

Deliberative democracy and the role of public managers



Final report of The Work Foundation's
public value consortium – November 2006

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Aims of The Work Foundation project

Building on existing academic and policy work around public value, The Work Foundation's project aims to help policymakers, public managers and institutions understand the concept of public value and see how it can be applied in practice.

Public value addresses many of the contemporary concerns facing public managers. These include problems of securing legitimacy for decision making, resource allocation and measuring service outcomes. This research project draws together different strands of the current debate around public value, clarifies its elements and seeks to further understanding of this topical and important conceptual innovation in public service delivery.

The project's objectives are to:

- provide a clear definition of public value
- provide public managers with a set of guiding principles that orient institutions to the creation of public value
- use sector and case studies to illustrate how organisations might understand where gaps occur in achieving public value
- clarify the components and processes of public value in order to facilitate its future capture and measurement.

Sponsors

The project is sponsored by the following organisations:

- BBC
- The Capita Group plc
- Department for Culture, Media and Sport
- Home Office
- London Borough of Lewisham
- Metropolitan Police
- OfCOM
- Quality and Improvement Agency (formerly the Learning and Skills Development Agency)
- Royal Opera House.
- The NHS Institute for Innovation and Improvement (formerly the NHS Modernisation Agency)

About this report

This is the final report of The Work Foundation's research project examining the concept of public value. It draws together analysis, findings and principles for public managers seeking to create public value. The report is supported by a range of background literature reviews, papers examining the measurement of

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public value, sector and case studies. These include:

- *Public Value, Citizen Expectations and User Commitment: A literature review*
- *Public Value, Politics and Public Management: A literature review*
- *Public Value and Local Communities: A literature review*
- *Measuring Public Value: The economic theory*
- *Measuring Public Value 2: Practical approaches*
- *Public Value and Broadcasting*
- *Public Value and Health*
- *Public Value and Learning and Skills*
- *Public Value and Policing*
- *Creating Public Value: Case studies*

These additional materials are cited in the text as appropriate. 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

Section 1: Developments in public value

- What is public value? Our research has found that there are different ways in which people approach the subject of public value. These include as an academic theory; a corrective to new public management theory; as a slogan or rallying cry to reinvigorate the public sector; as a system of networked governance; and as an approach that attempts to quantify and monetise the value of a public institution.
- From whichever point of view one understands the term public value, all of these answers point to a common theme: public value is what the public values, and it is the role of public managers to help determine through the democratic processes of deliberation and public engagement what social outcomes are desirable. It is through such processes that public managers can help to articulate collective citizens' preferences and thereby redress the 'democratic deficit' between public services and citizens.
- It is this very deficit – which emphasises the legitimacy of public institutions and the public's trust in them to provide high-quality services to the wider citizenry and meet high customer standards – that gives us one of the key reasons to be interested in public value as a concept. The second, and a related issue, is the perception of a 'delivery paradox'. This is where objective improvements in public services are not met with commensurate rises in satisfaction. Here, satisfaction may be misappropriated or poorly understood as an indicator of public service improvement due to its focus on individuals as consumers rather than as citizens.
- There are several other approaches that attempt to improve the responsiveness of public services to citizens, such as offering greater choice, voice and diversity of providers from the public, private and voluntary sectors. While acknowledging that mechanisms for listening to citizens' views and opinions in the decision-making process can be time consuming and generate a cacophony of voices from myriad different sections of the public, a public value approach sees these as core to the process of decision making, and a healthy democratic and public life.
- On the role of the private sector, public value as a theory is neutral about who delivers public services. Whether the public, private or voluntary sector provides a service is based on either a political or economic judgement of the technical efficiency of one provider over another. Yet the challenge for any provider is that it seeks to provide what the public deems valuable. This also places a requirement on public service procurement processes to ensure that the public, politicians and other key stakeholders are fully involved in determining desirable outcomes, and that the provider has the ability and flexibility to meet those needs.

Section 2: Delivering public value

- The report then examines the dynamic of public value: the process of authorisation (securing legitimacy for action), creation (deploying resources) and measurement (measuring what has been achieved). In order to produce public value, the public must 'authorise' – that is, confer legitimacy to expend resources – the relevant bodies. Public managers seeking to create public value would also use evaluative criteria for the measurement of public value creation that were themselves agreed by the public, stakeholders and politicians. For each section of the dynamic, our report concludes with a set of principles for all public bodies and other organisations charged with providing what the public values.
- In relation to authorisation, the first challenge The Work Foundation's approach makes to policymakers and administrators is: have you taken adequate account of the views of the public in deciding how the service should be delivered and how success should be measured? This has implications for accountability mechanisms and structures, with public value theory arguing for more rounded accountability for public service providers to their public and stakeholders rather than only upwards to elected politicians. The second challenge is balancing professional judgement with citizen demands – symptomatic of the asymmetry of information that exists between the providers of public services and the public – through the provision of better information to the public and greater transparency about why certain allocative decisions were taken over others. The report also finds that public institutions need constantly to seek out legitimacy or authorisation for their receipt of public funding, and that their 'reason to be' should never be taken for granted. Although the process of continuous public engagement may be time consuming, for example as with the process of BBC charter renewal, the outcome will be one that the public has had a chance to approve.
- Public value is clarified and authorised by the public, but it is created by public service organisations in their decisions about what services to provide and how to provide them. Through the strategic planning process, organisations allocate resources into a range of social, economic and environmental programmes that aim to meet their public's goals. Public value theory does not state that one type of goal, such as educational attainment, is more important than healthy communities, for example, but does argue for a process of constant engagement with the public in the planning process about what these goals should be and how best to provide them. Critical to this are the values that underpin a service or institution, for example the political independence of a public service broadcaster or universal healthcare provision. Again, these values may indeed change over time and thus change how that service is delivered and to whom.

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- The final part of the dynamic is measurement. In The Work Foundation model, measurement should be read as performance measurement and the role this plays in creating public value and allowing public managers to be held to account. Getting the measures wrong can potentially destroy public value, for example by skewing managers' behaviour towards meeting targets rather than user needs.
- However, there is still debate about whether public value is analogous to private value, as determined through the marketplace, and can give an absolute value of a public service with a pound sign. Drawing on economic and democratic theory, the report argues that an absolute numerical value is inappropriate, as public value is determined through political debate and the interaction between different groups of society. Creating a new 'currency' or system of metrics – an alternative to price – to measure for example whether a school or hospital creates more value is both impossible and undesirable in that it would undermine democratic processes. There are tools and techniques in economics that can assist public managers in determining costs and benefits, the value people attach to a service, eg willingness to pay methodologies, or the evaluation of a public programme. But these do not once and for all give the value of a public service that can then be compared with another public service. There appears to be a more innovative approach to measurement that focuses on the responsiveness of a public organisation to citizens' preferences.
- Public value is therefore a richer concept than one just concerned with measurement. It is a distinctive kind of value created through public funding that requires public managers to interact with the public to design, plan, provide and evaluate service provision to ensure that services are responsive to citizens' needs. It is the quality of this particular process, which examines how effectively a public body understands and responds to citizens' preferences, that could perhaps lend itself to a separate measurement, but which would then sit alongside existing performance or efficiency targets. Responsiveness would thus entail deliberative engagement with the public in goal setting, planning and decision making, consultation to inform decision making and consumer feedback, and the judicious use of satisfaction surveys. The process of refining what the public wants would therefore include educational initiatives, customer information and dissemination, transparency and leadership that shape public opinion rather than dismiss it. The second phase of the public value project will be examining this concept further.

Section 3: The argument from public value

- Our report concludes that public value theory can help reinvigorate public managers' roles in restoring the legitimacy of their organisations in the eyes of citizens, who ultimately determine what value is created by organisations that spend their taxes. An absolute value, or public value 'system of measurement' akin to the price mechanism, would undermine the processes of democracy that determine value in society. Instead, the power of public value lies in its advocacy of a greater role for the public in decision making, and for public managers constantly to seek out what the public wants and needs. Overturning the delivery paradox thus requires a greater emphasis on individuals as citizens, not just consumers who need to be satisfied, and thus relegates satisfaction to one of several useful measures rather than the ultimate one.

Foreword

The challenge of how to marry the new culture of individualistic consumerism with the ethic of public service (necessarily more solidaristic and oriented around citizenship) besets all advanced economies. The vigorous and sometimes highly polarised debate in Britain is mirrored across the West. We want hospitals, museums and libraries to discharge their public goals, but we also want them to be more responsive to individual tastes and needs, and offer greater choice of when and how healthcare, schooling and library services are provided.

The concept of public value developed in this report offers a resolution to what otherwise would seem to be two apparently irreconcilable cultures and belief systems.

Our starting point is that the attributes of 'publicness' (the defining quality of all public services) should not be understood as obstructing the expression of individual preferences or even the exercise of choice. If a public institution or agency is not responding to citizens' preferences, then it cannot be regarded as delivering its public vocation.

A public good or service is, of course, one that is considered so important that it is available to the universe of the population. It is also one that has to be provided equitably. And because of those two characteristics, public agencies and institutions have to accept that the feedback mechanisms for accountability demand more complete transparency and more robust avenues of complaint or approval than simply whether more or less of a service is demanded. A public service, by definition, is more crucial to our notions of citizenship and the public realm than a private one. But in what way?

The answer is the creation of public value. Yet, crucially, a public institution or agency can only know if it is delivering the outcomes that the public regards as having public value if it is in a constant, deliberative two-way engagement with its citizens about what they value and what they do not. Then, of course, it has to respond and adapt to what it learns and in ways that are efficient and effective, and be able to give an account of its actions to the public it is there to serve. This is how public value is generated and how the two opposing cultures are reconciled.

The public institution is in such a relationship with its citizen users in trying to establish their preferences in order to define its public goals. Moreover, in the language of this report, it is going further; it is in an iterative relationship that tries to identify and refine those preferences. What it is not doing is saying that because this service was public yesterday, so it should be public tomorrow, or that the only means of understanding what the public wants is what elected ministers say – crucial accountability mechanism though that is.

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This is a quietly revolutionary doctrine that opens up a new vista of how public institutions should identify their goals, relate to their users, determine how they should be judged and how they should be managed and led. We have worked very closely with our ten sponsors in exploring the idea of public value. As our ideas have deepened, we have begun to realise how radical this approach is; and this report is an introductory salvo in what promises to be a tough but potentially highly rewarding journey. In a second piece of work we want to map out how public bodies iterate and deliberate with the myriad 'publics', and provide practical advice on how to put these ideas into practice. But that could not be done without a platform of insight and theory, which is what this final report and research series have achieved.

Will Hutton

CEO of The Work Foundation

1. Developments in public value

1.1 What is public value?

'Public value' is neither a new nor well-understood term. Our research located five different types of answers to the question 'what is public value?'

1.1.1 Public value as an academic approach

First, there is an academic answer. Public value was first formulated by the US scholar and Harvard management theorist, Mark Moore.¹ Moore was concerned that, all too often, services were hitting the target but missing the point. He therefore proposed that public bodies re-orient to 'ends' (such as health, safety or wellbeing) rather than merely on value for money. Such 'ends' were to be achieved when service providers worked closely with users to produce outcomes that genuinely met local needs.

Drawing on the notion of corporate strategy in the private sector, Moore argues that the first effective step towards envisioning public value is the establishment of organisational strategy. In this context, strategy is conceived as the following 'strategic triangle':

- a declaration of the mission or purpose of the organisation (cast in terms of important public values)
- an account of the sources of support and legitimacy that will be tapped to sustain society's commitment to the enterprise (the authorising environment)
- an explanation of how the enterprise must be organised to deliver the declared objectives.

