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Improving the Public Service Experience: the search for public value

“Like any human venture, government can be full of error, fallibility and hubris. But the biggest danger for governments today is not excessive hubris but rather that they might succumb to the myth—often propagated by a sceptical media—that they are powerless, condemned to mistrust and futility. If they do succumb, they will fail to rise to the great challenges, from climate change to inequality, that they alone can tackle”.

—*Geoff Mulgan, Lessons of power*, 21 May 2005.¹

Introduction

Our purpose is not simply to tinker with the liberal democratic settlement but to set a course for its renewal. Central to advancing this goal is the transformation of our public services – a key component of democratic governance which is often either ignored or downplayed in contemporary democratic thought. In keeping with Geoff Mulgan’s challenge, this chapter seeks to debunk two myths that became dominant ideas in the zeitgeist of the Global Financial Crisis and are currently permeating the discourse around Covid-19 recovery: that governments are powerless in responding to wicked policy problems and, that distrust in government is inevitable. We have argued throughout this book that there is a positive correlation between public distrust and dissatisfaction with liberal democratic arrangements, and by implication, the higher the level of public trust, the more robust democratic institutions and practice. Supply-side theories of trust tell us that public trust must in some way correspond with the trustworthiness of government.² From this perspective it is the performance (supply) of government that matters most in orienting the outlooks of citizens, together with commitment to procedural fairness and equality. We term this condition of trusted government, *performance legitimacy*, and it emanates from the public’s assessment of the government’s record in delivering public policies and services.³ If important, as commonly assumed, then public confidence should relate to perceptual and/or aggregate indicators of policy outputs and outcomes, such as satisfaction with the performance of public services, the economy or the government’s record in specific arenas of intervention such as defence, education and healthcare. Performance legitimacy also focuses on whether citizens feel that the public services they receive are appropriate and fair, irrespective of their impacts.⁴

¹ See Geoff Mulgan (2005), *Lessons of Power*, Prospect Magazine, retrieved 19 August 2020 from: <https://www.prospectmagazine.co.uk/magazine/lessonsofpower>.

² See Gerry Stoker and Mark Evans (2018b), *Democracy 2025 Report No. 2. What lessons can we draw from international experience for bridging the trust divide?* Retrieved 19 August 2020 from: <https://www.democracy2025.gov.au/resources.html>

³ See Christine Boswell (2018), *Manufacturing Political Trust*, New York, Cambridge University Press.

⁴ See Tyler, T.R. and Trinkner, R. (2017), *Why Children Follow Rules*, Oxford, Oxford University Press. We have already seen in the throughputs section of the book that the problem of performance legitimacy extends to the construction of representative politics, the representativeness of those elected, the behaviour of politicians, the community-linking role of political parties, the funding of election campaigns and broadly the way that representative institutions work and operate in terms of their conduct of business and engagement with special interests and the general public.

In this chapter, we argue that public services are not only a critical space for building trust between government and citizen but that they are potentially creative instruments for addressing the challenges of social inequality and personalisation and thus ensuring that government is responsive to the rising expectations and aspirations of the public. However, we also argue that the problem of performance legitimacy requires an *authentic* commitment to public value management and the search for public value. Hitherto, the evidence suggests that attempts to drive public service production using public value management instruments have been insufficiently citizen or politician-centric to achieve publicly valued outcomes and performance legitimacy. Indeed they are often either captured by technocratic elites and cynically manipulated for their own ends, used to undermine politically mandated outcomes or restricted to stakeholders that share common norms and values with the bureaucracy. In short, the current practice of public value management often undermines rather than strengthens democratic governance. This chapter therefore examines the rise of public value management as a challenge to the dominant new public management (NPM) paradigm, explores the promise of public value management and reviews the evidence on the barriers and enablers to its achievement as a governing methodology for improving the quality of democratic governance.

