, costs may be high, depending on the number of people involved, and the method of consultation or involvement that has been used. Third, there is the issue of capacity, and whether there are the right number of staff with the right skills to commission or carry out engagement, particularly when the competing priorities of busy officials often means that participation comes low on their list of priorities. Finally, public sector staff must have the capacity to interpret the information that emerges from dialogue with the public, an issue that we came across during the course of our research with the Metropolitan Police. The Met has organised training for senior managers and Borough Commanders to ensure that they are able to interpret and analyse statistical data, as well as reviewing how best to present this information, making it as accessible as possible to very busy individuals.

Some of the issues discussed here can be addressed by training of this kind, by following established good practice and through learning by doing. Acknowledging that the participatory process will not always lead to consensus, and providing clarity about the extent to which participants can influence decisions is also important if public bodies are not going to be laid open to the charge of unfairness and to ensure that the process is not liable to be manipulated by powerful vested interests or vocal minority groups. There is no definitive answer to the question of when expert knowledge or a professional agenda becomes a negative exercise of power (Bond and Thompson-Fawcett, 2007) but ensuring that professionals are aware of the impact of their actions on citizens is an important part of public value. However, there are more fundamental questions that are too often left unanswered: what are the outcomes of these activities? How is the information garnered from engagement with the public used? To what extent does this influence the decisions taken by public managers? How does it feed back into organisational processes?

Without providing an answer to these more fundamental questions, no matter how effective the engagement process itself, public organisations are vulnerable to criticism that public engagement is at best ineffective, and at worst a veil to conceal the underlying motives of the organisation. Some commentators have gone as far as to suggest the government's use of these strategies is part of a 'third way' neo-liberal regime of governance, in which civil society is co-opted as a resource to bring about change in line with the government's agenda' (Rose, 2001). Two very public incidences when the government has got it wrong have, in the first instance, served to confirm public concerns that consultations are used to provide legitimacy for decisions that have already taken by the government, and in the second, demonstrated that attempting to use online petitions as a replacement for genuine debate can backfire by leaving the process open to manipulation by powerful, organised lobby groups.

The UK government's consultation on the future of nuclear power did little to contribute to an open and transparent decision making process or to foster trust in political leaders. Indeed, legal action was taken to require the government to re-open the consultation process, following claims that the materials presented to participants were biased: 'It skirts over the many negative aspects of nuclear power, such as its enormous cost, what to do with all the radioactive waste new builds will create, and how little nuclear power will do to help cut carbon emissions and guarantee energy security'². This underlines the importance of being honest about how much influence participants will have over the outcome of a consultation process and the need for clarity of purpose and language when communicating its objectives.

Last year the prime minister's office also provided an example of how participatory processes can be vulnerable to manipulation. In what was termed an experiment in 'internet democracy' supporters of a motoring organisation were able to garner one million signatures for their online petition against road pricing³. The resultant media coverage caused embarrassment to the government by appearing to confer democratic legitimacy to minority views, and succeeded in making this issue more difficult to discuss rather than providing the public with an informed view about the different options available. In this case, how to deal with the tyranny of the minority view presented a major challenge.

² Julian Rush, 'Spinning a nuclear consultation?' Channel 4, 19 September 2007

<http://www.channel4.com/news/articles/society/environment/spinning+a+nuclear+consultation/821457>

John Vidal, 'New nuclear row as green groups pull out' *The Guardian*, 7 September 2007

<http://www.guardian.co.uk/environment/2007/sep/07/nuclearindustry.nuclearpower>

John Sauven, 'We've never been so consulted', *The Guardian – Comment is Free*, 27 September 2007

http://commentisfree.guardian.co.uk/john_sauven/2007/09/weve_never_been_so_consulted.html

³ Ben Webster 'A million motorists embarrass road price ministers', *The Times*, February 10, 2007

2.3 Participation, governance and government

According to public value, engaging with citizens is not an exercise in giving the public what they want or slavishly following the dictates of public opinion polls. Nor is it a case of calling on organisations to 'do' more participation for its own sake or attempting to turn the democratic process into an exercise in market research. Public value offers a framework for how the information gathered using these processes should be used to improve the quality of the decisions that managers make. It calls for greater democratic accountability and suggests that there should be an ongoing dialogue or conversation between public managers and citizens. In other words, if resources are constrained then that should be explained. If tough choices about priorities are required then that should be described. The intention is that public managers share some of their dilemmas with the public, seek citizens' views and adapt their decisions accordingly. This is what *responsiveness to refined preferences* is all about.

Managers and public service employees should therefore have a dual accountability. They have to look *upwards* to politicians (and perhaps the courts, who have some say in what gets done through judicial review) and *outwards* to the public (and the media). Understanding and managing the external environment is essential for organisational success, and this approach has significant implications for how managers do their job and the capacity or skills they require.

In many ways public value's call for public managers to open more channels for engaging citizens in decision making is nothing new. Over the past decade the government has sought to demonstrate in a myriad of different ways that it is listening to the public across many areas of policy, from planning to policing and from healthcare to local government. Yet the new processes created to facilitate this – from local strategic partnerships to Local Involvement Networks (LINKs) in health care, from the role of the ward panels determining the priorities of safer neighbourhood policing teams to that of the membership in foundation trusts – have tended to blur existing lines of democratic accountability. This is evident in the health and policing sectors, where the government has sought to promote greater local 'ownership' of services (see the case studies in Sections 3 and 4 for further details). Fundamentally, we must recognise that giving public managers, community leaders and other unelected representatives greater power to engage the public and make decisions is likely to complicate the existing structures designed to support representative democracy and the accountability mechanisms that hold them in check.

For example, one recent survey of Scottish local councils found that senior officers and elected members generally believe that levels of public participation have increased, and that this is a 'good thing' overall. However, most saw public participation as a part of an information gathering exercise designed to improve the quality of service delivery rather than as a means of creating more deliberative forms of government or alternative approaches to decision making (McAteer and Orr, 2006). This is not in itself problematic, as long as the stated intention of the participatory process is clear to participants and to those within the organisation. More importantly, in response to Rhodes and Wanna's (2007) challenge over the relevance of public value in Westminster systems of government, we must recognise that operationalising public value and promoting greater public engagement in service delivery will involve taking into account existing democratic processes and hierarchical accountability mechanisms, as well as understanding that it is probable that the power of professional groups and elected representatives is likely to colour their views on the purpose and limitations of participation.

McAteer and Orr's findings support The Work Foundation's interpretation of public value, which argues that participatory processes should compliment existing democratic processes, and not replace them altogether. We emphasise that public value places responsibility in the hands of elected public servants and their officials, rather than calling for the creation of yet more new institutions or adding extra layers to already complex accountability frameworks within which public service delivery is nested, as political principles become more distant from decision making and the point of delivery (Gains and Stoker, 2008). This is supported by evidence that people are more aware of established and local political institutions – even if they are less likely to make use of them than previous generations – than newer or more removed forms of governance, such as Local Strategic Partnerships or the European Parliament. In short, it is important to recognise that there may be tensions between representative and participative forms of democracy, and that public value is a theory for public management – not a mandate for constitutional reform – which places the onus on public servants to raise their game.

Perhaps the most important factor here is *leadership*; both politicians and public managers can inform and reshape public preferences; they can change people's minds and have their own minds changed. The purpose of the dialogue is to develop what The Work Foundation describes as deliberative governance. One organisation that has used public engagement to improve its understanding of how it is perceived by the public to enable it to reach out to a wider audience and better justify its purpose to the public is the Royal Opera House.

Box Two: Engaging new audiences and publics at the Royal Opera House

Context

Stimulated by the need to justify and increase the level of public funding the arts receive, there is now a large body of research examining the extent to which the arts provide benefits to the health, education, skills and social capital of individuals, amongst other things. The purpose of The Work Foundation's research was to determine the public value of an institution and art form often perceived to be hard to access or elitist, rather than the focusing on the *benefits* accrued to individuals or society.

Issues facing the Royal Opera House

There were two key research objectives for The Royal Opera House (ROH):

- To find the most effective way of justifying and explaining to citizens how it uses the funding it receives (roughly one third of its income) from the public purse.
- Whilst the ROH uses a range of methods, including sophisticated marketing techniques, to measure its performance, it was missing a strategic understanding of what the wider public think about the role of the organisation as a public institution, and identified deliberative engagement as a means of plugging this gap.

Aims and key questions

The research aimed to provide qualitative feedback about how people view the ROH as 'citizens', as well as to generate ideas about how to promote the ROH so that members of the public who do not go, or intend to go, to its performances are able to understand its role and purpose. It also aimed to provide a better understanding of what kind of information is needed to impact on the motivation and behaviour of different groups of the public. Raising the profile of the organisation and developing new ways of reaching out to different audiences were tangential aims.