Here, then, public value is an orientation of public services towards ends that are authorised by service users and their communities. As such, Moore sought to articulate nothing less than a new normative theory of public management. What makes public services distinctive, according to Moore, is that they involve claims of rights by citizens to services that are publicly funded because they are authorised and funded following the outcome of a democratic process. Moore's insistence on the centrality of the user requires that we distinguish between users as consumers who seek what is good for themselves, and users as citizens who seek what's good for society.² With many public bodies in the UK seeking to further the intertwined interests of the individual as both citizen and consumer, for example regulatory bodies such as OfCOM, public value theory serves to highlight the distinction between the two.

Moore's conception of public value is therefore two-fold. First, public value as the concept that defines the ultimate purpose of managerial action when using state-owned assets (authority and money). Second, public value as a system of practical reasoning to be relied on by public managers in helping to define and pursue public value in the domain in which they are operating.

¹ Moore M, *Creating Public Value: Strategic management in government*, Cambridge, MA, Harvard University Press, 1995

² Ibid

1.1.2 Public value as a 'corrective' to new public management (NPM)

Second, there is a 'history of ideas' answer to the question of what is public value. This approach states that public value doctrines are a reaction, or corrective, to new public management (NPM).³ By re-orienting public bodies to the doctrines and practices of the private sector, NPM sought to address the endemic problems of 'old' public administration: notably, the 'capture' of public sector bodies by those who worked in them, and the lack of responsiveness to users' needs that arose where public bodies were governed by upwardly accountable structures of 'command and control'. NPM was designed to remedy inefficiency and a chronic lack of responsiveness to users' needs. However, for its critics NPM merely hurled public bodies into a market-orientation that drained the public realm of meaning, reduced accountability to a simple purchaser/provider relationship between unequal parties, and sought to enslave public services solely to the 'consumer' rather than to political will, or indeed the collective will of different and sometimes competing groups of citizens – inherently more complex processes.

By contrast, public value, with its ethos of co-production between citizens and providers, combines downward accountability with recognition of users as citizens rather than as subjects or recipients (command and control), or as just consumers whose desires and wishes simply need to be added up and measured via satisfaction ratings. Public value challenges NPM's emphasis on reducing what is valuable to what can be quantified. Public value, which is by no means hostile to the idea of performance measurement, re-orientes public managers to find ways to challenge the idea of what constitutes the value of a particular service or policy intervention, to redefine what is socially desirable and then determine how this can be best measured. For example, instead of ratings, public value-informed broadcasting fosters cultured and knowledgeable viewers and listeners, which when properly defined could then in turn be measured.

More importantly, public value theory attempts to deal directly with the failure of NPM to see the need to construct an articulate collective of citizens' preferences and thereby redress the democratic deficit between public services and citizens. Public value therefore emphasises the importance of political and managerial processes that define the ends to be pursued by public managers, and that the resources deployed are collectively owned. Here, the body politic is the arbiter of public value, rather than individuals who compose the body politic being the arbiters of public value.

Given this, public value theory makes some clear and important distinctions for policymakers and public managers. The first is the individual as a private consumer or corporate entity. The second is the collective, which is expressed through political and governmental decisions and debate. The second distinction relates to the individual as a citizen who pays taxes, or as client who uses services or has

³ See The Work Foundation's paper on *Public Value, Politics and Public Management: A literature review*, Blaug R, Horner L and Lekhi R, London, 2006

obligations to society, for example undertaking jury service or taking responsibility for the disposal of household waste. Public value thus points to the fact that individuals will act differently depending on how they conceptualise what it means to be a citizen, for example as a victim, a prisoner, a resident. Different groups will inevitably want the government to provide certain services or services differently. Therefore, public value theory acknowledges upfront the plurality of the public and its preferences, and calls for adequate governance arrangements – and managerial effort – to allow for all these different voices to be heard.

1.1.3 Public value as rhetorical device

Third, as a powerful rhetorical device, public value is a slogan and rallying cry for reinvigoration of public services and the effort to reconstitute a collective, deliberative body that decides how to deploy publicly-owned assets. Under this new banner of public value, institutions can renew themselves and mobilise those who work in them to respond to and involve the public, and serve the public's needs and aspirations rather than institutional and personal interest.

1.1.4 Public value as a distinctive kind of institutional governance

A fourth answer to the question of what is public value is that it is a distinct kind of institutional governance. Instead of command and control, hierarchic governance or market exchange, public value is a manifestation of contemporary network governance. It takes the form of network organisation in that it is self-organised, collaborative and 'co-produced'.⁴ Here, users and providers collaborate and co-operate to make public institutions work. Public value is thus a doctrine that orients those delivering services towards collaboration and co-production between providers and users. Precisely because they co-produce, users have an active, productive and constitutive role as citizens in public services.

However, there is a further subtle distinction to be made here; one that public value theory highlights rather than necessarily has to resolve. In one version of public value, the collective processes of politics leading to a public policy choice about outcomes to be pursued with government assets is the primary arbiter of value, and private actors are mobilised in a network of production to achieve the government's desired result. In a second version, the actors in the distributed production system are given more room to define purposes to be pursued as well as obligations to help achieve the desired result. Often this right to define the purposes as well as participate in the production comes as a consequence of the private actors having important contributions to make to production.

1.1.5 Public value as analogous to private consumer value

The final answer to what is public value is that it is analogous to private consumer value as expressed through the price mechanism. Here, public value is something

⁴ Moore M, *Creating Public Value: Strategic management in government*, Cambridge, MA, Harvard University Press, 1995

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that needs to be quantified, measured and ideally given a monetary value. The value of a public service is determined by public preferences, just as it is in a market. However, in the public sector these preferences are much more complex and interrelated. It is more difficult for users to 'exit' from that provided by the public sector and 'purchase' it elsewhere. What value means to different citizens and what different organisations in different sectors value can vary significantly. Neither is there the price mechanism through which public services and goods are bought and exchanged. We return to a discussion of the issue of measurement in Section 2.4. For more discussion of the economic theory see The Work Foundation's paper on *Measuring Public Value: The economic theory*.⁵

In the absence of a price mechanism for public services that would aggregate the public's preferences for a good or service and therefore determine its value, a number of approaches have been developed in economic theory to attach a monetary value to goods and services provided through the public purse. Key techniques include cost-benefit analysis, programme evaluation, and analysis of revealed preferences and stated preferences, for example contingent valuation methods. Programme evaluation, by laying out the purposes that are publicly desirable and then evaluating the success of the programme in achieving those collectively defined purposes, has significant advantages as a method of assessing public value over the other approaches, which rely on the quantification or aggregation of individual definitions of value or benefit and may fail to capture what is valuable to society as a whole.

However, those wanting to understand the value of public services may also be interested in what the public values; preferences and satisfaction with a particular service at a point in time. Alternatively, it may refer to values held by the public; concepts derived from moral and ethical debate, personal and political views presenting standards against which something might be compared, for example equity and security. Here, values can emerge from an individual and collective desire for something, or be seen to have intrinsic value that is independent or above the ever-changing preferences of the public.

A host of methods are used to determine public satisfaction with services, including attitudinal surveys and opinion polling of both users and non-users. More sophisticated, participative approaches that attempt to refine the public's preferences and involve them in decision making include citizens' juries and deliberative polling – approaches supported by public value theory as those that help public managers to discern what the desirable social outcomes of publicly funded services ought to be. Once again the distinction between individuals acting as users or clients, or consumers of public services who need to be satisfied with a public service they use, needs to be made distinct from individuals as

⁵ Cowling M, *Measuring Public Value: The economic theory*, London, The Work Foundation, 2006

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(different) citizens who need to be satisfied with the processes of decision making, for example by being consulted, involved and listened to. Finally, when it comes to understanding values, surveys and discourse analysis can determine what values the public currently holds and which values they rank more highly.

Organisations are already using many of these approaches in order to understand the economic value of what they do, what people think about their services and what values users and professionals hold in relation to a service or group. All of these approaches have pros and cons. There is no single technique that gives a neat answer to the value of a public service with a pound sign attached, nor is there a commonly-held desire for one across the public sector. Here, practice is becoming as important as theoretical developments in this area. Organisations such as the BBC have taken elements of some of the approaches mentioned above to develop a measure that incorporates citizen value, consumer value and economic impact; see Box 1 below.

Box 1: The BBC's public value test

- Applied to new services (or significant changes to existing services)
- Makes a public value assessment (PVA) designed to measure the gross public value created
- Makes a market impact assessment (MIA) of the new service's likely impact on the existing or potential market
- Combines the PVA and MIA to identify 'net public value'
- Does 'net public value' from a BBC service (ie public value minus negative market impact) justify the resources invested in it?
- Does the proposed service conform to the BBC's public purposes and achieve appropriate standards of quality and distinctiveness?
- Does it create public value at an acceptable cost?
- Will it increase net public value significantly, taking market impact into account?

Adopting a similar approach, the British Library looked at the direct value to users and the indirect value to citizens in order to calculate the value of the British Library to the economy. The resulting estimate was that it contributes 4.4 times its level of funding.⁶

1.1.6 Developments and applications of public value in the UK

The distinction between consumer and citizen remains at the heart of the theoretical developments and applications of public value in the UK. Gavin Kelly, Stephen Muers and Geoff Mulgan's 2002 Cabinet Office paper, *Creating Public Value: An analytical framework for public service reform*, entailed a reformulation and clarification of Moore's public value doctrine for the UK's rather different political and institutional conditions.⁷ Their version of public value follows Moore by emphasising co-production.

⁶ British Library, *Measuring Our Value*, London, 2004

⁷ Kelly G, Muers S and Mulgan G, *Creating Public Value: An analytical framework for public service reform*, London, Cabinet Office, 2002

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They affirm that: 'In a democracy this value is ultimately defined by the public themselves. Value is determined by citizens' preferences.'⁸ Yet they add that:

'It is only of value if citizens – either individually or collectively – are willing to give something up in return for it. Sacrifices are not only made in monetary terms (ie paying taxes/charges). They can also involve granting coercive powers to the state (eg in return for security), disclosing private information (eg in return for more personalised information/services), giving time (eg as a school governor or a member of the territorial army) or other personal resources (eg blood). The idea of opportunity cost is therefore central to public value.'⁹

Kelly et al argue further that public services are likely to be strengthened if their quality is debated in terms of public and private provision, as it has been in the UK:

'Much of the experience of the last 20 years has shown that public value is best maximised neither by competitive private markets nor by monopoly public provision. Instead, as UK experience in prisons, employment and welfare services has shown, the combination of strong public sector institutions and competition from private and non-profit organisations achieves the best balance of accountability, innovation and efficiency.'¹⁰

In this respect, Kelly et al affirm the connection between public value and NPM doctrines. Certainly, this is a departure from Moore, who in the US context does not, or rather need not, make the case for enhanced competition or contestation.

Where Kelly et al break from the NPM doctrine is in identifying 'three broad dimensions of public value: services, outcomes and trust/legitimacy'. Their critique of established public sector practices and procedures rests on the view that their failure to create public value is due to the under-representation of users and the public; their inability to focus on recipient satisfaction (as distinct from outcomes); their lack of attention to declining trust in government and service providers; and their inattention to matters of procedural fairness. It is precisely these elements that have informed The Work Foundation's thinking on how organisations identify the sources of public value, how organisations understand and conceive of the 'public', and how processes of decision making can be fair, transparent and accountable.