1. The rise of public value management

NPM is a short-hand term for describing a toolkit of techniques used initially in the English-speaking world to implement administrative reforms geared around the achievement of ‘economy’, ‘efficiency’ and ‘effectiveness’ in service delivery (see Table 9.1). Most of these reforms – largely market inspired and deregulatory and/or regulatory reforms – were introduced in the 1980s in response to cyclical economic crisis and restructuring and incrementally around the world thereafter. In the 1990s the toolkit was supplemented with a range of governance and competency reforms as described in Table 9.1. Although NPM has always been practiced very differently in Australia, the USA, the UK, New Zealand and elsewhere; it remains the dominant paradigm for managing public services and mature liberal democracies have been regular plunderers of the NPM toolkit.⁵

However, by the 2000s it became increasingly evident that the success of NPM was largely confined to improving the efficiency of the public sector in delivering outputs and enhancing transparency and accountability in governance systems. Its problem-solving capacity and ability to deliver progressive outcomes for citizens was less evident. Indeed there emerged significant evidence that NPM tools could be used to embed dominant administrative norms and values and insulate bureaucratic elites from meaningful citizen engagement and reform.⁶

Most significantly, the NPM toolkit is not attuned to the challenge of public service reform. This is because NPM tends to privilege the role of public servants at a time when there is a need for broader citizen ownership of social problems. Collective problem-solving requires co-production and adaptive behaviours from citizens and often stakeholders. Moreover, as we have already argued, the critical challenges confronting liberal democracies in a more

⁵ See Christopher Hood (1995), ‘Contemporary management’, *Public Policy and administration*, 10, 2, 104-117; and, Guy Peters (1998), ‘What Works? The Antiphons of Administrative Reform.’ In *Taking Stock: Assessing Public Sector Reforms*, eds., B. G. Peters and D. J. Savoie, Montreal, McGill-Queen’s Press, pp. 78-107.

⁶ See: Peter Carroll and Richard Common, eds. (2013), *Policy Transfer and Learning in Public Policy and Management*. Oxford: Routledge.

complex, fragmented world require the most adaptive form of power to enable community interests to blend their capacities to achieve common goals. *New power or the power to persuade*. Indeed in a post-COVID-19 world, the most difficult problems confronting public administration tend to require soft power solutions rather than managerial ones.

Box 9.1. The new public management toolkit

<p style="text-align: center;">New Public Management – market-inspired reform</p> <ul style="list-style-type: none"> ✓ <i>Privatisation</i> of state assets, and certain services ✓ <i>Internal markets</i> - separating purchasers from providers within the Public Sector to create new markets e.g. care for the elderly ✓ <i>Performance budgeting</i> – results oriented, target driven budgeting ✓ <i>Performance Contracts</i> and <i>Pay-for-performance</i> – establishing performance targets (PSAs) for departments and individualised pay scales for public employees ✓ <i>Programme Review</i> – systematic analysis of costs and benefits of individual programmes ✓ <i>Compulsory Competitive Tendering</i> – services delivered by the private or voluntary sectors ✓ <i>One-stop-shops</i> – coordination of programmes through one delivery system to eliminate duplication ✓ <i>Invest to save Budgets</i> – venture capital for oiling the wheels of government ✓ <i>Quality Standards</i> – applying principles of quality management e.g. Citizens Charters, ‘Best value’ or ‘Comprehensive Performance Assessments’, Public Service Agreements 	<p style="text-align: center;">Governance reforms</p> <ul style="list-style-type: none"> ✓ <i>Decentralization</i> – moving responsibility for programme delivery and delegating budgetary authority from central government to provincial or local governments or neighbourhoods or through ‘total place’ ✓ <i>Open Government</i> – freedom of information, E-Governance and public engagement mechanisms– e.g. Citizens Juries and other deliberative forums ✓ <i>Standards in Public Life</i> – constituting effective public administration frameworks (e.g. executive machinery, departments, planning and coordinating mechanisms); ✓ Development of <i>codes of ethical practice</i> (e.g. codes of conduct, transparency, accountability, effective audit, monitoring and evaluation). ✓ <i>Collaborative governance with stakeholders</i> ✓ <i>Co-production with citizens</i>
<p style="text-align: center;">New Public Management – deregulatory/regulatory reform</p> <ul style="list-style-type: none"> ✓ <i>Personnel deregulation</i> – open competition in recruitment, performance related pay and elimination of civil service controls over hiring, firing, promotion, etc. ✓ <i>Purchasing Deregulation</i> – permits individual organisations to make decisions about procurement, rather than using centralised purchasing organisations ✓ Creation of <i>new regulatory bodies</i> to supervise privatisation and collaborative governance 	<p style="text-align: center;">Competence reforms – increasing the capacity of public servants to act</p> <ul style="list-style-type: none"> ✓ <i>Staff audits</i> to determine what personnel is on hand; ✓ <i>Getting the right people into the administration</i>, partly by stronger incentives to attract and retain them, partly by changing objectives and procedures in an effort to make the work situation more challenging and rewarding; and, ✓ Establishing <i>integrated training programmes</i> through the establishment of a civil service college/schools of government and professional skills for government/occupational skills frameworks ✓ Coaching and mentoring ✓ Capability reviews