Approach

The Work Foundation adapted a citizens' jury methodology using the principles of deliberative techniques to fit a one day event. To gain a better understanding of the impact of geographical factors in determining attitudes, one workshop was held in London and another in Manchester. Participants of each 'jury' were given the opportunity to deliberate over, and interrogate the evidence presented to them, and investigate all areas of interest, until such point as they were able to provide informed views on the question of the day.

Cont...

Cont...

To structure the debate and provoke discussion, the groups were asked to consider: 'What is the role of the ROH in UK society?' at the first workshop, and 'Should Britain have a ROH?' at the second.

Key Findings

- Participants were initially inclined to adopt a 'consumer' perspective, based on their own views and experience of the opera and ballet. However, having had the time to critically reflect on the information presented to them, they were required to think through the issues from a citizens' perspective – that is, the wider societal benefits of ROH and what value it might offer to others. By the close of the day each group was articulating clear arguments about the wider 'public value' for or against the Royal Opera House.
- While some participants stressed that the organisation should do more to incorporate the views of the public, others suggested that the Royal Opera House should be allowed considerable discretion in running the organisation, so long as it can justify the subsidy and explain itself in public. The discussions reflected a range of views about the extent to which public involvement is either possible or desirable for an organisation like the Royal Opera House.
- There was no doubt in the minds of participants that the Royal Opera House creates public value, principally because it is a national asset, but also as a historic site, a large employer, an educator and a place that supports incredible artistic talent. They also believed that the workshop enabled them to hold the Royal Opera House to account and demonstrated that the Royal Opera House was concerned about its legitimacy.
- Running through the proceedings was a concern that too little had been done to address the widespread impression that the ROH is an elite institution that offers little to 'ordinary' people. The human stories presented by two dancers provided the most persuasive narrative to participants in Manchester, when they were reinforced by a commitment to the transparent presentation of information. Moreover, while participants were impressed by the steps taken to make the Opera House accessible, they all believed that more could be done to make the institution a welcoming place for 'people like me'.

Cont...

Cont...

Appraisal

- The event demonstrated the limited risk of public institutions sharing their tradeoffs and decision making processes with the public.
- The Manchester 'jury' were persuaded that the ROH has an economic impact that spreads far beyond the limits of the organisation. Citizens may be interested in this to the extent that it reinforces the value for money argument; simply expressed: 'the 90p you pay towards the opera house is not just producing sublime opera and ballet but generates a large number of jobs, trains a huge number of technical staff, as well as performers, attracts tourists to the UK and has a much bigger impact on London's creative industries than might initially appear to be the case'.
- The biggest challenge is to consider systematically what it means to say that citizens are stakeholders in the ROH. It almost certainly does not require direct citizen representation on the board of trustees or some other direct role in governance. Workshop participants were clear on this point. The real concern was with openness, transparency and accountability, all principles that can be accommodated by providing more accessible information in the public domain.
- Accepting citizens as stakeholders in the Opera House is about an evolution of the current approach rather than a revolution in marketing and communication, even though it may demand widespread changes in the culture and practice of the ROH. As workshop participants pointed out, the ROH is doing many of the right things, but just not doing them well enough.

Learning

The workshops have had a direct and visible impact on the communications and marketing strategy of the Royal Opera House. The workshops also demonstrate that the organisation has moved from a predominately marketing perspective to a consideration of how it expands its audience into wider groups of the public and takes citizen's views about its role and function into account.

Summary and conclusions

Many organisations promise too much and deliver too little when it comes to engaging citizens in decision making. Some high profile examples of public bodies using consultation as a fig leaf for their own agenda have only served to erode public trust in these processes. At the root of this problem is the fact that few public organisations do enough to embed public participation

into organisational practice and provide clarity about why they are seeking input from citizens, and how much influence they will ultimately have over decision making. Public value addresses these issues by calling for public organisations to:

- Select the appropriate methods to identify and listen to your key stakeholders – including the public – to identify their concerns, opinions and preferences.
- Using this information, establish a clear message about your public purposes and the value you create, and ensure that your strategic priorities and business plan are aligned with this.
- Explain and justify the reasoning behind the tradeoffs you make and the decisions you take on the basis of your engagement with your 'authorising environment' – both internally and externally – and be prepared to defend and respond to questions about your decisions.
- Based on this initial assessment, establish ongoing processes for engaging the public, stating when this will happen, what this will achieve and how outcomes will be reported, including an assessment and review processes.
- Bear in mind that ultimately the buck stops with the organisation – there are relatively few instances when engaging with the public equates with directly delegating responsibility. Public value asks public managers to take greater responsibility for understanding and responding to the *refined preferences of the public*, it does not call for an overhaul of existing democratic institutions, nor does it excuse knee jerk reactions to mediated public opinion or enable organisations to hide behind the results of consultations.
- And finally, remember that consultation, no matter how extensive, cannot replace good leadership: choosing between the options available to an organisation requires critical reflection and a willingness to take risks.

3. Deploying resources and engaging staff effectively to deliver public value

Value is *created* by public service organisations in their decisions about what services to provide and how they justify the allocation of resources to specific outcomes, carry out strategic planning and develop processes that are consistent with public value. This section looks at three of the key issues that organisations must address if they are to embed what they learn from their dialogue with citizens in their ‘creation’ processes. First, public value has substantial implications for how organisations go about commissioning services, whether this involves external providers or the deployment of internal resources. Second, organisations need to consider the possibility of engaging citizens directly in how they design and deliver services. Third, organisations must also give serious thought to the role of staff. Moore has perhaps been guilty of placing too much emphasis on the importance of the heroic public sector manager, and paying too little attention to those working lower down the organisational hierarchy. Increased levels of industrial action in the public sector and professional disgruntlement with the direction of public service reform make the importance of engaging staff all too apparent.

3.1 Building public value into commissioning

Public value takes a pragmatic view about who delivers public services. While Mark Moore’s original formulation stresses the inescapable importance of a distinctive public realm, his orientation to service provision – rather than the nature of the provider – does not preclude provision from other sectors. Indeed, subsequent debates in the UK context have effectively presented commissioners and service providers with the following challenge: against the realities of private and third sector provision, can the private sector, and not-for-profit organisations, deliver public value?

Over the last 15 years there has been an increasing shift away from governments directly providing public services towards the outsourcing of service provision to contractors from the private and voluntary sectors. Whether the service is ultimately provided in house or externally, public managers are increasingly being called upon to evaluate and commission the services they are responsible for. This suggests a significant shift from a narrow conception of service procurement based on discrete projects and predefined services to a wider and more strategic notion of commissioning driven by demands for innovation, flexibility and responsiveness. To that end, those involved in strategic commissioning are able to draw upon a wider range of service delivery options than those offered by more traditional procurement models. These include: public-public partnerships; joint ventures; arrangements for co-production (see Section 3.2); and the use of public interest companies and trusts. The role of public managers has therefore increasingly become that of a commissioner of services, and the relationship between public managers and those who provide services more contractual in nature.

The primary aim of such new arrangements is to improve the effectiveness of public services – increasingly conceived of in terms of responsiveness to local needs – and also their efficiency. If services, no matter who provides them, are to be more responsive they must incorporate mechanisms by which local needs are ascertained. Whether this takes the form of surveys of user needs or more complex consultative interactions with the public, commissioners are finding that their efforts to outsource service provision must enable those services to be based on a higher degree of local intelligence. The report of the Darzi review, *High quality care for all: NHS Next Stage Review final report* (2008), for instance, will make patient's views on the quality of care they receive a condition of funding for hospitals and GP surgeries. The drive for greater local accountability across the NHS is explored in the third case study at the end of this section, which looks specifically at the opportunity for members of Foundation Trusts to play a greater role in shaping service delivery. Changes to how the performance of local government is assessed, from Best Value to the introduction of the Comprehensive Area Agreements, have also placed increasing emphasis on involving the community in assessing the priorities that matter to them and measuring performance against them. Public managers are therefore increasingly being tasked with both commissioning services effectively *and* involving the public.

Provision by private actors and organisations – with their distinct accountability practices – introduces new cultures and contractual relationships between providers and purchasers of services, as well as new management practices. Under the spotlight of the public value approach, providers and commissioners must therefore attend to concerns about accountability, responsibility and transparency, and procurement must establish precisely how the private or third sector provider is to deliver services that are responsive to user needs. In this sense, public value constitutes a challenge not only to private providers, but also to public ones. After all, requiring that services meaningfully reflect what the public values sets the bar very high. Interacting with the public to authorise services and to establish clear lines of accountability is no easy task.