Although it would make life simpler if there was one definition and one clear application of the term public value, it is perfectly legitimate for academic and public discourse to attempt to understand its possibilities and limitations for all

⁸ Ibid

⁹ Ibid

¹⁰ Ibid

five answers. In this respect, public value is as numinous and illusory as democracy, social capital, leadership or any other theoretical construct.

Box 2: What is public value? Summary of definitions

- A theory of public management espoused by Professor Mark Moore of Harvard University
- A corrective and alternative to new public management theory
- A rallying cry to public service providers to reinvigorate the public sector and the public realm
- A system of governance: networks, rounded accountability and multiplicity of providers with public funding
- The value created by public bodies, analogous to the private value created in the market by private companies

1.2 Why should public managers be interested in public value?

With this outline of the theory of public value in place, we can now address the deeper question of why public managers should be interested in public value. We propose three related answers. First, public managers face an increasingly problematic democratic deficit, which public value can help address. Second, public value can help overcome the paradox that now exists between objective improvements in service quality and static, or even falling, levels of user satisfaction. Finally, public value can help to address the disconnection between public services and citizens, and do so in such a way as to increase service responsiveness to user, public and local needs.

1.2.1 Public value and democratic deficits

The 'democratic deficit' is the gap between public demands to monitor and control the activities of public institutions and the actual level of control achieved. In the NHS, for example,

'The deficit is seen as the gap between the ideal of a democratically controlled health care system – and the actuality of a largely autonomous professional institution system, able to pursue its own agenda regardless of democratic wishes.'¹¹

Public value encourages a renewed focus on the role of public managers in reducing the democratic deficit and addresses the increasing perception that public services are losing their democratic legitimacy. This deficit is exacerbated when politicians and public managers fail to consider issues that citizens consider important, where citizens' voices repeatedly go unheard or where engagement and consultation fail to affect decision making. This problem is evident in much

¹¹ Charlton B G and Andras P, 'Modernising UK Health Services', *Journal of Evaluation in Clinical Practice*, No 11, pp111-119, 2005

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of the research on communities and social capital, see for example The Work Foundation's paper on *Public Value and Local Communities*.¹² The deficit is also evident in debates that polarise around professional judgement versus populist opinion, and even in outright disdain for the public. The growth of grass-roots political organisations, lobby and advocacy groups is indicative of the lack of public satisfaction with the responses and information provided by public institutions.

There are many examples where public managers are reasserting the democratic legitimacy of their organisation without formal processes such as elections. For example, the London Borough of Lewisham has for the last ten years run a citizens' panel of 1,000 residents and held a series of citizens' juries that consider pressing local problems, take evidence from expert witnesses and advise the authority on issues such as local transport and car use. These are examples of 'inclusive management', in which public managers do not merely exercise professional judgement, but also seek to maximise public participation. Here, accountability is not simply to elected officials, but also to the public, to the community and to service recipients.

Such schemes do not have to be particularly elaborate. Public managers can generate public value by engaging judiciously with their legitimating environment, as was the case with Leicester College, which sought to involve users in the design of a student handbook. Sometimes simply gathering affected groups together can rapidly increase managers' knowledge of their publics. A further example would be the conceptual planning for the Medieval and Renaissance exhibitions in 2010 at the V&A, which brought together Muslims, atheists and evangelical groups.

As public value is in one of our answers to the question 'what is public value?' a normative theory of public management, the role public managers can play in correcting the deficit is clearly not about addressing the failures of representative democracy, such as improving voter turnout or improving the role of parliamentary scrutiny. Instead, it is about placing individuals as citizens centre stage of the decision-making process so that public resources best serve the public's needs and not the self-interest of public managers, professionals or the interests of one particular group of citizens. In this way, public value forces public managers to face squarely their ethos of service to the public, the need to understand the plurality of the public, the social outcomes they are there to achieve, as well as to fulfil the wishes of the government and the public.

1.2.2 Public value and the 'delivery paradox'

The second reason why a public value approach to service reform should be adopted by public managers is its evident ability to address (or rather to

¹² Blaug R, Horner L, Kenyon A, Lekhi R, *Public Value and Local Communities*, London, The Work Foundation, 2006

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reconceptualise) the gap between improving services and declining user satisfaction, the so-called 'delivery paradox'.¹³ In part, the delivery paradox has developed from the NPM obsession with the user as 'consumer' and one who needs to be 'satisfied'. In turn, the paradox affects public managers' ability to address the democratic deficit. Indeed, why aim to make people more satisfied as consumers if part of their satisfaction in fact derives from their needs as citizens?

The orientation of public services to the user as consumer raises fundamental questions about the relationship between the citizen and the state. For example, it relegates the value derived by individuals from others' use of a hospital, a park, a radio broadcast, a gallery, a smoking cessation clinic etc to a second-order concern. The assumption inherent in such approaches is that personal experience and indeed self-interest is the sole determinant of a user's evaluation of a service. This in turn determines which mechanisms are chosen to overcome the delivery paradox, such as the expansion of consumer choice and the increasing use of private sector providers.

A common explanation for the delivery paradox is that it derives from the lack of knowledge among the public about objective service improvements. Yet this lack of knowledge cannot be overcome simply by communicating these facts more effectively, in other words by better public relations. How the public evaluates a public service is in fact determined by their existing knowledge, experience, perceptions and impressions of local and national services, by the individuals delivering those services and by the individual's own values and opinions about government in general. Public value alerts us to the dual nature of public evaluations of service quality, involving as it does input from individuals in their roles as consumers and as citizens.

Policymakers and public managers need to be clear about what data on satisfaction with their service is telling them, both about the service and about the individuals surveyed. First, satisfaction is not reliable as a driver of service responsiveness or as an indicator of improvement. Our research found much evidence to support this conclusion. Satisfaction surveys often focus on how well a service is received rather than on what that service should provide. Also, the public can express satisfaction with an organisation despite a large number of complaints about the kinds of public service it provides. Research also shows that being well informed about an institution is positively correlated with higher satisfaction, even though this says little about any objective service improvement or effectiveness of the institution.

¹³ See The Work Foundation's paper on *Public Value, Citizen Expectations and User Commitment: A literature review*, Blaug R, Horner L and Lekhi R, London, 2006, which provides more detailed evidence for the following section of the report

Box 3: The delivery paradox of improvement and dissatisfaction: The case of the Local Government Modernisation Agenda

A recent report commissioned by the Office of the Deputy Prime Minister (ODPM) provides an initial assessment of the impact of the Local Government Modernisation Agenda (LGMA) on service improvement in local government.¹⁴ It shows the paradox of service improvement and declining satisfaction levels as it affects local government.

Service improvement

Overall, the evidence suggests that there have been significant improvements in most services since 2000-01. The ODPM's basket of indicators suggests that overall performance improved by 12.5 percentage points between 2000-01 and 2003-04. They show improvement across all authority types, all Comprehensive Performance Assessment (CPA) categories and most services. Overall improvement has been most marked in district councils and authorities rated 'poor' in the 2003 CPA.

Like the ODPM's basket of indicators, CPA scores suggest that overall local government performance has been improving, particularly among the poorest performers. Sixty per cent of upper tier and unitary councils moved up one or more CPA categories between 2002 and 2004, and most of the remainder achieved a net improvement in service scores. The greatest improvement was among those councils previously categorised as 'poor' or 'weak'.

Declining satisfaction

Public satisfaction with the overall performance of local authorities remains low compared to most other public service providers and has declined in recent years. User satisfaction BVPI surveys indicate that there was a decrease from 65 per cent to 55 per cent between 2000-01 and 2003-04. Fewer than half of residents believe that local authorities are efficient or provide good value for money, but net satisfaction with the overall quality of services is higher, particularly among service users.

Understanding the paradox

While there is strong evidence that some elements of the LGMA have played an important role in encouraging service improvement (in terms of BVPI, CPA scores and officers' perceptions), it is clear that it has had much less impact on public satisfaction. This is partly because not all of the public has an accurate view of how well services are performing and partly because satisfaction with local authority performance is driven by a range of other factors in addition to perceptions of services.

User satisfaction BVPIs show that service users are more likely than non-users to be either satisfied or dissatisfied with the authority overall and with individual services. They are also more satisfied with the overall performance of local government. Regular users are more likely to be satisfied than irregular users, and the more services that residents have contact with the more likely they are to be satisfied. The fewer services they have contact with the more likely it is that they report being 'neither satisfied nor dissatisfied'. The number of contacts seems to have no impact on the proportion of respondents who are dissatisfied with their local authority's overall performance.

¹⁴ Martin S and Bovaird T, *Meta-Evaluation of the Local Government Modernisation Agenda: Progress report on service improvement in local government*, London, Office of the Deputy Prime Minister, 2005

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A number of studies have shown that there is widespread confusion and misunderstanding about which services local authorities actually provide and how they are funded. While the perceived quality of local service provision is a key determinant of public satisfaction, because relatively few people have direct contact with their council their perceptions are typically based on experiences of a small number of highly visible services.

Meanwhile, public perceptions of overall quality of life and how well the council runs things are influenced by a range of cross-cutting issues, such as anti-social behaviour and levels of employment, over which authorities have little direct control.

There is also evidence that the level of customer care has been increasing in many services. But again this is important only to the minority of residents who have direct contact with council staff and is not therefore reflected in perceptions of overall performance.

At the whole authority level there is only a weak correlation between public satisfaction and the actual levels of council tax charged by an authority or the level of recent increases.

The combination of relatively large and widely publicised increases in council tax, the lower priority given to services that are most important in driving public satisfaction with local government and a decline in trust in government at a national as well as local level have therefore driven down satisfaction at a time when there has been real improvements in many services.

Source: Martin and Bovaird, 2005

Additionally, user satisfaction may be an inappropriate goal, as is the case where service reforms are aimed at increasing safety, efficiency or redistribution, or simply when reforms are unpalatable or seek to dampen demand for a service. Sometimes it is not clear who the user that needs to be 'satisfied' might be, for example with the prison and probationary services. Research suggests that it is more appropriate to use satisfaction data when an organisation seeks to understand user priorities for service improvement and to generate performance benchmarks and to set targets. A more nuanced understanding of satisfaction and how this relates to individuals' conception of themselves as both users and citizens is clearly required before public managers sit too comfortably (or rest uneasily) on consumer satisfaction ratings with a service.

Of course, satisfaction is not the only indicator of what the public values. Other indicators, such as public expectations of a service prior to it being delivered, could help public service providers see where expectations of a service are likely to exceed available provision and may result in low levels of satisfaction.

The delivery paradox therefore appears to exist because users are not just consumers, but also citizens. The value accorded to a service includes elements such as how that service is being used by others and how and who provides it. A public value approach sees these as key sources of value on which service reform should be based, signalling the need for a significant shift away from a narrow preoccupation with satisfaction ratings and an over-reliance on consumer choice as a driver of organisational change; a preoccupation that will not overcome the paradox.

As with satisfaction, managing the public's expectations of a service can become an agenda all of its own. An example is afforded by the 'reassurance agenda' in policing, which seeks to reduce the fear of crime rather than levels of actual crime. Thus context is all when considering how best to manage user expectations. If too low, expectations can reinforce disillusion with a service provider. If too high, they can be dashed by poor experiences. Service improvement, satisfaction and expectations all require a public manager's attention if they are to be used more effectively to help reform services.