The challenge for those commissioning public services is to ensure that choice and voice can be accommodated within a framework that is still able to secure value for money in procurement and contracting. Here, innovations in risk sharing to ensure flexibility in (and sustainability of) supply will be enormously important. In addition, commissioners will need to work with providers to garner greater flexibility in pricing and service specification, perhaps incorporating minimum 'fixed fee' specifications and provision for the scaling of fees for additional services. Commissioners and providers will also need to ensure access to transparent performance

information in order to facilitate informed choices amongst users. In this context, some of the key challenges are:

- Allocating and managing risk effectively.
- Establishing clear lines of accountability – new forms of governance associated with outsourcing service provision to private and third sector organisations do not fit neatly into the traditional constitutional model of democratic politics structured around ministerial departments. With many typical functions of government being devolved out of departments, commissioners are working in an environment in which once straightforward lines of accountability have become increasingly fragile, with ministers increasingly reluctant to accept responsibility for delegated functions, (Gains & Stoker, 2008).
- Striking a good balance between transparency and commercial confidentiality, and also ensuring that measures to promote openness do not engender a stifling form of proceduralism that can impede the effectiveness of public bodies.
- Ensuring that private and third sector providers are able to deliver services that not only respond to user or consumer demands, but account for wider citizen preferences, given that the public, private and charitable realms make different demands of people, and generate different expectations and experiences of accountability, responsibility and transparency.
- Moving towards outcome based assessment: Outcome-based commissioning represents a move away from standard approaches, which are focused primarily on outputs and the quantity of service provided, rather than on the impacts of these on service users. It is designed to shift the emphasis from activities to results, from outputs to outcomes, and from how a programme operates to the good it accomplishes. Under this rationale, outcomes can provide a means of more closely approximating what the user values about the service in question and a more accurate estimation of its public value. For example, when deciding whether to invest in a training scheme for young offenders, a traditional commissioning approach might ask how many people would attend and complete the course, whereas an outcomes based approach would look at the extent to which offending behaviour would be reduced in the target population. Whilst outcome-based commissioning is clearly an innovative process with the potential to provide significant improvements to current commissioning practice, it remains a largely untested approach. What is required is the practical learning that comes from

implementation, specifically to address the challenges of: establishing a workable definition of the desired outcomes that can be actively pursued, realised and measured; assessing when it is appropriate to measure outcomes and when it is not; resolving the issue of how to measure outcomes that are the responsibility of more than one agency or department; establishing methods of making interim judgements on the success of long term policy interventions; ensuring that outcomes do not become just another target.

Our own review of the evidence on public service commissioning found that there are relatively few examples of public engagement being embedded in the commissioning process. Whilst much of the government's reform agenda has focused on establishing quasi-market systems with commissioners on one side and providers on the other, thereby nominally increasing the choices available to service users, further attention must be given to how to build local priorities and citizen preferences into commissioning, and not only securing value for money. If the debate on commissioning is to move forward, and get beyond the well rehearsed arguments characterised by 'public sector good, private sector bad', to focus on innovative ways of managing relationships to deliver public value, new ways of building democratic accountability into commissioning and addressing issues such as public sector capacity, identifying examples of where these approaches have been tried and tested is a first order priority. An example of the challenges presented by this approach, where public service reform has sought to build in a larger role for the public in the governance of public services is the development of local accountability mechanisms in the health sector. The following case study highlights the challenges and opportunities presented by the million or so members of Foundation Trusts, a system designed to enable hospital staff, patients and members of the public to have a say in how their hospital is run, and how this operates in tandem with other models of patient and public involvement, such as the new Local Involvement Networks (LINKs).

Box Three: Reviewing local accountability mechanisms in health

Context

Labour's first term in office was characterised by centralised target setting, which prescribed the way in which healthcare services were provided at a local level. In 2001, however, a shift in focus brought an emphasis on the role of the patient and the public in healthcare provision, coupled with the re-introduction of quasi market mechanisms, which sought to promote greater patient choice. More recent reforms have led to the establishment of Foundation Trusts (FTs), which were designed to promote greater levels of local participation via their membership, whilst other new institutions, such as LINKs, were created to replace the trust level Patient and Public Involvement (PPI) Forums, the other main pre-existing 'voice' mechanisms in the NHS.

Yet these have been subjected to very little scrutiny beyond the ranks of the health participation enthusiasts, and seemingly little thought has been given to how these mechanisms operate at the system level. Our research sought to elucidate where voice fits within a health economy of targets, choice and quasi-markets, and to provide clarity about what value voice mechanisms can offer. Most importantly, perhaps, it offers an assessment of whether foundation trusts have used their membership to improve their engagement with citizens and, if not, then what might be done to ensure that the mutual model that inspired FTs is reconfigured to fulfil its potential.

Key questions

- What mechanisms are there for engaging the public, patients and staff across the NHS?
- Which policy streams have led to the development of these different processes?
- At what points in the system are these processes in place? What does this look like overall? Are there any gaps or overlaps?
- When is public involvement necessary and legitimate? On which issues should consultation take place?
- What purpose do these processes serve? Is this about 'user focused services' or strategic decision making? Where do these processes sit on the 'participation scale'?
- What options are there for members to play a different or larger role in the governance of FTs? Could they play a bigger role in decision making? Are there examples of successful engagement with members?

Cont...

Cont...

Approach

A review of the existing literature, including academic articles, official documents, and reports published on local accountability and patient or public involvement in health was conducted. The report builds on The Work Foundation's public value framework to make new recommendations about how to engage the public more effectively in major service design decisions as well as in practical questions of service improvement.

Key Findings

The NHS has rather extensive arrangements for citizen and patient 'voice', which have been a feature of the system in different ways since its inception in 1947. From the LINKs, through FT membership to patient experience councils, advice and liaison services or complaints procedures, there is a myriad of channels for the public to be heard. Some of these are genuine voice institutions (LINKs and potentially FT membership), while others are more similar in nature to intelligence gathering operations. The overall architecture for patient and citizen involvement is therefore complex and there are unresolved questions about how these will operate in tandem, and where lines of accountability can be drawn. Key findings in relation to FTs and LINKs are outlined below.

From April 2008, PPI Forums were replaced by **Local Involvement Networks**, which are no longer attached to one NHS trust, but instead join up all stakeholders in the local health and social care economy, feeding back to the appropriate trusts, where necessary, and to local government as well.

- The LINKs have yet to prove their worth, have very wide terms of reference and may struggle to articulate a clear and coherent view (or set of views) that can shape management thinking.
- Aiming for a broad membership obviously has the merit of inclusiveness, but it also has the disadvantage of spreading public involvement very thinly throughout the system.
- Patients' groups and individuals thinking about their own experiences will behave rather differently from groups representing sections of the electorate collectively, such as faith groups, minority ethnic groups and older people.

Cont...

Cont...

- By breaking the direct link between the voice institution and the commissioner/provider the government has made it difficult for the LINK – and therefore the trusts and local authorities concerned – to be clear about just how strongly it is expressing a particular view.
- There is only patchy evidence telling us exactly how the feedback from PPI forums has been used. At the very least there is a case for high quality research and a proper evaluation of the effectiveness of LINKs.
- There is a balance to be struck between devolving power to local authorities (to appoint a host organisation to set up and support the running of the LINK) and providing some guidance from the centre to avoid duplication of effort, on the one hand, and patchy delivery on the other. A great deal will depend on the ‘host’ organisation, which may have an agenda of its own and may not be best placed to represent the diverse range of stakeholders involved in the LINK.

Foundation Trusts: FT members are the only trust-based voice institutions left following the move to LINKs. They elect the board of governors of the FT and, in theory, have more direct leverage over a foundation trust’s management than any of the organisations involved in a LINK. The mutual structure exemplifies the principle that people will be inclined to defend public services if they believe that they have some kind of stake in them. On the other hand, entrenching membership on this basis could lead to inertia and perhaps paralysis as members seek to preserve the current configuration of services. If members believe that this is *their* hospital then they may be even more resistant to proposals for change.

- As with the wider PPI process, very little is known (beyond some encouraging anecdotes) about the membership of FTs or about trusts’ initiatives to engage with members.
- In most cases, it seems that membership is self selecting. This has the merit of making membership inclusive, but also has the disadvantage of making most members passive.
- In addition to the members, foundation trusts are also under the scrutiny of a LINK. Quite how these two processes are supposed to relate to each other is unclear.
- It is difficult from the research conducted so far to establish whether members are really representative of a cross section of the population (Day and Klein, 2006). When measured against the main variables of age, gender, social class and ethnic origin, the information available about most foundation trust memberships is at best patchy.

Cont...

Cont...

How the mechanisms described above operate in conjunction with Overview and Scrutiny Committees, Patient Experience Councils, Patient Advice and Liaison Services, complaints and patient satisfaction data and the NHS Survey programme is another topic for further exploration.

Some preliminary recommendations for foundation trusts:

We need to know a great deal more about the effectiveness of patient and public involvement in the NHS. At present, it is not clear whether FTs have sought to engage members in a systematic way, why they have done so or whether these processes have had any impact on service design decisions. Yet in principle, FTs have the significant advantage of a ready-made public with whom they can engage. There is no reason why FTs should not both seek to widen their membership and deepen the extent of members' involvement.

A number of conditions will need to be met before a model of deliberative governance can be successfully introduced.