1.2.3 Mechanisms for responsiveness

Choice and voice, alongside target setting and contracting out services to the voluntary or private sector, are all mechanisms that are currently used to improve public services, with service improvement, satisfaction and expectations as potential indicators of their relative success.

In theory, choice in public services should allow users to exert an influence over who, what, when or how a service is provided and to 'exit' if it does not meet their needs. For example, in choice-based letting, in direct payments in social care and in the choose-and-book system for NHS appointments, choice is deployed for its alleged ability to force organisational responsiveness. However, in practice choice has to be tightly specified. People are limited in their choices by money, location and information, and even by their physical or psychological wellbeing. Moreover, scarce public resources can render a service unable to deliver what the service user chooses.

Improving the opportunities for users to have a voice in how services are delivered is a further mechanism for improving service responsiveness and one that shifts accountability towards local service providers. Improving voice also helps to reconnect people with the institutions that provide services. Examples of enhanced voice for service users include community safety forums that work with under-represented groups, and workshops with local communities and user/interest group campaigns, such as the 'Putting Breast Cancer on the Map' campaign.

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However, while voice may have democratic validity in its own right, it may also have limits as a mechanism for addressing poor performance. Where voice accords no real power or weight to what users have to say, it can result in consultation fatigue. Equally, where voice does accord such power and weight, it may result in unrepresentative groups taking control of the decision-making process. Moreover, improved complaints systems often favour the educated and articulate and not necessarily those whose complaints may be the most urgent or serious. Furthermore, there is a huge range of individuals and groups – informal, formal and representative – that need to be listened to and understood. The basic problem with deliberative approaches is therefore one of arithmetic.

Practical objections to deliberative approaches rather than increased voice stem from political and economic theorists. From politics, John Dunn recently argued:

‘The equal right to address one’s fellow citizens as they take their sovereign decisions has always been offset by the less agreeable (but accompanying) duty to hear out the persuasions of every fellow citizen who chooses to exercise it, and by the still more painful duty to accept whatever these fellow citizens together then proceed to decide.’¹⁵

From economics, Arrow’s impossibility theorem suggests that: ‘There is no way at all anyone can invent an unambiguous decision-making rule for multi-person, multi-criterion decisions based on rankings or preferences between more than two options.’¹⁶

However, in the absence of a single mechanism for such decision making, and given the desire among the public for their voice to be heard (more or less loudly) in the decisions that are taken, the reality remains that deliberation and public engagement, difficult though they may be, are in and of themselves critical to a healthy democracy and individual notions of citizenship.

1.2.4 The private sector and the delivery of public value

Before turning to how public value is created, one hotly debated political issue must be addressed. Can the private sector – or not-for-profit organisations – deliver public value?

Moore’s approach explicitly accepts the importance of a distinctive public realm. To that extent he makes a deliberate effort to develop an alternative to public choice theory, which assumes that public services will always be less efficient than private markets and that the solution to all public management problems is to make public services as much like private markets as possible.

¹⁵ Dunn J, *Setting the People Free: The story of democracy*, London, Atlantic Books, 2005

¹⁶ Arrow K, A Difficulty in the Concept of Social Welfare, *The Journal of Political Economy*, Vol 58 No 4, pp328-346, August 1950

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If a public enterprise is to be judged as valuable, it must be possible to explain how the enterprise makes effective use of the resources deployed and why the enterprise should be public rather than private, ie that it receives public money. Yet the theory of public value cannot itself answer this question with any degree of precision. In other words, the first-order question 'should this service be publicly funded?' is always going to be contested. Essentially, Moore is concerned with the framework in which managerial judgements are made once the decision has been taken that a service should be public rather than private.

In the context of the UK debate about who provides public services, public value theory is neutral. Whether the service is delivered by a public or private sector organisation is either a technical judgement that turns on considerations of efficiency, fairness and accountability, or a political one based on an ideological position about the relative role and size of the state vis-a-vis the market in the delivery of health, education, criminal justice and so on. Therefore, a public value approach could be used to argue for an extension of choice of providers, private or voluntary, which can be commissioned to provide public services subject to meeting the commissioning bodies' criteria.

Certainly, expanding the involvement of private actors and organisations in the provision of public services introduces new cultures, contractual relationships between providers and purchasers of services and new management practices. This does not automatically complicate accountability, even though private sector actors have very different accountability practices, but it does place a greater onus on public service procurement processes to establish clearly how the provider can deliver public value and to ensure accountability arrangements are understood. Such developments highlight the need for clarity in regard to what the market can and cannot do, and for ways of measuring service improvement that do not insist providers of services be located exclusively in the public sector.

What public value as an approach does require, and this is its challenge to any kind of provider, is that services reflect what the public values. Whoever provides the service, the public value approach puts the bar very high in regard to interaction with the environment that authorises that service – the public, stakeholders and politicians. It may be that a public provider can show good reasons why they are better positioned to create public value than a private competitor. This might be due to a greater availability of structures for public engagement, a distinguished track record of consultation or a history of public trust. But there can be no necessity to the claim that such a provider be located in the public sector. Where private actors are involved in the delivery of services, the question arises as to whether that private organisation can deliver increased benefit over its public counterpart. Once again, what is to constitute 'increased benefit' involves an interaction with the authorisation environment in order to find out.

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Contracts to deliver public services entered into between government and private actors must incentivise those actors and transfer risk to them in such a way that the public interest and policy objectives are upheld. Of particular concern in this regard is the flow of information into the public domain about the nature and scope of private sector involvement in the public services. Problems have occurred in private finance initiatives, for example around the disclosure of accurate performance data and the detailed terms of contracts.¹⁷

Research conducted in Australia suggests that well-reported performance information is fundamental to public agency accountability and effective management.¹⁸ It is a primary vehicle by which assurance is provided to parliament and the public that a government's objectives are being met. However, this same research also draws attention to a series of difficulties associated with reporting non-financial performance in a changing authorisation environment. These include:

- a lack of incentives for agencies to report more than they are legally bound to (reasons cited included avoiding negative publicity, uncertainty over the appropriateness and the uses to which this information would be applied)
- an inability to cascade missions into identifiable service outcomes and allocative decisions
- an absence of communication between preparers and users of information (users do not always grasp how to assess performance and can be easily overwhelmed by too much information)
- conflicting accountability requirements of parliament and public managers.

Despite these difficulties, it has been argued that procurement contracts can be designed to deliver greater public involvement, as well as outcomes that are responsive to local needs.¹⁹ Where such 'outcome specifications' are cognisant of constraints on the private actor, and where they leave room for contractors to provide services in flexible ways, there is a greater likelihood that such contractors can create public value. Yet where the political risk of service failure is high, there is a tendency for clients to micro-manage contractors in such a way as seriously to limit their scope for flexibility and innovation. This will remain a danger, as democratically elected politicians and senior public managers can never completely transfer risk by moving a service from a public to a private provider. Although lying outside the immediate scope of this research project, one further issue remains. How far can services be contracted out while ensuring the ethos of service to the public and that the publicness of the institution remains intact – and under what circumstances does this matter most? Commissioners and procurers in the public sector should ensure that their providers demonstrate and practice a public service ethos.

¹⁷ Cameron W, 'Public Accountability: Effectiveness, equity, ethics', *Australian Journal of Public Administration*, Vol 63 No 4, pp59–67, 2004

¹⁸ Victorian Auditor-General, *Performance Management and Reporting: Progress report and a case study*, Melbourne, April 2003

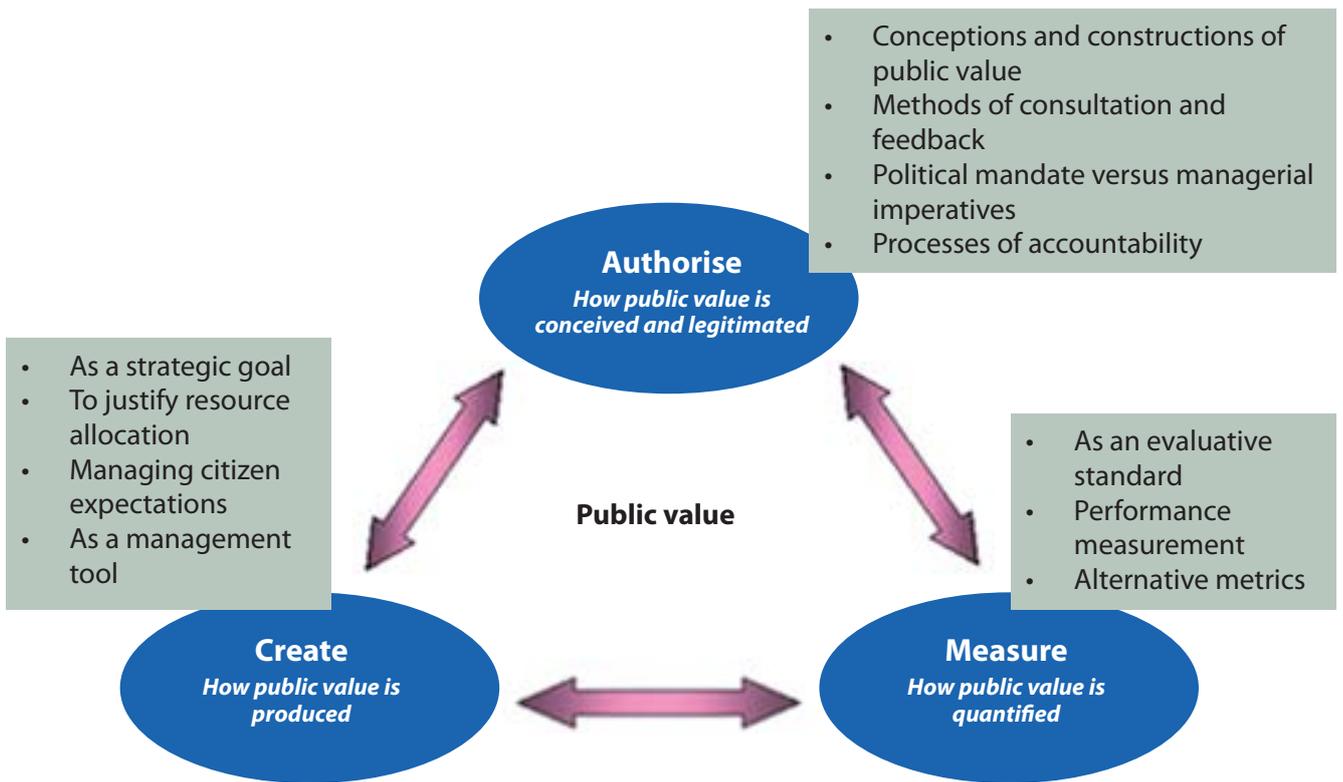
¹⁹ McCrudden C, 'Using Public Procurement to Achieve Social Outcomes', *Natural Resources Forum*, Vol 28, November 2004

2. Delivering public value

2.1 The public value dynamic

Public value theory, as articulated by The Work Foundation, identifies three interdependent activities on which the production and delivery of public value depend: authorisation, creation and measurement. These are conceived as a dynamic in which public managers have clear roles and responsibilities that can help overcome a democratic deficit and the frustration with the delivery paradox. As such, the dynamic builds explicitly on Moore’s concept of the authorising environment, but it differs in that it identifies the issue of measurement as critical to the production of public value, particularly in the UK policy context of performance management and upward accountability, and links the three elements of the dynamic together.