- *Development of membership base and capacity:* FTs must invest time, effort and resources in the development of their membership base. Members must be representative of the wider community before their participation can be taken seriously.
- *Identifying what works:* There is a very strong case for developing a much better understanding of how FTs have developed their relationships with members.
- *Developing an appropriate programme of membership activity:* It is only worth developing a membership base and identifying good practice if FTs decide to do something different. Managers will have to make a judgement about which engagement instruments are suitable in the circumstances.
- *Clarity about who is accountable and for what:* FTs will need to be clear about who is responsible for taking forward a member involvement programme. Making this the task of the chair or chief executive would help to ensure that this was taken seriously.
- *Development of appropriate management skills:* Successful engagement with the public demands high level communication skills for both politicians and public managers. FTs should consider whether their managers have all the skills they need and take action to plug skills gaps.

Cont...

Cont...

- *Creation of appropriate incentives for managers to focus on public engagement and the delivery of public value:* Incentives will need to be refocused and performance management systems redesigned. For example, managers could be given a specific objective of improving citizen satisfaction based on the previous year's baseline data, or managers could be rewarded for innovative approaches to the engagement of citizens.
- *Review of service planning arrangements:* If the voice of the public is to be heard then service planning processes must be flexible enough to accommodate this.
- *Creating a very different workplace culture:* more extensive dialogue with the public (and responsiveness to refined preferences) is most likely to be sustained where the workforce views the service they provide from the citizens' perspective.
- *Linkage to other voice institutions:* Finally, a foundation trust that wishes to develop its relationship with its members must make an effort to ensure that these trust level voice arrangements cut with the grain of the rest of the institutions.

3.2

Engaging the public in service delivery

Engaging with the public as a means of service improvement (or co-production, as it is often known) is one way of building public value into service delivery. The Cabinet Office (2006) has defined co-production as:

'a more active role for the citizen and communities either in directly delivering a public service or in changing their behaviour in ways that contribute to the ultimate outcomes the service exists to deliver eg changes in diet and fitness activity that lead to better health.'

The best way to involve citizens varies from service to service, and can range from giving individuals control over their own social care budgets to greater community control (as in the New Deal for Communities). According to the Public Administration Select Committee's report on *User Involvement in Public Services* (2008) there are three core arguments for adopting this approach:

- The moral and political case: this advances the argument that citizen participation is a thing good in itself because it promotes greater civic engagement, encourages public institutions to be more accountable to citizens and empowers those that take part.

- Improving the quality of service delivery: Ensuring services are tailored to the needs of individual citizens, and that people have the opportunity to shape the services they receive, can contribute to delivering better outcomes and higher satisfaction. There is a reduced risk of providing unnecessary or inappropriate services, and user involvement can encourage people to understand their own needs better. This claim is supported by evidence from a government sponsored evaluation of tenant-led management, which found that the scheme resulted in the improved delivery of housing services, reflected in higher satisfaction rates and longer term retention of tenants. Overall, tenant management organisations perform better than local authorities.
- Increased value for money: it has also been claimed that co-production, by allocating funds more effectively, can lead to greater efficiency savings in some instances, although there is little systematic evidence to support this.
- A further benefit of devolving services to the individual and community level is that it can encourage greater local accountability and stimulate innovation.

This thinking was at least partly responsible for the decision to promote self-management for council tenants and the impetus behind the development of new approaches to managing certain medical conditions, such as diabetes, that give patients greater control. However, examples of public services that seek to involve people are still relatively rare, and involving service users is not always appropriate, particularly in circumstances where it would contribute to creating greater inequalities in service provision, place disproportionate risk on the shoulders of the individual or prove too expensive. User involvement is generally more relevant to personal, client-based services (eg health, education and housing) than those provided on a more collective basis (such as policing or fire and rescue) (House of Commons Public Administration Select Committee, 2008). Moreover, it would be wrong to assume that everyone wants to be involved in the delivery of the services they receive. Services that create public value respond to citizens' needs and refined preferences: whilst the public might have a clear view of what they want from a service, it does not follow that they have the time, effort or inclination to take part in designing or delivering it.

Although rising demand from the public might seem an obvious starting point for any debate about public participation, many initiatives originate from concern about the apparent lack of public enthusiasm for using existing democratic structures. What research exists on the demand for participation in public services gives a rather mixed message about the scale of demand. For example, a survey of the UK population by the Audit Commission in 2003 asked whether

respondents would like to get involved in helping their council plan and deliver its services. Only 17% of respondents said they would, while 60% said they would not. For the NHS, the figures were 22% and 51% respectively (Audit Commission and Ipsos-MORI, 2003).

Yet the Joseph Rowntree Reform Trust's (JRRT) *State of the Nation* poll does provide evidence of a latent demand amongst the public for a more active voice in the delivery of public services (JRRT, 2004). In response to a question about whether ordinary people should be selected at random from the electoral register and invited to serve on the boards of foundation hospitals and local police authorities the majority responded positively. 66% of all respondents thought this was a good idea (compared to 33% who thought it was a bad idea) and 56% of the total said they would accept such an invitation (compared to 43% who said they would decline) (JRRT, 2004). Furthermore, when asked whether ordinary people should be selected at random from the electoral register and invited to serve on boards such as those that decide on the safety of drugs or health and safety at work, 61% thought this was a good idea (compared to 38% who thought it was a bad idea) and 50% said they would accept such an invitation (compared to 49% who said they would decline). Although the wording of the questions may have impacted on the responses, this certainly suggests a more positive attitude towards participation. Whilst it is questionable whether these levels of enthusiasm would be matched by a willingness to volunteer should the opportunity arise, this information does suggest that more radical ideas for governing public services are at least worthy of consideration. However, it is important to understand that the public will only engage in the process if they believe that they can make a difference (ie it is relevant to them) and if they have confidence that their views will be treated with respect and seriousness by public managers.

Public value does not demand that every citizen should have a say in every service they use, rather that public managers be given the freedom to innovate and respond to the demands of the public. This in turn places greater responsibility on public managers to listen better, and to recognise that the knowledge and experience of service users and the wider public is valuable. This implies that public managers will not only take on a more explicitly *political* role in setting their organisational objectives and determining what is publicly valuable, but also take a more active role in leading change. The communications regulator Ofcom, for example, has been concerned with how it engages the public in line with its duties to further the interests of citizens.

Box Four: Citizen's interests and public engagement in communications regulation

Context

Central to the public value model is the belief that better management choices and better service outcomes will be achieved if the public are involved in major decisions about service design. How the voice of the public fits into Ofcom's role is an interesting question, given that the legislative framework in which it operates makes a clear distinction between its duties to consumers and citizens, and implicitly between regulating for better functioning markets and regulating for social outcomes. Defining these terms and identifying how the organisation serves both the interests of citizens and consumers has formed part of a wider debate about how to interpret the values and the duties of the organisation. At its heart, this is a question about how Ofcom sees itself, and explains what it does to the public.

The research aimed to contribute to the development of Ofcom's own thinking on how best to conduct public engagement and contribute to the debate on defining and furthering citizens' interests by offering examples of what other regulators in the UK and internationally are doing.

Approach

The Work Foundation wrote a paper reviewing how regulators (from other sectors in the UK and communications regulators in other countries) engage the public in what they do, what methods they use, and what lessons their experience can offer Ofcom, based on a more detailed search of published information and telephone interviews. The purpose of these case studies was to allow Ofcom to benchmark its approach to citizen engagement against communications regulators in other countries. It also offered examples of good practice and learning from organisations that are taking the lead in public engagement, addressing the core questions outlined below and identifying transferable ideas where possible.

The paper addressed the following core questions:

- What are communications regulators in other countries, particularly the USA and Canada, doing to engage the public in their work?
- How are they balancing citizen and consumer interests?

Cont...

Cont...

- Which other UK regulators are undertaking innovative public engagement activity?
- What methods do they use? How have they made use of interactive media, for example?
- What is the purpose of engaging the public in each case?
- What have been the benefits and limitations?

Key Findings

- Regulators in the UK (particularly those that oversee the utilities companies privatised in the 1980s) offer little scope for comparison because they tend to be focused exclusively on regulating markets and promoting competition.
- Very few communications regulators in other countries define their role as serving the public interest. Most concern themselves exclusively with market regulation. As a result, there are very few examples of regulators seeking the public's views of their activities or who attempt to include them in decision making.
- The USA's Federal Communications Commission (FCC) and the Canadian Radio-television and Telecommunications Commission (CRTC) are the exception. Both seek to incorporate the views of citizens by inviting their comment on regulatory issues. Whilst both provide some interesting examples of engagement practice, cultural differences and the legislative context in which they operate mean that it seems unlikely that these activities could be replicated in the UK.
- Based on the information contained on their websites, Ofcom is ahead of the game in terms of the accessibility of its website, its willingness to experiment with interactive media, the volume and quality of consumer research (both qualitative and quantitative) that it publishes and uses to inform its decisions.
- Other regulators that generally (but not exclusively) deal with public services in the UK offer a more interesting avenue for comparison. The National Institute for Health and Clinical Excellence (NICE), for example, has a regulatory function and goes to considerable lengths to engage the public in decision making processes that often involve complex information. The Food Standards Agency (FSA) offers another example of a regulator that has taken an active approach to public engagement.

Cont...

Cont...

- When compared to NICE and the FSA, the importance of organisational commitment to serving the public becomes apparent. Whereas both the FSA and NICE put public engagement high on the agenda and explicitly seek to gain public trust by being open and transparent about their decision making, involving the public in expert decision making on technology, treatment, health or food guidelines, and using more deliberative forms of governance, Ofcom has tended to focus on consumer research, and using deliberative techniques to better understand segments of the market or consumer views about specific issues.

Learning

The political context in which regulators are established is an important factor in determining whether they seek to engage the public in their work. The FSA, for example, emerging after the BSE crisis, is very focused on engaging with the public to foster trust in the food industry and government. In contrast, Ofgem, Ofwat and other 'economic' regulators which were set up during the 1980s to regulate the newly privatised markets do not make the same commitment to addressing the public interest or seeking the views of citizens on what they do. Ofcom is evidently in a different position, accommodating as it does, both consumer and citizen interests.

What is interesting about the Canadian example is that the organisation appears to have a **fairly clear and consistent view that its purpose is primarily to further the public interest.** Moreover, the established mechanisms that the CRTC uses to engage members are based on a model of democracy that relies on a tradition of town hall meetings and the willingness of citizens to submit oral or written testimony. This formal process of engagement may work better in a culture where they are well established practice, although it is arguable that the CRTC could do more to reach out to people directly and in terms that they understand.

From a public value perspective, the examples of the FCC and CRTC highlight that **clarity of purpose about the role of the regulator in serving the public interest and an organisational culture that facilitates public engagement** will help to ensure that the organisation takes into account the views of the public.

3.3
How should
public servants
be managed to
deliver public
value?

We have already seen that public value envisages much closer engagement with the public. Implicit in this idea is the view that *all* public service employees have an obligation to think creatively about how their service can become ‘the best that it can be’. Of course, there will always be resource constraints, but public value has the potential to unlock the creativity of all employees if they bring their knowledge to bear on the challenges facing their service. Another way of thinking about this is to say that staff must develop an ‘outside-in’ mindset, viewing their service from the standpoint of service users and citizens.

This very simple principle carries with it some radical implications for what it means to manage people fairly and effectively in the public services, as well as what is expected of staff. Where creating public value involves working with service users to design and deliver services, this will entail a significant change in the relationship between those employed in public services and those using them. This process requires careful management, and a cultural shift in how professionals operate, which can be facilitated by strong leadership from professional bodies, adaptations to professional training requirements and standards, and from government, a management regime that supports the existing public service ethos. Most importantly, staff need the space to be creative. This means that they must trust their employer and that the employer must trust them. Once again, this is easy to say but much harder to apply in practice. All organisations struggle to persuade managers to ‘let go’. Sometimes the risks can seem too great and managers might be suffering from the quite legitimate anxiety that ‘if I give up control then won’t I get blamed if things fail?’

At the heart of The Work Foundation’s case for public value is the idea that trust and staff engagement depend on the ability of an organisation to offer ‘good work’. In part this is about open and transparent leadership, but we would go further and say that high quality employment is the foundation stone of a culture that supports innovation, encourages fresh thinking and equips all staff with the capabilities they need to respond to rising public expectations. Without ‘good work’ the aspiration of continuous improvement, driven by staff with an outside-in standpoint, will remain a chimera.

For these purposes we would define the ingredients of ‘good work’ as follows:

- Secure employment;
- Interesting and stimulating work;
- Control over the order of tasks and the organisation of work;

- A proper balance between a worker's efforts and the rewards that they receive;
- Fair treatment – or what is also called 'procedural justice';
- Strong relationships in the workplace – sometimes described as 'social capital.'

Moreover, employers and trade unions, by working together on a shared agenda, can help to create and sustain the high trust needed to unlock employees' potential. Of course bargaining on pay and conditions will continue, but the union and the employer must agree to address a wider agenda including:

- The provision of *information* on medium to long-term strategic choices. This would cover business planning, investment choices, location decisions and major change programmes. In other words, the employer should be sharing information when plans are at the 'glint in the eye stage'. Under this heading the employer is telling the union what is going on.
- *Informing and consulting* about the medium term employment prospects for the organisation – including any potential threats to employment and the measures that the employer may take. This is about strategic workforce planning rather than redundancy consultation. It will include some consideration of recruitment and retention strategies and responses to demographic change (eg the ageing workforce). Simply put, this is a process of telling and listening. The employer should respond to the union's reasoned commentary on the proposals and demonstrate that they have, where possible, responded to these concerns.
- *Information and consulting with a view to reaching an agreement* on any changes to the organisation of work, the design of jobs and significant changes in processes, systems and working practices. Under this heading the employer is *telling, listening and agreeing* with the union how a particular issue should be handled.

This approach should be contrasted with a narrow view of collective bargaining that focuses simply on the contents of the pay package and formal conditions of employment. Furthermore, these arrangements can be supplemented by a commitment to joint problem solving. Unions and public service employers often share the aim of improving public services and it is not absurd to suggest that working together on matters of joint interest can lead to better decisions and sustainable change.

Summary and conclusion

This section has highlighted that creating public value relies upon taking a pragmatic and non-ideological approach to the delivery of public services, which focuses on what works. Public value also calls for public organisations, against a backdrop of increasing union activism in the public sector, to develop a workplace where staff are focused on how to best deliver services that are responsive to the public, and are given the incentives and the autonomy to come up with new ways of ensuring this happens, including involving users, where appropriate. There are a number of conditions that need to be met in order for this to happen:

- This approach will demand more of public sector commissioning: strengthening the capacity of staff to manage relationships, projects and contracts; developing more sophisticated models of procurement that build in a public value element and rewarding services that respond adeptly to public preferences; establishing effective ways of determining and measuring performance against outcomes.
- Building a better evidence base, since examples of innovative approaches to commissioning and contracting that meet these criteria are rather few and far between.
- Identifying where it is appropriate to involve the public directly in public service delivery (without presuming that the public want to be involved in every aspect) before piloting new models of delivery, supporting users to give their input, training staff and facilitating culture change.
- Creating the space and incentives for public managers to be responsive by engaging staff and adhering to the principles of good work to create an internal culture that is conducive to promoting services that the public value.

4. A public value approach to measurement

For politicians, the benchmark of success is to be re-elected. For public managers and staff, the discipline is not quite so brutal, but it has proved equally challenging to develop clear measures of success. Returning to one of our earliest questions, how do public service managers know if they have achieved their objectives? Without measurement of this kind there is no possibility of continuous improvement to meet rising public expectations. But should such matters be measured by public satisfaction surveys alone? Do organisations need a more rigid set of targets? And if current arrangements are inadequate then how can a new framework be developed that reduces the likelihood of producer capture?

Perhaps the most serious problem in this context is that public services are subject to a regime of targets and key performance indicators that draws more inspiration from the New Public Management (NPM) than from public value. The essential problem here is that NPM is derived from the view that producer capture is inevitable unless public services are either subject to a regime of cost based contestability or a system of centrally determined objectives.

From this standpoint the architecture of targetry is admirable and guarantees that all public services will be oriented to the delivery of national policy objectives. On the other hand we know that such rigid measures can have a distorting effect. John Kay has suggested that the problem confronting central government departments in setting targets is very similar to the problem facing economic planners in the Soviet Union; the information needed to determine an effective target is not to be found in the government department but in the experience of the people in schools or hospitals for whom the target is to be set (Kay, 2003). He argues further that targets are subject to 'Goodhart's law', that 'any observed statistical regularity will tend to collapse once pressure is placed upon it for control purposes'. In other words a target, once adopted, changes its meaning:

'If hospitals are judged by the number of people who wait more than twelve months for an operation, then the number of people who wait more than twelve months for an operation is likely to fall, but whether the service given to patients is better or worse is another matter altogether. If corporate executives receive bonuses related to earnings per share, then earnings per share will rise, but whether the business is better or more valuable is quite another question.'

(Kay, 2003)

But if this is right, and it almost certainly is, then where does it leave the NPM obsession with targets? Obviously all organisations need to have some clear *objectives* if they are to have a proper sense of direction and there must be some measures that try and capture public satisfaction with performance. Yet perhaps the most striking feature of the UK model is that the targets selected often have little resonance with the public and are focused on internal management, audit and control questions that may be operationally useful but hardly constitute an appropriate benchmark of organisational success (See Box 5). Our case is that the public value model described here both enables us to escape from the tyranny of targets – by measuring things that the public really value – and reinstates the notion of citizenship that is missing from both the ‘trust us’ and target driven approaches to public service management described in the introduction.