Figure 1: The public value dynamic: The Work Foundation’s approach to the production and delivery of public value



In order to produce public value, the public must ‘authorise’ – that is, confer legitimacy to expend resources – the relevant bodies. Public managers seeking to create public value would also use evaluative criteria for the measurement of public value creation that were themselves authorised by the public. The research

review on *Public Value, Politics and Public Management*²⁰, the case studies²¹ and sector studies²² have all used this dynamic to explore the concept in more detail. These reports form the basis of our conclusions in this section.

2.2 Authorisation

The challenge our approach makes to policymakers and administrators is: have you taken adequate account of the views of the public in deciding how the service should be delivered and how success should be measured? Indeed, we might go further and say that there should be a process of constant checking of citizen preferences, or to put it another way that public servants should be in continuous dialogue with what Moore terms their 'authorising environment'. Our review of public value at the level both of sectors (eg health and criminal justice) and individual organisations such as the V&A and Leicester College revealed a deep concern with the views of citizens and a genuine desire to develop a better understanding of the public's needs.

Of course, this is less straightforward than it may seem. Many organisations face an extremely confusing 'authorising environment'. This is often due to their current structure having evolved over several decades with a tendency to focus on securing funding and the demonstration of accountability upwards to ministers, rather than a more rounded accountability to local or other national stakeholders and the public. Legitimacy, both for an organisation's existence and for its subsequent actions, is not usually seen as being conferred on the organisation by the public.

Second, balancing professional judgement with citizen demands is symptomatic of the asymmetry of information that exists between the providers of public services and the public. Legitimacy for government action can arise from the need to provide a merit good – such as recycling or tobacco control – that would be under-provided by the market because individuals would not know the wider public health benefits. For example, 'consumers' would not be willing to pay the full cost of keeping their local streets clean because they would not initially appreciate the dangers to public health that would result from only piecemeal or poorly co-ordinated waste management provided by the market.

²⁰ Blaug R, Horner L and Lekhi R, *Public Value, Politics and Public Management: A literature review*, London, The Work Foundation, 2006

²¹ The Work Foundation, *Creating Public Value: Case studies*, London, 2006

²² Collins R, *Public Value and Broadcasting*, London, The Work Foundation, 2006; Horner L and Mahdon M, *Public Value and Health*, London, The Work Foundation, 2006; Horner L, *Public Value and Learning and Skills*, London, The Work Foundation, 2006; Skidmore P, *Public Value and Policing*, London, The Work Foundation, 2006

Box 4: Authorisation in the learning and skills sector

The authorising environment for the learning and skills sector is a complicated system of networks that seems to be almost constantly in flux. At centre stage is the Department for Education and Skills (DfES), the main government body delivering policies to improve opportunities for all. The original plan behind the creation of the national Learning and Skills Council (LSC) in 2000 was for the DfES to provide funds for the national LSC, which would then be funnelled to the 47 local LSCs, each responsible for allocating resources for specific learning and skills provision. The national and regional LSC bodies together would plan area provision using a range of local providers, including FE colleges, work-based learning providers and others. In addition to the overarching DfES-LSC link there are many other non-departmental public bodies (NDPB) and private providers that comprise the learning and skills sector's authorising environment. Some of these are listed below:

- **Employer Training Pilot (ETP):** Funded by local LSCs to help employers identify skills shortages and deliver training programmes to help employees achieve Level 2 or Basic Skills qualifications
- **Centres of Vocational Excellence (CoVEs):** Funded by local LSCs to create a network of high-quality centres responsive to local, regional, sectoral and national needs that increase and strengthen employee/provider engagement, secure enhanced vocational learning opportunities for all post-16 learners and encourage collaboration among providers
- **Union Learning Fund:** Funded by local LSCs to promote activity by trade unions in support of creating a learning society
- **Information, Advice and Guidance (IAG) Partnerships:** Funded by local LSCs to co-ordinate the provision of information, advice and guidance on learning and work opportunities on a local level
- **Small Business Service:** An agency of the DTI that aims to upskill the workforces of small businesses
- **Small Business Link:** Local operators of the above to provide information, advice and support to start, maintain and grow a business, including links to employee training
- **Skills for Business:** Network comprised of licensed Sector Skills Councils and the Sector Skills Development Agency (SSDA) to improve skills and productivity in the UK
- **Sector Skills Councils (SSCs):** Independent, UK-wide organisations that involve employers, trade unions, professional bodies and other stakeholders in the sector to empower employers to provide leadership for strategic action to meet their sector's skills and business needs
- **Skills Academies:** Centres and sector-based networks of FE colleges, CoVEs and private training providers in line with SSCs
- **Investors in People UK:** Framework for delivering business improvement through people recognised by the LSC
- **Connexions:** Private organisation that provides information, support and advice for 13-19 year olds

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- **Adult Learning Inspectorate (ALI)/Office for Standards in Education (Ofsted):** Auditors and inspectorates who work in partnership with the LSC to inspect learning and skills providers using Common Inspection Framework (NB: Ofsted is being enlarged to incorporate most of the ALI's remit and will be called the Office for Standards in Education, Children's Services and Skills. The aim of this collaboration is to integrate services for learners more effectively)
- **Qualifications and Curriculum Authority (QCA):** Sponsored by the DfES to maintain and develop the national curriculum and associated assessments, tests and examinations, and to accredit and monitor qualifications in colleges and at work
- **University for Industry (UFI)/learnirect:** Funded by the LSC to provide information, advice and guidance on learning and work opportunities on a national level and provide a range of flexible learning opportunities including e-learning

Source: *The Work Foundation, 2006*

However, in relation to artistic and cultural activities funded through the public purse, it can often be harder for professionals to make the case to the public, with debates inevitably arising about the value of art and culture, support for 'elitist' forms such as ballet, the preservation of traditions or heritage, and the institutional, intrinsic or instrumental value of the arts. In many instances in the cultural sector, the public is able to signal their lack of interest or displeasure by simply not attending performances or exhibitions, unlike in policing where people are not able to 'exit' from the service they provide. There are many examples of this in the arts and culture sector, like the Royal Opera House's staging of the modern opera *Boulevard Solitude*, which won critical acclaim but poor audience figures.

Third, securing public authorisation and legitimacy for the organisation's goals is a complex and ongoing process where the 'moment' of secured legitimacy for the organisation can feel short-lived. Some of the most concerted challenges to organisational legitimacy occur in local government through elections every four years, or at the BBC with charter renewal every ten years. But the 'authorising environment' does not simply vanish between these periods. The BBC is subject to a quinquennial review by OfCOM, parliamentary scrutiny, media inquiry and coverage. Not least there are the accountability arrangements exercised by the board of governors (soon to be the BBC trust) that ensure a level of very well-informed scrutiny of the BBC's activities.

Fourth, as we have already seen, involving the public in the decision-making process is all too often viewed as costly, time-consuming and a waste of management time.

This report argues that understanding citizens' preferences and what the public values is unavoidable if legitimacy is to be maintained. Engaging the public is thus no more a waste of time than it would be for a business to seek greater understanding of its customers. Failure to involve the public in a collective search for needs can result in services not only failing to provide public value, but also allows organisational missions to drift so that they come to serve the interests of politicians, public managers or even private organisations delivering on behalf of government.

Discerning public preferences is notoriously difficult. Yet there are significant dangers in relying on what an uninformed public claims it wants. There is a clear role here for both managers and politicians to shape preferences and take tough decisions about what the public needs. The delivery of the MMR vaccine is a good example of justified policy intransigence, here on the basis of sound medical evidence.

Box 5: MMR – the story

The high-profile media coverage and public panic over the safety of the Measles, Mumps and Rubella (MMR) triple vaccine began in February 1998 when Dr Andrew Wakefield published his research suggesting an association between the MMR vaccine and autism.²³ At the press conference, contrary to the other authors of the paper²⁴, Wakefield suggested the use of the single vaccine.

Later that year findings were published stating that no evidence exists of a link between the MMR vaccine and autism.²⁵ However, the panic had already set in. The uptake of the MMR vaccine fell steadily, reaching a low of an average 79.9 per cent immunised across the country in 2003-04.²⁶ During 2000 and 2001, Wakefield had renewed his concerns over the MMR vaccine saying that it had not been properly tested, although the Department of Health refuted the claims.²⁷

In February 2002 and at the height of the media coverage, the team from the Royal Free Hospital where Wakefield's original research was conducted published findings that there is no link between MMR and autism.²⁸ Since then, the evidence against a link

²³ Wakefield A J et al, 'Ileal-Lymphoid-Nodular Hyperplasia, Non-Specific Colitis and Pervasive Developmental Disorder in Children', *The Lancet*, No 351, pp637-641, May 1998

²⁴ Goldacre B, 'Never Mind the Facts', the *Guardian*, 11 December 2003

²⁵ Numerous studies and commentaries were published supporting the lack of evidence for any link. For example, Peltola H et al, 'No evidence for Measles, Mumps and Rubella Vaccine-Associated Inflammatory Bowel Disease or Autism in a 14-year Prospective Study', *The Lancet*, No 351, May 1998

²⁶ Government Statistical Service figures published by the Health and Social Care Information Centre Bulletin 2005, <http://www.dh.gov.uk/assetRoot/04/11/96/50/04119650.pdf>. The uptake figure had been relatively stable, around 90 per cent, since a peak of 91 per cent in 1994-95. A decline had started in 1994 with a publication concerning a potential link between the MMR jab and Crohn's disease. As with autism, the Department of Health has concluded from the available evidence that there is no link between MMR and Crohn's disease.

²⁷ BBC report on the MMR research timeline, 13 June 2003

²⁸ Miller E et al, 'Idiopathic Thrombocytopenic Purpura and MMR Vaccine', *Archives of Disease in Childhood*, No 84, pp227-229, 2001

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between autism and the MMR vaccine has continued to grow. The most comprehensive report to date was published in October 2005, which found no evidence for a link between MMR and autism.²⁹

It had been argued that the media 'frenzy' did not give an accurate representation of the situation and had a strong influence over public opinion.³⁰ Media reports gave the erroneous impression that the medical community was split over the issue and that there was equal evidence for both sides of the argument. Requests for single vaccinations in place of the triple jab were soundly rejected by the government. The Department of Health argued that it is: '...not aware of any country in the world that recommends MMR be given as three separate vaccines. In Japan, where they do not have a suitable MMR vaccine licensed for use, there had been 79 measles deaths between 1992 and 1997. In the same period in the UK there were no deaths from measles.'³¹ To give the vaccines separately would require six injections over a long period of time. The NHS argued that in its experience, fewer children would complete the course, thereby leaving more children unprotected against the diseases.³²

The average uptake in England in 2004-05 was reported to be 81 per cent (the first year-on-year increase in eight years).³³ The optimal uptake rate is 95 per cent in order to provide the best protection for the population as a whole from the diseases.³⁴ However, although the percentage has risen overall, some areas still have a particularly low uptake. The London Borough of Lewisham showed the lowest result in 2004-05 with an uptake of 54 per cent.³⁵

Despite public and in particular media pressure to offer single vaccinations for the three diseases, the government's policy towards the MMR vaccination programme remained intransigent. The Department of Health followed the scientific advice given by various scientific bodies³⁶ and the WHO³⁷ that using the MMR vaccine was in the best interest of public protection. No evidence existed to recommend either single vaccines over

²⁹ Demicheli V, Jefferson T, Rivetti A and Price D, 'Vaccines for Measles, Mumps and Rubella in Children (Review)', *The Cochrane Database of Systematic Reviews*, Issue 4, 2005

³⁰ Hargreaves I, Lewis J and Speer T, *Towards a Better Map: Science, the public and the media*, ESRC, 2003

³¹ Department of Health, 'Response to Paper by Wakefield and Montgomery in Adverse Drug Reactions and Toxicological Reviews', press release, 21 January 2001, reference 2001/0043

³² <http://www.mmrthefacts.nhs.uk/resources/pdf/sheet3.pdf>

³³ Government Statistical Service figures published by the Health and Social Care Information Centre Bulletin 2005, <http://www.dh.gov.uk/assetRoot/04/11/96/50/04119650.pdf>

³⁴ Social Issues Research Centre, 'Scaremongers: The new threat to children's health', Bulletin 23/08/09, 1999

³⁵ Government Statistical Service figures published by the Health and Social Care Information Centre, 2005 at <http://www.dh.gov.uk/assetRoot/04/11/96/50/04119650.pdf> Although it must be noted that this low figure is not necessarily due to the MMR scandal as some London boroughs have lower than the national average figures anyway.