Box Five: The distorting effect of targets

There has been much attention devoted to the use of targets in the UK, a subject about which the Public Administration Select Committee of the House of Commons completed an inquiry in 2003. Amongst the examples used to demonstrate the distorting effect of the targets regime were:

- Targets for outpatient waiting times at the Bristol Eye Hospital were only achieved by cancelling follow-up appointments. The hospital’s clinical director suggested that some patients might have lost their vision as a consequence of the delays in fixing follow-up appointments.
- Patients were sometimes inappropriately reclassified so that the ambulance service could meet its response time targets.
- Wheels were removed from trolleys in accident and emergency departments so that they could be reclassified as beds and used to meet waiting time targets.
- School performance targets focused on GCSE results encouraged the exclusion of more disruptive pupils leading to an increase in local crime.
- Targets aimed at increasing the conviction rates for those accused of criminal offences ran counter to the desire to reduce prison overcrowding and prevent re-offending.

Source: Horner, *Public Value - Deliberative Governance and the Role of Public Managers*

4.1
How is
public value
different?

If this analysis is accepted, we are then left with the question of whether public value offers a sufficiently robust regime to avoid the risk of ‘producer capture’ that drives public choice theorists to distraction. Our argument is that public value does offer a systematic framework for a new approach to goal setting and measurement because:

- Managers will have thought constructively about the purpose their service is supposed to serve;
- There will have been a conversation with the public to ensure that these purposes are consistent with citizens’ expectations – understanding of course that these expectations can be reshaped by politicians and public managers;
- These expectations can be transformed into clear goals against which performance can be measured.

This represents a very different approach, with a strong emphasis on the devolution of power and authority. It assumes, for example, that objectives are not set at the centre through national targets but can be fixed at local level. It also assumes that managers have the authority and capability (with locally elected representatives) to set these objectives. And it opens the way to some trade union and employee involvement in the process.

A sceptic might say that these are rather weak constraints; that in the absence of national targets public managers will substitute their own judgements of what is publicly valuable; that giving staff a voice in the process will lead to ‘producer capture’ and a neglect of citizens’ interests. Of course these are real dangers, but they are not insurmountable obstacles. As the American politician Al Smith once remarked, ‘the cure for all the ills of democracy is more democracy’.

So, public value is a comprehensive approach to thinking about public management and about continuous improvement in public services. It depends on the idea that public services are different, that democracy matters, that citizens are more than consumers, that a more open dialogue with the public can restore faith in public services and that the engagement of unions and their members is a necessary ingredient in the mix. One organisation that has committed to measuring its performance based on the principles of public value (even if it does not use the same language) is The Metropolitan Police, whose model of neighbourhood policing represents a radical commitment to enabling local people to set policing targets.

Box Six: Local target setting and neighbourhood policing

Context

The concept of public value is integral to the Metropolitan Police's programme of citizen focused policing; 'a way of working in which an in depth understanding of the needs, experience and expectations of individuals and local communities is routinely reflected in decision making, service delivery and practice.' Across its work, the MPS has demonstrated a significant commitment to listening to, engaging with and responding to the public. This has resulted in the establishment of a number of public engagement programmes within the MPS.

The issue for the MPS was therefore not how to put mechanisms in place that identify, refine and respond to public preferences but how to map, evaluate, and consolidate the wide range of processes that are already in operation. The MPS were interested in developing a visual representation or 'map' of how the organisation engages with the public to feed into its thinking about how to ensure that these processes are effective, elicit useful information and allow for a proper dialogue with the public.

Approach

Scoping work was carried out to identify the key research themes and develop an interview guide. A series of interviews were then conducted with key members of staff to gather information about what types of public engagement activities were taking place across the MPS, who was responsible for them, and to ascertain their purpose – namely where they add value to the Service as well as to the public. This information was then synthesised, analysed and presented in a 'map' format, along with a 'key' describing the processes, examples of good practice and recommendations.

Key Findings

- Community engagement occurs in two distinct ways: firstly via representatives selected to express their views on behalf of the public and local community via Key Individual Networks (which are designed to bring together key representatives from the community to monitor their views on crime and policing) and ward panels (representative bodies comprised of approximately 12 people who meet at least every three months to set policing priorities for the Safer Neighbourhoods (SN) teams and monitor their performance). Ward panel members have an ongoing and more in depth relationship with the police. Secondly, by engaging directly with the wider public via

Cont...

Cont...

surveys, street briefings, public meetings, and other networks that tend to be on a shorter term basis and may range from specific to very broad issues.

- The MPS should continually think about the balance between how many people it engages with and how representative they are of the views of the wider public, to ensure that it is not just the 'usual suspects' whose opinions are heard. There is no 'right' answer to this, but the MPS needs to attend to these concerns. This is happening already (for example, via a survey of ward panel members which looks at how representative they think the panels are), but could also be tackled by creative ways of engaging people. One suggestion is that SN teams should aim to contact all residents in their ward at least once per year.
- The map illustrates that SN policing is the main route for community engagement and a hub for how the organisation as a whole engages with the public, although it is important to recognise that effective engagement with the public is not only the preserve of the SN teams. There needs to be greater clarity about how different directorates co-ordinate their public engagement work. Current efforts to mainstream the SN policing should help, as will training and leadership from the top.
- Integrating SN policing across the MPS is a challenge which the organisation is now tackling. The MPS are already taking steps towards a more co-ordinated approach by ensuring that all requests for SN teams to work on specific projects come through the central SN team. At present, this tends to happen in a rather more ad hoc way. Some directorates have close working relationships with SN, but there is room for improvement.
- There is an ongoing issue concerned with how the MPS reconciles the 'top down' priorities it has agreed with the Home Office (as outlined in public service agreements and its own organisational plans), with those emanating from the 'bottom up', based on the Safer Neighbourhood policing model. Interviewees gave somewhat different accounts of how this negotiation takes place and at what level within the organisational hierarchy these decisions are made.
- However, it is clear is that the commitment of borough commanders is vital for the success of SN policing and engagement at the local level.

Cont...

Cont...

- Our evidence suggests that there is variation at the local level between how those responsible for partnership and SN policing understand the term 'engagement' and what it entails. Whilst partnership working is also a vital part of policing, it should not, for instance, be confused with direct engagement with the public. There is a balance to be struck between ensuring consistency and allowing wards and boroughs sufficient autonomy to address local issues.
- The mapping exercise also highlights that there are different aims to the various engagement activities, from simply providing information to devolving decision making power to the public. SN policing is an innovative way of embedding community engagement in service provision, particularly by attempting to educate and inform local communities and address their perceptions and fear of crime. A lot of new ideas are being generated at local level, and the MPS may wish to think about how it shares best practice across wards/boroughs, but also with other public service organisations.
- Lastly, it is important to recognise that many of these issues are likely to be addressed as SN 'beds down' over time. In future, the introduction of APACS will impact on how the police work with local authority partners to address community needs, as will the Comprehensive Area Agreements brought in this year.

Learning

MPS are using the map as an internal communication tool and the report's recommendations will inform ongoing work on engagement within the organisation. The research highlights that:

- Major front line public organisations are willing to invest in models of service delivery and performance measurement that are directly determined by local people.
- The challenge, as highlighted in Section 2 of this report, is to embed these processes into organisational processes and ensure that they work alongside existing accountability mechanisms (eg reporting upwards to the Home Office and parliament).
- The findings laid out above illustrate some of the issues that the MPS faces in operationalising the principles of public value, and the steps it is taking to address them.

4.2 Measurement in practice

Beyond the theory, there is a more practical question of what it is that public organisations really expect to elicit from a public value approach to goal setting and performance measurement:

- An absolute measure transferable to monetary value?
- A new performance measurement framework?
- A better understanding of ‘what the public values’?
- A way of determining the ‘value’ held by the public about the organisation?

Returning to our earlier characterisation of public value as ‘responsiveness to refined preferences’, we can begin to see how a goal setting and measurement framework might be developed. Most important here is the engagement with the public to define the purposes that the organisation has been established to serve. In other words, the process of ‘managing the authorising environment’ described in Section 1 should give managers the information they need to identify objectives that the public genuinely value. Once this has been done it should be possible to develop a measurement system based on qualitative indicators and *outcomes* rather than quantitative indicators and *outputs*.

Transparency is obviously essential here. Data on performance against public value objectives must not just be published, but must be explained and justified by public managers – many of whom will no doubt need to acquire a wide range of communication skills. The process must also be iterative. The dialogue with citizens has to continue so that rising expectations can be identified and managed (that is what ‘refining public preferences’ is all about) and organisational goals can be adjusted accordingly. The overarching objective must be to create a sustainable culture of continuous improvement where public managers and staff have internalised the ‘outside-in’ frame of reference and are committed to making their service the best that it can be. This is very different from conventional approaches to measurement and performance management, drawing inspiration from Mark Moore’s observation that:

‘We should evaluate the efforts of public sector managers not in the economic marketplace of individual consumers, but in the political marketplace of citizens and the collective decisions of representative democratic institutions.’