³⁶ For example, the Committee on Safety of Medicines and the Joint Committee on Vaccination and Immunisation, Department of Health press release, 'MMR Vaccine Given All Clear', 12 January 2001, reference 2001/0027

³⁷ Department of Health, 'Chief Medical Officer Comments On MMR Vaccine – No Evidence To Support Giving Vaccine In Separate Doses', press release, 12 March 1998, reference 98/090

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the triple vaccine³⁸ or that the MMR vaccine had any potential for causing harm. In addition, the government acted to educate the public and reassure them over the various reports about the MMR vaccine. Fact sheets were made available to the public and medical staff were encouraged to help educate the public. The NHS constructed a website with facts about MMR, details of all the research and links to more information.³⁹ In the case of MMR, higher public value was arguably produced by enforcing overall public safety above individual concerns.

There is considerable evidence and experimentation with the processes by which citizens are engaged, such as citizens' juries, particularly in local government. Research also shows that the government's interest in these more participatory approaches is waning, in part due to the difficulties in making them meaningful. Yet the public value approach calls forcefully for the provision of better information and for the transparency of decision making by public bodies. It is essential that service providers continue to seek innovative ways to engage, consult and deliberate with the public. An enhanced model of participation goes both with the grain of the co-production model and speaks directly to the need for a re-legitimation of the public realm. Unless these arguments are understood and embraced by public officials, then overall trust in public action may continue to decline.

Some of the key principles for effective engagement with the public are set out in Box 6 on the next page.

³⁸ Ibid

³⁹ <http://www.mmrthefacts.nhs.uk/>

Box 6: Key principles for effective authorisation of public value

- The organisation seeks out, listens to and guides public conceptions of why the service is valuable
- Includes both representative forms of democracy and civic engagement
- Legitimacy for the service is sought from a wide range of stakeholders
- Those with an interest in the service as a provider or user have a voice in shaping and defining that service
- Services are responsive to the needs of citizens, as defined and shaped through public engagement in those services
- Politicians and public managers may guide and educate the public that some services are of public benefit, even if the public does not think so
- An organisation deploys a range of innovative consultative methods to understand what the public wants from its services
- These include the collection of 'static information' (preferences, eg through surveys) and deliberative processes that refine preferences (eg citizens' juries)
- These add to rather than substitute for effective formalised methods of holding institutions to account
- Citizens, employees and stakeholders are engaged in the process of good governance and accountability structures are clear, effective and transparent
- The public authorises which outcomes are important, ensuring that the organisation does not drift from its public purpose

2.3 Creation

Public value is clarified and authorised by the public, but it is created by public service organisations in their decisions about what services to provide and how to provide them. What activities, programmes and interventions a public body undertakes in order to generate public value will clearly vary considerably across organisations and sectors. Public value, as articulated by this report, is not simply the summation of these activities, but a process of authorisation, creation and measurement that determines what the public values through a process of consultation and deliberation.

Politicians and public managers must justify the allocation of resources towards specific outcomes and develop management practices that are consistent with the generation of public value through the strategic planning process. Public bodies use a range of methods for allocating resources, most of which are technical rather than democratic. In the health sector, one method is the medical effectiveness analysis, which calculates benefit in terms of quality-adjusted life years (QUALYs). This is measured by asking hypothetical questions of a sample of the general population of potential patients, which then produces a ranking of health state utilities (different states of health are ranked in order of good to bad). This is a utilitarian approach, which has various limitations.⁴⁰ It assumes at the outset that moral benefit is additive, ie that if the cost of resources used to save one life could

⁴⁰ Charlesworth G provides a useful summary of the approach and its limitations, <http://www.medethics.org/submit/ration.html>

instead save two, then the latter choice is better. Such an approach also values younger people over the elderly because, all things being equal, it calculates that the younger person would get more value from an intervention as they would have longer to benefit from an improved quality of life.

At the organisational level, the creation of public value lies in the identification of specific outcomes that an organisation wants to achieve; outcomes that are authorised by the public and other stakeholders, and which then guide activities towards the achievement of those outcomes. It is important to note that public value theory cannot determine what these outcomes should be – as these are defined and redefined through an ongoing process of democratic deliberation between the public, politicians and service providers.

Box 7: Value creation through recycling in Lewisham

Recycling activity by the London Borough of Lewisham to meet its targets and statutory requirements is extensive. They fall into the following broad areas of 'creation'; provision, promotion, cost reduction and education. Examples for each are given below:

Provision

- Lewisham Council provides 74,000 households with a fortnightly kerbside collection of empty aerosols, cardboard, glass bottles and jars, steel and aluminium cans and paper. (The figure of 74,000 represents all properties in the borough where a roadside collection is feasible.) The council is currently trialling weekly collections of these materials on 2,400 households in three areas of the borough
- Lewisham Council provides 37,000 estate households with near-entry 'bring' sites for cardboard and paper, and glass, mixed plastic bottles and cans
- There are 48 mini bring-bank sites in the borough, which take paper and cardboard, glass bottles and jars, and cans. Sixteen sites also take textiles
- There are 300 estate recycling centres in the borough, taking paper and cardboard, glass bottles and jars, cans and plastic bottles

Promotion

- The Big Recycle Week
- The council should promote home composting over the next five years to the remaining 35,000 households with gardens in Lewisham to encourage them to purchase discounted compost bins
- The council should tender and let contracts with recycling organisations to maximise the percentage of waste recycled from mini-recycling centres, and ensure the best possible service in terms of maintenance and management of the council's 52 sites and costs/income to the council

Cost reduction

- Environmental services should take action to reduce the kerbside paper recycling vehicle costs
- The council should terminate its resourcing of the Blackheath glass scheme because it is not cost effective

Contd...

Education

- Lewisham attempts to change individual attitudes to recycling through a range of educational and information campaigns to encourage and inform local people about how to recycle and to get recyclers to recycle more
- Clean and Green Schools programme – a year-round environmental programme looking at litter, waste and other environmental issues
- Outlining its specific service standards, stating what the council will do and what your (citizen's) role is, eg 'we will provide a kerbside collection service for paper to all Lewisham households, 'you will use the kerbside collection for paper'

Public value theory lends force to the argument that organisations must focus on social outcomes as well as blending measures of inputs, outputs and processes. Only in this way can public value be determined and created. Creating public value thus requires clarity of organisational mission and dedicated strategic planning. The example of the V&A given below shows both these qualities.

Box 8: The V&A's strategy

Nearly all of the V&A's activities align behind one or more strategic area, each of which has an overarching objective, a breakdown of key themes and specific outcomes to be achieved by 2010. These strategic areas are: access and audiences; national and international; creative design; and efficiency and effectiveness – although some activity may not be recorded as such. Short- and medium-term milestones are assigned to each outcome and key performance indicators (KPIs) assigned to key themes. Each theme may achieve several KPIs and the same KPI may relate to any number of themes. Performance monitoring at the V&A follows the strategic goals rather than dictates activity.

Public value emphasises the importance of understanding the values or qualities that inform the provision of public services, such as fairness and equality. Thus, the BBC is using a public value framework to help decide which new services will best support the six core public purposes identified as key to the organisation's strategic mission as a public broadcaster in the new BBC charter. Its framework also highlights the potential use of public value as a strategic goal that is integral to being a public service broadcaster. The BBC's approach embraces individuals as both consumers of their services who derive personal enjoyment and education, and as citizens who value the cultural, democratic or educational benefits of BBC services to society as a whole.

Box 9: Key principles for the effective creation of public value

- The goals of the organisation are clear and all activity and resources are aligned behind them. These are revisited regularly to ensure that public value is produced
- Activities may include those with an economic, social, global, community or individual purpose. However, merely summing up the benefits of these activities does not equal 'public value'; this is the entire process of authorisation, creation and measurement that takes into account what the public values, which will change over time
- The organisation's internal planning aligns with the strategic goals and authorisation environment – that is, stakeholder and the public's needs
- Processes of engagement with the public link to the decision-making process and delivery of a service
- Processes of engagement attempt to balance the risk of not discerning the public's preferences against the burden of participation

2.4 Measurement

Measurement of the impact of public policy interventions abound in the UK public sector. Public institutions face a bewildering array of targets, for example public service agreements, productivity and efficiency targets, key performance indicators, assessments, inspections and so on. There is a tendency to hope that public value can provide a superior alternative to all of these approaches, but this desire misses the point of the richness of public value as an approach and its limitations. This report attempts to clarify the debate about measurement and public value.

Our study finds that there are two separate concerns about measuring public value. The first is around whether an absolute measure can be derived and whether this can be translated into a monetary value. Our discussion of this draws on economic as well as democratic theory. The second concern relates to the adequacy of performance management frameworks and whether they capture fully what public bodies do.

Economic theory has much to contribute on questions of value and social choice.⁴¹ Yet, how people arrive at the choices they make is not adequately dealt with in economics as it covers a wider set of issues than simple monetary incentives. In regard to absolute measures of public value, we are thus left with important yet unanswered questions. These relate to what can broadly be defined as intangibles, or values such as fairness that are not easily captured through the market or a price mechanism.

It is thus the processes of democracy that help determine what is valuable – something that the price mechanism cannot possibly capture. As Moore puts it: 'We should evaluate the efforts of public sector managers not in the economic

⁴¹ See The Work Foundation's project paper *Measuring Public Value: The economic theory*, Cowling M, London, 2006

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marketplace of individual consumers, but in the political marketplace of citizens and the collective decisions of representative democratic institutions.⁴²

Thus, for example, even if a reduction in crime could be assigned a monetary value, then 'the achievement of that larger purpose is hard to measure and even harder to attribute to the overall operations of a single organisation.'⁴³

Public value creation and its subsequent measurement is not the sole property of particularly gifted individuals or of political parties, public service institutions, academic disciplines or professions. Value is defined and redefined through political and social interaction. Creating a new 'currency' or system of metrics – an alternative to price – to measure that value is therefore both impossible and undesirable.

Although a single measure across different public bodies in different sectors would not capture the unique social outcomes an organisation promotes, public managers play an important role in gauging whether that organisation's activities are valuable. The political arena, like the marketplace, is imperfect. It is therefore susceptible to single interests or corruption, and representative democracy relies on the aggregation of individual views (in the form of votes) without concern for how or why preferences were formed, hence the importance of participative democratic processes.

As was argued earlier in this report, public managers need to increase the democratic legitimacy of their organisation. In doing so they can certainly use economic methods to inform decision making, for example through the careful use of willingness to pay methodologies or programme evaluation techniques. Yet this cannot exempt them from the distortions of existing performance management frameworks. Performance measurement criteria and methods are subject to a range of political, bureaucratic and professional interests that determine support for, resistance to and manipulation of measurement frameworks. In terms of what is to be measured, as is made clear in Box 10 on the next page, there is no shortage of suggestions.

⁴² Moore M, *Creating Public Value: Strategic management in government*, Cambridge, MA, Harvard University Press, 1995

⁴³ Ibid

Box 10: Ways of measuring service performance

Effectiveness indicators: These reflect how well the outputs of a service achieve the stated objectives of that service. Indicators of the effectiveness of outputs can be grouped according to desired characteristics that are considered important to the service. These desired characteristics include access, appropriateness and/or quality.

Efficiency indicators: These reflect how well services use their resources to produce outputs and achieve outcomes. Government funding per unit of service is typically used as an indicator of technical efficiency and is a more meaningful input to public policy when it takes into account the full cost to government, accounting for all resources consumed in providing the service. Problems can occur when some costs of providing services are overlooked or treated inconsistently (eg superannuation, overheads or the user cost of capital).

Output indicators: These refer to the services delivered. Output indicators can be grouped according to the desired characteristics of a service, eg accessibility, appropriateness or quality, which may differ across services.

Outcome indicators: These provide information about the impact of a service on the status of an individual or a group and on the success of the service area in achieving its objectives. The outcomes of a service should align with the objectives of the service. Outcomes are often difficult to measure. There is a correlation between some outputs and outcomes, and measures of outputs can be proxies for measures of outcomes.

Quality indicators: These reflect the extent to which a service is suited to its purpose and conforms to specifications. Information about quality is particularly important for performance assessment when there is a strong emphasis on increasing efficiency. To the extent that aspects of service delivery (such as inputs, processes and outputs) conform to specifications, they are proxies for quality outputs.

Access indicators: These reflect how easily the community can obtain a delivered service, eg access to school education. Access has two main dimensions: timeliness and affordability. Timeliness indicators include waiting times (eg in hospitals). Affordability indicators relate to the proportion of income spent on particular services (eg out-of-pocket expenses towards the provision of childcare).

Appropriateness indicators: These measure how well services meet client needs. This allows for services to develop measurable standards of service need against which current levels of service can be assessed and levels of over- or under-servicing identified.

Contd...

Equity indicators: There are two elements to equity indicators: 'horizontal' and 'vertical'. In the context of performance measurement for service delivery, horizontal equity is exhibited when everyone is allowed to access the service. Service delivery exhibits vertical equity when it accounts for the special needs of certain groups in the community and adjusts aspects of service delivery to suit these needs. This approach may be needed where geographic, cultural or other reasons mean some members of the community have difficulty accessing the service. Drawing attention to equity highlights the potential for trade-offs across other dimensions of performance – most especially effectiveness and efficiency. Improving outcomes for a group with special needs for example may necessitate a decrease in measured efficiency.

Source: Australian Government Productivity Commission, 2005

Public value points to certain principles for performance measurement. Performance measurement can fail adequately to capture what value is created or, more seriously, it can actually destroy public value. The dangers of relying exclusively on one type of indicator are made clear in the box below. But the public value approach does not cast aside performance management frameworks per se simply because they cannot find the holy grail of an absolute and static public value for all social outcomes achieved, say, by an opera house, a local authority or a police force.

Box 11: Measurement that destroys value

There has been significant public and media attention paid to examples of inappropriate behaviour arising from pressure to meet performance targets. In its investigation of the impact of performance targets across a range of public services, the Public Accounts Select Committee found numerous examples, including:

- Targets for outpatient waiting times at the Bristol Eye Hospital were only achieved by cancelling follow-up appointments. The hospital's clinical director estimated that 25 patients had lost their vision as a consequence of the delays in follow-up appointments that resulted
- Patients inappropriately reclassified so that the Ambulance Service could meet its response time targets
- Removal of wheels from A & E department trolleys and reclassifying them as beds in order to meet waiting time targets
- School performance targets focused on GCSE results accompanying rising numbers of exclusions of disruptive pupils and an increase in local crime
- Targets aimed at increasing conviction rates for criminals contradict attempts to reduce prison overcrowding and prevent re-offending

Source: Public Accounts Select Committee, 2003

Alternative approaches to the use of performance measurement are therefore required if they are to help create public value. This report argues that measurement regimes should better reflect how an organisation is meeting national standards as well as how well it exploits its freedom to set its own targets, thus reflecting its responsiveness to its own unique circumstances. Whatever the metric, evaluative criteria require public authorisation.

Box 12: Examples of public involvement in the evaluation of public services

- A social housing PFI currently being prepared for an estate in Camden has residents' groups closely involved in specifying the measures that will be used to determine payment to the PFI contractor⁴⁴
- A 'quality measuring system' in Copenhagen offers bonuses (up to 7 per cent of the contract value) to the best-performing bus operators. The points system used gives twice the weighting to measures of passenger satisfaction (as measured through quarterly surveys) as it does traditional 'objective' measures of performance. Studies show that this system has generated significant increases in satisfaction⁴⁵

Even though there are comprehensive and elaborate systems for measuring performance, no organisation has a single, comprehensive methodology for measuring the value it creates. The best example of such a plural approach is that currently being used by the BBC. The BBC has a very visible source of public funding – the licence fee – which lends itself, perhaps imperfectly, to willingness to pay methodologies. But even if a framework existed that could capture the value of every activity of a single public body, such as a police force, translating this into a framework that stretched across the public sector would be administratively unworkable and undermine the democratic process.

A wide variety of innovative measurement techniques have been used to address aspects of the democratic deficit and to restore organisational legitimacy in the eyes of the public. Techniques such as 'front-end evaluation' are carried out to discern what the public wants, such as for the new Jameel Exhibition of Islamic Art at the V&A and the burglary project at Lancashire Constabulary (see Box 13 on the next page). Organisations are also adopting new ways of approaching their authorisation environment, as shown for example in the V&A's segmentation of its public into six different groups. The V&A used the results to inform its development of the British Galleries. The BBC and Royal Opera House also undertake extensive audience research.

⁴⁴ Kelly G, Muers S and Mulgan G, *Creating Public Value: An analytical framework for public service reform*, London, Cabinet Office, 2002

⁴⁵ Bentley T, Kaye A, MacLeod P, O'Leary D and Parker S, *A Fair Go: Public value and diversity in education*, London, DEMOS and Education Foundation, 2004

Box 13: Lancashire Constabulary burglary project

The Police Performance Assessment Framework (PPAF) tracks victims of crime user satisfaction data on a quarterly basis. Satisfaction levels were generally reported favourably so there was no immediate cause for concern or impetus for action. However, there was little understanding of why there were variations in different divisions or changes over time.

Chief Superintendent Dave Mallaby knew that there was plenty of scope for a more consistently positive experience for victims. He wanted to move to the much stronger satisfaction ratings based on 'very' or 'totally satisfied' responses, not just 'fairly' satisfied, which were included in the overall satisfaction figures, and to develop a methodology to understand what factors were influencing satisfaction.

By talking to burglary victims who reported very high satisfaction levels and those who are dissatisfied and to police officers and staff, the different perceptions and experiences were explored. This revealed that the often good intentions of police staff and officers lead to lower levels of satisfaction. For example, to reassure distressed victims reporting a burglary, the contact centre indicated that they would 'get someone round as soon as possible'. This meant something very different to the operator who understood the situation not to require an urgent response, while to the victim it suggested someone would come immediately. Understanding the experience from the victim's perspective and aligning the expectations provided scope for improving satisfaction that was not resource intensive, but relied on developing the skill set of staff.

The learning from the focus groups formed the basis of design, implementation and measurement of a revised approach to dealing with victims of burglary. A short questionnaire that embraced PPAF satisfaction measures and measures that emerged from the project was sent to burglary victims to establish a baseline measure.

A staff training programme was also designed and delivered. The questionnaire was sent to burglary victims to measure the impact of the training on satisfaction levels. There was a significant improvement in all aspects of satisfaction.

Victims of burglary were asked about their satisfaction with their encounter with the police, and the following numbers were satisfied with Lancashire Constabulary:

<i>Very satisfied with attitude of the first person you had contact with</i>	<i>(+10.1 per cent)</i>
<i>Thoroughly investigated? Yes, Completely</i>	<i>(+14.3 per cent)</i>
<i>Initial Satisfaction. Very+</i>	<i>(+ 9.3 per cent)</i>

Through a public value perspective, the process was legitimated by its basis in victims' experiences and listening to them. Value was created by developing staff understanding and a skill set to provide consistency of experience, and measured by a relevant and meaningful questionnaire – in this instance, satisfaction was the agreed outcome measure. The potential for improvement was identified by an organisational leader, and the process to achieve increased satisfaction used engagement with the victim group to shift organisational understanding. This was sustained through ongoing training and measurement.

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Performance management frameworks can thus be sharpened to reflect key principles of 'public value measurement', as outlined below.

Box 14: Key principles for measuring public sector performance

- Public bodies need to ascertain better the public's wishes and preferences (legitimacy and authorisation)
- Public bodies need to improve their capacity to be responsive to the public's preferences once they are known
- Public bodies should understand how and why they can refine the public's preferences, for example through educational initiatives, better information and greater transparency in decision making
- The very process of measurement in and of itself should create rather than destroy value
- The system of performance measurement blends approaches that fit with the strategic goals of the organisation (eg effectiveness, efficiency, input, output, outcome, quality, access, appropriateness, equity)
- The primary aim of performance management is to improve quality and performance, rather than to drive public bodies towards standardisation or define the relative performance of institutions to their peers
- Performance measures reflect the strategic goals of the organisation; allow the organisation to focus on a few strategic targets rather than many; motivate staff; and support improvement rather than apportion blame
- Performance measures help assess both core and centrally agreed objectives, plus locally determined objectives
- There are mechanisms that allow for public debate and scrutiny of the organisation's performance; not just top-down departmental or sectoral processes of accountability

3. The argument from public value

3.1 Responsiveness to refined preferences

Value for money is important, but there is clearly more to understanding the value of a public body than is conceived of by new public management with its emphasis on technical efficiency and the public as 'consumers' who need to be 'satisfied'. Public value must somehow articulate the distinctive type of value produced by a public-oriented service – one that reconnects public bodies with the public they are there to serve. It involves interacting with the public to design, plan, provide and evaluate service provision. Public value requires policy or services to be responsive to what is valued by the public, but also to shape what the public needs.