(Moore, 1995)

An attentive reader will have already noticed that even this approach to goal setting and measurement will find it difficult to capture intangibles like trust in public services, fairness

in service delivery or equity between social groups. But the importance of this approach to measurement is that it is oriented directly to resolving the delivery paradox and might therefore have the indirect effect of restoring trust in public services. Moreover, all these so-called intangibles lend themselves to analysis using the standard methodologies of social science. Changes in trust can be measured through good longitudinal survey data and distributional outcomes are self-evidently susceptible to proper quantitative analysis.

The public value measures that we discussed above, based on outcomes that the public genuinely value, must be interpreted alongside these other indicators. Indeed, if policy makers were to do otherwise they would find it impossible to make judgements about whether they are delivering public value at all. The case study below explores the challenges of participatory service evaluations as a means of measuring performance in public service broadcasting, as part of a piece of research conducted for the BBC Trust.

Box Seven: Participatory service evaluation in public service broadcasting

Context

The BBC has been a leading exponent of public value both as a set of ideas that can help to articulate its public role, and as a practical test of the effectiveness of existing and future services. In addition to a Public Value Test in respect of newly proposed services, the BBC Trust is also required to judge whether and to what extent the BBC is fulfilling its stated remit for its services through a process of service review. Individual service reviews are intended to evaluate each of the BBC's 27 services at least once in any five year period with a view to determining how effective they are in contributing to the BBC's broader public purposes.

Given the role of the Trust as the guardian of licence holder interests, there will always be room for innovation and greater public involvement, particularly in the regular service reviews. At the same time, exercises in public engagement need to be practicable and effective, and for all parties - from Trust managers to service licence holders - they must be seen to deliver real results. In other words, all parties involved will want to know that their efforts have produced reviews that will be noticed and result in an improved service. The aim of this research was therefore to explore opportunities for greater public involvement in the evaluation of public broadcasting, including an examination of the relative strengths and weaknesses of a series of methods. This was based on an extensive review of the evidence pertaining to public participation in service reviews, including international case studies.

Cont...

Cont...

Key Findings

There are good reasons to engage the public in service evaluation; and there are considerable difficulties in doing so. Such initiatives are invariably more successful where there is clarity as to the purposes of engaging the public, as there is now sufficient research and experience with a variety of methods to pick those that are 'fit for purpose' and will deliver what is required. Our research found that methods of public engagement can be distinguished according to whether they are primarily concerned with legitimating an organisation's decisions and activities, and/or evaluating and improving the services they provide. Moreover, such methods vary greatly in the intensity with which they engage the public.

While this report has surveyed the latest conceptual and practical approaches to public engagement, it also recognises the unique and complex positioning of the BBC Trust. Although the approaches outlined in the report should prove highly valuable to any organisation seeking to engage the public in evaluation and/or planning, only the BBC can identify those specific techniques that would best enable a genuine assessment of its services, acknowledging that each method presents its own challenges.

Learning

Whilst there are a number of different methods highlighted in the report that the BBC Trust might draw upon, there is a more profound question about how the organisation raises its public profile and engages the public in a subject – broadcasting regulation – that many citizens will not see as directly connected to their day to day lives. Whereas citizens may see a direct benefit to joining their school's board of governors, or getting involved in their local hospital, it is harder to make a similar case for the BBC Trust. Whilst the Trust is keen to show that it is accountable to the public by involving people in how it operates, targeting public engagement activities on specific issues or at relevant groups of the public may be the optimal way of generating the most public value.

4.3

The government's approach

We observed in the introduction that government policy now draws some inspiration from the public value approach (by re-engaging with citizens and promoting a 'new professionalism'). But we might seriously question whether measurement systems have been adapted accordingly. In principle, it seems that the main features of the regime of targets has been abandoned, with a reduction in the number of centrally determined objectives (as represented by the cut in the number of PSAs) and the growing rhetoric about the importance of localism.

Yet as Professor Colin Talbot argues in a forthcoming paper for The Work Foundation, while the number of targets has been reduced, the system remains as complicated as ever. From the perspective of a public service manager it is sometimes hard to conclude that there has been any fundamental change. If government is serious about the enterprise of engaging staff and citizens then they must recognise that an approach to targetry derived from NPM is unlikely to be effective if the intention is to move to a public value model.

Summary and conclusion

It would be wrong to leave readers with the impression that there is a ready-made measurement model that can be applied to the public value approach. The best that we can say is that the work taking place within public organisations might give us cause for optimism. The new Comprehensive Area Assessment, for instance, is designed not only to promote closer working between agencies but enable localities to have a greater say in what to prioritise, although it will be a while before the results of this new process can be assessed. Whilst challenges remain, the Metropolitan Police has also staked its future on a model of neighbourhood policing that enables local people to set the agenda for policing and measure their performance against it, and explicitly seeks to address the fear of crime as well as measured levels of crime.

But this is a process of trial and error and it is important to recognise that more developmental work is needed before we can say that there is a robust measure of public value beyond the rather crude measure of public satisfaction. This is an advantage rather than an obstacle to the development of public value. Once again it is rooted in the pragmatic approach that 'what matters is what works', with 'what works' defined as 'responsiveness to refined public preferences'. Some enthusiasts for public choice derived models of contestability and targetry may find this unconvincing, but we could respond by saying that their model has been in a hegemonic position for almost two decades and that they have to take some responsibility for the delivery paradox. Of course more work is needed to develop compelling public value metrics, but the argument made here offers both a route to the resolution of some perennial policy dilemmas and an instrument to rebuild trust in public service performance.

5. Conclusion

**What does
public value
have to offer?**

The golden thread running through this report is that public value is best understood as a management framework for challenging public organisations to perform better, embedded in a political theory of deliberative governance and citizenship. First and foremost, public value makes it clear that all public services need clear *objectives* and that the public must be involved in the process of deciding what these should be. This is very different from simply aiming at a centrally determined target and suggests a very different approach to both developing objectives and managing performance against their delivery.

It is a theory that advocates a far greater role for the public in decision making and calls upon public managers to constantly seek out what the public wants and needs, but it also recognises that there are risks that those with the loudest voices should have the final say, captured in the notion of *responsiveness to refined public preferences*.

It strikes a balance between retaining a healthy respect for professional judgement (indeed, we call for managers to involve staff in determining the objectives and operating methods of the service) without allowing professionals to hold the trump card when it comes to service design or the identification of publicly valuable outcomes. In other words, public value offers grounds to challenge professional judgement and avoid 'producer capture', whilst recognising that 'professionalism' is a characteristic to be cherished.

Public value also cuts through the ideologically driven view of public services that 'producer capture' is inevitable in the absence of centrally determined targets, quasi-markets and contestability. It enables organisations to assess performance against outcomes (rather than outputs) and emphasises the importance of the principles of accessibility and equity. Most importantly, public value draws a clear distinction between ends (the goals we seek) from means (the tools we use to achieve these ends).

The power of public value therefore lies in its advocacy of a greater role for the public in decision making. Following the principles of public value offers organisations the following advantages:

- it enables organisations to gain public 'authorisation' for their objectives and gives them the tools to demonstrate that they can justify the receipt of public money;

- it improves the quality of decision making by contributing to a better evidence base, challenging a purely technocratic or expert-led approach, and makes full use of the knowledge and experience of service users and citizens;
- it offers the potential to educate the public about the dilemmas facing politicians and public managers and refines public understanding of the limits of the possible;
- it enables both public managers and politicians to manage political risk more effectively;
- it reinstates citizenship, rights and accountability as distinctive features of the public realm; and
- it offers a new lens through which to view relationships with employees and trade unions, reshaping HR policies and practices.

In short, public value is a practical framework for thinking about the purpose of public services that challenges the power of technocrats, the tyranny of the majority and the pitfalls of rule by focus group.

A new approach to public service reform?

It is important to stress that public value cannot take the place of decision making in public organisations. It is not a formula that generates the 'right' answer about how to decide what to prioritise, how best to allocate resources and measure performance. There are few self-evidently 'right' answers to questions of public policy, and many difficult decisions and tradeoffs have to be made on the journey to a clear policy decision. What public value offers is a framework for securing greater democratic legitimacy for the objectives of public services and a means of improving the quality of decision making, by explaining these challenges to the public and seeking their views on what is valuable.

Whether we use the language of public value or not, government needs to listen more to citizens and staff – these are sound principles for improving the quality of public services and re-engaging a disaffected public sector workforce. The strong view expressed in this report is that public value creates the possibility for a new consensus about public management, moving beyond the limitations of a debate characterised by the crudities of public choice theory, the ideological obsession with market processes or a desire to return to the illusory status quo of the nineteenth century model of public administration. In one sense we are calling for both managers and politicians to get their hands dirtier, to listen to the public, to share the challenges they face and engage in a more sophisticated conversation about the relationship between resources and outcomes.