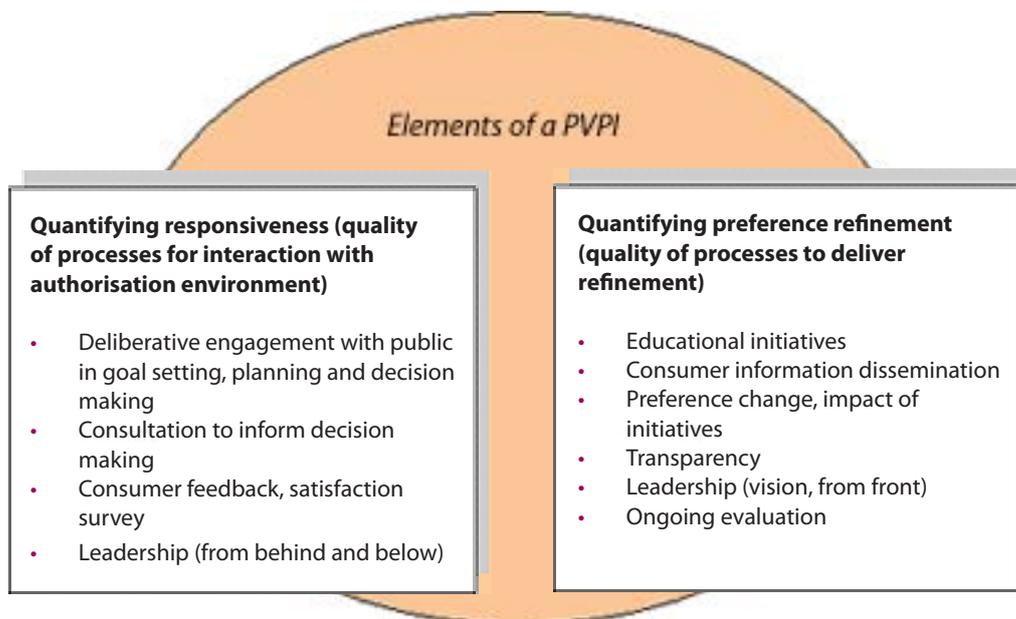
Its distinguishing feature is its requirement for a high-quality process by which service providers interact with their authorisation environments – the public and their stakeholders. A Public Value Performance Indicator (PVPI) could, therefore, measure the quality of this interactive process. As such it would sit alongside existing measures of efficiency and performance, and need to be balanced against them. This section now outlines the idea of a PVPI – an idea that The Work Foundation will be testing during its second wave of research on public value.

The orientation to greater engagement with the public means more than collecting consumer-like preferences or simply responding to uninformed public demand. It includes deliberation and education. Public value thus entails responsiveness to refined (that is, considered and informed) public preferences.

Services should offer value for money, but so should they create public value. A PVPI is to be used alongside existing performance metrics as a positive weighting towards the creation of public value. PVPIs measure the capacity of a policy or service to create public value. They grade the process of authorisation and could act alongside existing performance and efficiency indicators.

As we have seen, there can be no absolute metric of public value applicable across all sectors and/or initiatives because it is created in specific policy and organisational contexts and communities. Indeed, if such an absolute measure of value existed, then there would be little need for democracy. An absolute measure would anticipate the outcome of what the public values, which, given the complexity of 'the public' and their changing tastes and preferences, would be fundamentally at odds with an absolute value. Not least it would remove political debate and decision making from the process and reduce public value to a technocratic exercise that hits a target, but misses the point.

Figure 2: Elements of a Public Value Performance Indicator (PVPI)

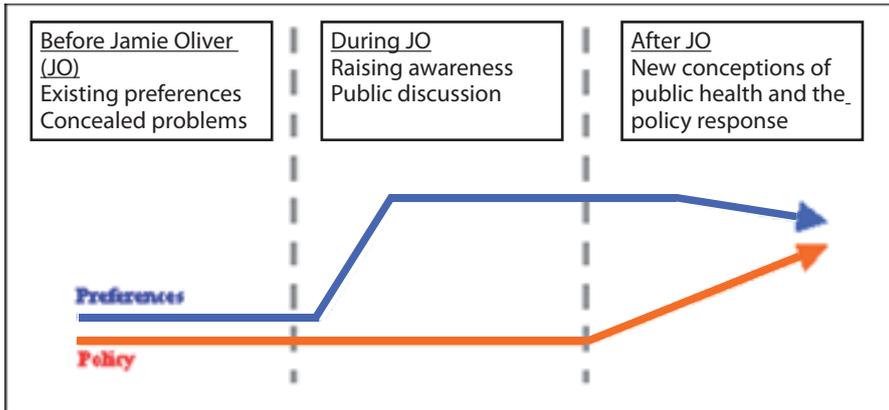


A PVPI does potentially allow for comparison between agencies and can inform trade-offs with efficiency. It is a bundle of selected metrics (many of which already exist) that measures the quality of interaction with the authorisation environment. It is a policy lever – one that highlights the importance of responsiveness to and the refinement of public preferences. Responsiveness here pertains to the quality of the processes for interaction with the authorisation environment. It includes deliberative engagements with the public in goal setting, planning, decision making and evaluation. It entails consultation initiatives to inform decision making, satisfaction surveys and consumer feedback. Transparency and information sharing are also key. Finally, it requires leadership to be 'from behind', listening to the authorisation environment, the public, other stakeholders etc.

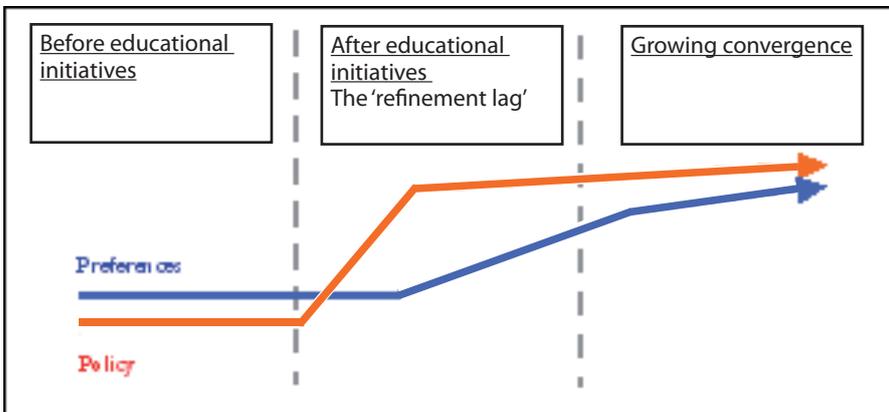
Responsiveness should not be confused with the extent to which a policy and/or an organisation reacts to (or changes in the face of) public preferences. There may be occasions when direct reaction to public preferences is not an appropriate response. For example, organisational or policy leadership may be required to drive the process of refining public preferences. The profiles overleaf are illustrative examples of how public bodies may react to, lead or remain intransigent to the wishes of the public, and how information and education are critical in all three examples.

Figure 3: Public value profiles

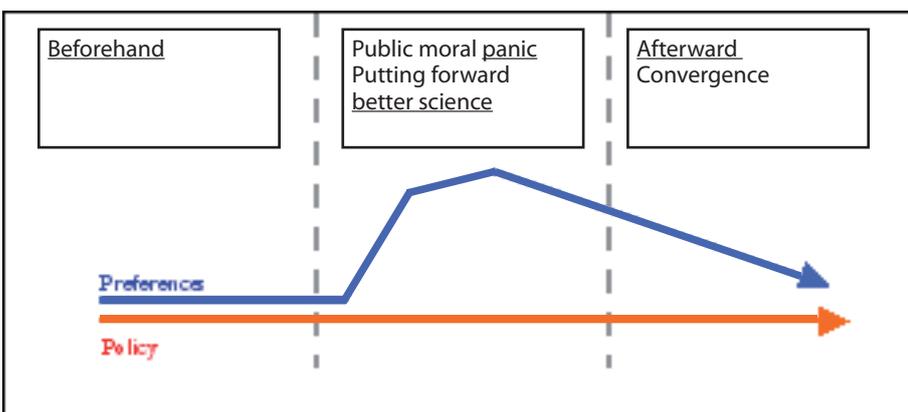
Profile 1: Policy reaction: Sudden media interest in school meals – DFES/local authorities



Profile 2: Policy lead: Preference refinement in waste recycling (a local authority)



Profile 3: Policy intransigence: MMR (DoH)



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Therefore, the PVPI does not measure how an organisation specifically 'responds,' for example in terms of re-allocating, increasing or decreasing funding, setting new minimum standards and targets, strategy development, creation of new bodies or initiatives or even develop new legislation, ie the standard policy levers that are pulled to effect change. This is because these responses are so unique to each situation that they cannot be generalised in a framework of common prescriptive or evaluative standards. Refining preferences means educating the public and offering open information.

Here, a PVPI scores such initiatives as well as the dissemination of consumer information, transparency and evidence of preference change. It also requires leadership to be visionary and from the front, and stresses that responsiveness does not mean pandering to unrefined preferences.

A PVPI can be generated in a number of forms, including:

- a qualitative rating (on an appropriate scale) generated on the basis of qualitative and quantitative evidence by those inspecting corporate/organisational performance
- a numerical value based on an appropriate configuration/weighting of selected metrics applicable to a single initiative, policy area or organisation
- in either of the above cases, the quantitative evidence base will be comprised of selected metrics that focus on the component elements of responsiveness and preference refinement as indicated in Figure 2.

A PVPI can be utilised as a policy lever in a variety of ways. It can be used to weight the overall performance of an organisation or initiative, or it can be a contributory element in assessments of overall performance. A high PVPI score would indicate that an organisation and/or initiative has the capacity to deliver what the public values. Accordingly, one use of a PVPI could be as a basis for determining relative levels of discretionary spending in an organisation and/or policy area, with more discretion being leveraged by those organisations/policies/initiatives with higher PVPI scores (because they have greater capacity to give the public what it values).

One of the benefits of the PVPI is that it could also make meaningful comparisons possible between organisations of different sizes and located in different contexts. A small local museum may not be as big as an historic royal palace, but the former could have a greater capacity for and much better methods of creating public value.

A PVPI score has real political as well as managerial power. Responsiveness to refined preferences – in effect, how you actually close the gap between policy and practice and what the public wants – is about managing expectations, not

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just delivery of more or better services. It indicates an organisation's capacity to do this, which, when faced with a tightening of public money, is as important as being efficient.

Finally, it gives public managers a clear role in this process as the individuals who collect, analyse and act on the information they receive and put out to the public in order to educate, inform or respond to public need.

Conclusion

This report has summarised the key findings of the year-long inquiry into public value, which was undertaken on behalf of our sponsors. In relation to our five definitions of public value, there remains a preoccupation in the UK with the issue of measurement. We conclude that, given the dynamic nature of political and social interaction that changes what the public values over time, an absolute measure is to be actively avoided. While measurement is one interesting aspect of the public value approach, a singular focus on this may lead public managers and policymakers to underestimate the more noble potential of public value theory and practice to reinvigorate public sector managers' sense of connection with the public they are there to serve, and thereby help restore the legitimacy and responsiveness of their organisation.

This report has outlined a series of public value principles around the inter-related dynamic between authorisation, creation and measurement. It has emphasised the importance of the public – not just the aggregation of individuals, but as citizens thinking about the common good – in conferring legitimacy on public bodies to spend public money and allocate resources. The power of public value ultimately lies in its advocacy for a greater role for the public in decision making, and for public managers constantly to seek out from the public they are there to serve what citizens want. This is not to argue that the notion of co-production is less important in the UK context, but rather to assert that its degree of relevance and application varies considerably in different sectors.

Our research into public value and our articulation of its power as a rhetorical device or rallying cry for a particular approach to public service reform argues forcefully for organisations to seek out ways in which they can better engage and deliberate with the public about the outcomes that citizens want from services. This entails moving from consultation to conversation. We do not recommend any particular way in which this is done as this will be specific to the public body in question, its resources and who it wishes better to engage with at the current time, but relying on static consultative methods that look at satisfaction only is unlikely to engage the public as citizens and may lead public managers to make the wrong decisions. To overturn the delivery paradox, organisations need to understand better how satisfaction measures relate to other measures of success, its limitations and the need to improve techniques used to capture citizen as well as consumer satisfaction.

Importantly, better engagement alone does not mean that an organisation will automatically be creating more public value. Processes that ensure an organisation's decision making are transparent – demonstrating leadership over decisions that may at first seem unpalatable and ensuring that all opportunities for sharing more rather than less information with the public are taken – are as important to the creation of public value as direct engagement with the public.

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