**Some practical
steps to
operationalising
public value**

A constant refrain throughout this paper is that public value will be delivered where public managers are, in Mark Moore's words, managing their external authorising environment and engaging more innovatively with the public they seek to serve. While 'voice' is a central element in public value, it is not the only element and we should be wary of an overly ideological interpretation of the model. Indeed, the real value of public value is that it is rooted in the philosophy of pragmatism. 'What matters is what works' is the central test, accepting of course that public value does have a clear definition of what makes the public realm distinctive: claims of *rights, by citizens*, to public services that have been authorised through a *democratic* process.

Another important consideration is the imperative to restore public trust in public services. Some of the problems facing public services might be attributed to excessive media coverage of poor performance (lost computer disks, dirty hospitals, mistakes in the processing of SATS) but simply solving these problems on a case by case basis is unlikely to rebuild public confidence in the capabilities of either politicians or public managers. In other words, a more comprehensive and systematic approach to engagement with the public is essential. It must be obvious that engagement has consequences, that minds can be changed, that views are treated with respect and that getting involved can make a difference. This approach to resolving the delivery paradox treats citizens as adults, recognises that they have a right to be heard and assumes too that management decisions can be modified following a process of public engagement. Simply put, public value is founded on the principle that *voice matters*.

Ostensibly at least, the government has embraced this principle in the so-called third phase of public service reform, which is focused on re-engaging citizens and public service staff (Cabinet Office, 2008). It can be used to justify the development of new institutions for citizen voice in the NHS, for example (Foundation Trust membership, the election of boards of governors and the introduction of LINKs). Unfortunately, different initiatives have operated using different methods for reform, resulting in confused lines of accountability. Moreover, government has not always made it clear why voice is important, how public managers should respond to the views of the public and how service planning and performance management systems should be redesigned to be consistent with the voice matters principle. There are some practical steps that organisations can take to ensure that the benefits outlined by a public value approach can be realised:

Targeting engagement and identifying what issues are ‘up for grabs’: This is easy to write, but the principle is freighted with a rather profound question: how should managers achieve clarity about the purpose and scope of public involvement? Public value tells us that the public should have a voice in those decisions that have to be publicly justified and legitimised. Major decisions about service design – whether to grant planning permission for a new development, changes to A&E or maternity provision, for instance – can be hugely controversial. These are the issues where the minister, chief executive or board will want to embark on a major exercise in public involvement. But there may also be occasions where engagement is required (or where it can add value) on less contested issues, such as the redesign of a service in a particular department, where operational managers may find it useful to embark on a conversation with both patients and the public. Managers will have to make a judgement about which of the instruments is suitable in the circumstances. Perhaps the best default position is to say that the public should be involved more than professionals may think is desirable and at an earlier stage in the decision making process.

Challenging technocratic expertise is one of the hallmarks of public value and public managers can sometimes reserve decisions to themselves that should be exposed to more public scrutiny. There will always be hard cases and it is difficult to offer absolutely definitive answers about where deliberative governance stops and professional judgement begins. To some extent this is a matter of trial and error, and learning by doing. Recognising this unavoidable reality is the first step towards equipping public managers with the means to handle these challenges with aplomb.

The biggest challenge here is to identify who should be involved and how they should be involved. Managing the external authorising environment can be achieved using the range of instruments described in this paper. The important point is that public managers have found a route to elicit clear and unvarnished feedback from citizens. This does not mean that citizens have to attend endless consultation meetings, but it does mean that managers must stay close to citizens as service users.

Clarity about who is accountable and for what: Public organisations will need to be clear about who is responsible for taking forward an involvement programme. It certainly cannot be seen as the responsibility of all managers since if everybody is responsible the risk is that

nobody takes responsibility. Because the issues can sometimes be deeply controversial it is probably best for senior members of staff to be held responsible for determining the most effective strategy for engagement with the public.

Development of appropriate management skills: Successful engagement with the public demands high level communication skills for both politicians and public managers. The ability to explain technical or complex issues in straightforward language, the capacity to share difficult policy choices and the willingness to describe hard trade-offs are all essential tools for managing successfully in a public value framework. Organisations should consider whether their managers have all the skills they need and take action to plug skills gaps. It may be possible to achieve some quick wins, but this profound change in culture will inevitably take some time to become embedded in the organisation.

Creation of appropriate incentives for managers to focus on public engagement and the delivery of public value: Equipping managers with the skills they need is unlikely, in itself, to lead to a change in the culture. Incentives will need to be refocused and performance management systems redesigned. For example, managers could be given a specific objective of improving citizen satisfaction based on the previous year's baseline data, or managers could be rewarded for innovative approaches to the engagement of citizens. Creating some space for experimentation and perhaps establishing a 'citizens' engagement budget', subject to a process of competitive bidding could encourage managers to innovate, and might also allow for the identification and application of good practice.

Review of service planning arrangements: If the voice of the public is to be heard then service planning processes must be flexible enough to accommodate the consequences of 'voice'. This may make management more complicated but it is likely to lead to more legitimate decisions. We are not suggesting that this should be dictated from the centre; although there should be a presumption that organisations must demonstrate that they have processes in place for deliberative governance and the refinement of public preferences.

A very different workplace culture: It should be clear from all that has been said so far that public value demands a very different workforce culture. In other words, more extensive dialogue with the public (and responsiveness to refined preferences) is most likely to be sustained where the workforce views the service they provide from the citizens' perspective. This has been described as the adoption of an outside-in standpoint and it depends upon a high

trust employment relations culture. In practical terms it means that organisations should ask themselves how their dialogue with staff and their representatives can contribute to the creation of more responsive public services. Is it possible to move relationships with trade unions onto a different footing so that questions of service improvement are considered alongside issues of fair treatment for workers?

An approach that requires the justification and legitimation of decisions through a process of deliberative governance can help to resolve the delivery paradox and restore public faith in public services. It would be wrong to present public value as a panacea or to suggest that the process will be trouble-free, but it is our strong view that public value offers an attractive alternative to other models of public management and therefore deserves the enthusiastic support of those concerned about the future of the public realm.

6. References

- Audit Commission and Ipsos-MORI, *Exploring trust in public institutions*, London, Ipsos-MORI, 2003
- Bond, S, and Thompson-Fawcett, M, Public participation and New Urbanism: a conflicting agenda? *Planning Theory and Practice* 8 (4):449-472, 2007
- Cabinet Office, *Excellence and Fairness; Achieving world class public services*, London, 2008
- Cabinet Office, Prime Minister's Strategy Unit, *The UK Government's approach to public service reform*, London, Cabinet Office, 2006
- Day, P, Klein, R, *The Governance of Foundation Trusts: Dilemmas of Diversity*, London, The Nuffield Trust, 2005
- Department of Health, *High Quality Care for All, NHS Next Stage Review Final Report*, London, 2008
- Gains, F, and Stoker, G, *How Politics Works: Understanding the New Realities of the Political Process in Public Management*, London, The Work Foundation, 2008
- Horner, L, Lekhi, R, Blaug, R, *Deliberative democracy and the role of public managers*, London, The Work Foundation, 2008
- House of Commons Public Administration Select Committee, *User Involvement in Public Services*, London, 2008
- Jefferys, K, *Politics and the People: A History of British Democracy since 1918*, Atlantic Books, 2007
- Joseph Rowntree Reform Trust, *State of the Nation Poll, Summary of main findings*, York, Joseph Rowntree Foundation, 2004
- Jupp, E, Participation, local knowledge and empowerment: researching public space with young people, *Environment and Planning* 39 (12):2832-2844, 2007

Kay, J, *The Truth About Markets: Why Some Countries are Rich and Others Remain Poor*, London, Allen Lane, 2003

Le Grand, *The Other Invisible Hand: Delivering Public Services through Choice and Competition*, Princeton University Press, 2007

McAteer, M and Orr, K, 'Public Participation in Scottish Local Government: Strategic and Corporate Confusions', *Public Money and Management*, pp. 131-138, April 2006

Moore M, *Creating Public Value: Strategic management in government*, Cambridge, MA, Harvard University Press, 1995

Rhodes, R, and Wanna, J, The Limits to Public Value, or Rescuing Responsible Government from the Platonic Guardians, *The Australian Journal of Public Administration*, vol. 66, no. 4, pp. 406–421, 2007

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording and/or otherwise without the prior written permission of the publishers. This publication may not be lent, resold, hired out or otherwise disposed of by way of trade in any form, binding or cover other than that in which it is published, without the prior consent of the publishers.

We provide:

Research

Consultancy

Leadership

Advocacy

Partnership

© The Work Foundation

Registered as a charity no: 290003

First published: September 2008

The Work Foundation

21 Palmer Street

London

SW1H 0AD

Telephone: 020 7976 3500

Email: enquiries@theworkfoundation.com

Website: www.theworkfoundation.com