Although the adoption of NPM was an important phase in the modernisation of public services, it is simply unequal to the challenge of public service provision in an era of soft power. This is because it privileges the role of technocrats, takes the politics out of public

policy deliberation and its market orientation is at odds with the concept of public service and sits more easily with the language of the consumer rather than the language of the citizen. The politicisation of policy advisory systems and the corresponding erosion of public service ethics and institutional memory are evident manifestations of the hollowing-out of ‘government by the rules.’

There are also problems with the NPM approach that are brought about through attempts to affect cultural change in large-scale bureaucracies. Historically, NPM signalled a shift in administrative structures, systems, staffing and superordinate culture from traditional forms of public administration and sought to change dominant public service norms and values. The marketization of public service production gave rise to further governance problems because it involves the increasing use of non-accountable third parties to manage and deliver government services. As we saw in Chapter 6 an integrity paradox often emerges in which the quest for ‘economy’, ‘efficiency’ and ‘effectiveness’ through NPM, actually increase rather than reduce the scope for maladministration or even corruption.⁷

In contrast, public value management offers a broad framework in which to comprehend the public management challenge in an era of citizen-centric governance and aims at improving the *performance legitimacy* of government. Mark Moore, who developed the concept, basically argues that public services can add value to society in the same way that private for-profit organisations create value for their shareholders and other stakeholders.⁸ By implication, public intervention should be circumscribed by the need to achieve positive social and economic outcomes for the citizenry. What is and what is not public value should be determined collectively through inclusive deliberation involving elected and appointed government officials, key stakeholders, and the public. Public value management is informed by four central propositions:

Proposition 1: Government intervention should be defined by the search for public value.

Proposition 2: There is a need to formally recognise the legitimacy of a wide range of stakeholders and the citizenry in public service production.

Proposition 3: A learning-based approach should be adopted to the challenge of public service delivery involving politicians, citizens, and stakeholders.

Proposition 4: The procurement of services is framed by a commitment to achieving politically mandated outcomes.

The public value approach demands a commitment to goals that are more stretching for public managers than those envisaged under previous management methods (see Box 9.2). Public managers are tasked with steering networks of deliberation and delivery as well as maintaining the overall health of the system. The questions they must ask of themselves in searching for public value are more challenging and demanding. They are asking more than whether procedures have been followed or targets met but whether their actions are bringing a net benefit to society. Public value management emphasizes the role of reflection, lesson-drawing and continuous adaptation to meet the challenges of efficiency, accountability, and effectiveness.

⁷ See Carroll and Common, eds, 2013, op cit.

⁸ See: Mark Moore (1995), *Creating Public Value: Strategic Management in Government*. Cambridge, Massachusetts, Harvard University Press.

Box 9.2: Approaches to public management			
	Traditional Public Administration	New Public Management	Public Value Management
Core purpose	Politically provided inputs, services monitored through bureaucratic oversight	Managing inputs and outputs in a way that ensures economy and responsiveness to consumers	The overarching goal is achieving publicly valued outcomes and this in turn involves greater effectiveness in tackling the problems that the public care most about; stretches from policy development to service delivery to system maintenance
Role of managers	To ensure that rules and appropriate procedures are followed	To help define and meet agreed performance targets	To play an active role in steering networks of deliberation and delivery and maintain the overall capacity of the system
Definition of the public interest	By politicians / experts. Little in the way of public input	Aggregation of individual preferences, in practice captured by senior politicians or managers supported by evidence about customer choice	Individual and public preferences produced through a complex process of interaction which involves deliberative reflection over inputs and opportunity costs
Approach to public service ethos	Public sector has monopoly on service ethos, and all public bodies have it.	Sceptical of public sector ethos (leads to inefficiency and empire building) – favours customer service	No one sector has a monopoly on public service ethos. Maintaining relationships through shared values is seen as essential
Preferred system for service delivery	Hierarchical department or self-regulating profession	Private sector or tightly defined arms-length public agency	Menu of alternatives selected pragmatically and a reflexive approach to intervention mechanisms to achieve outcomes
Contribution to the democratic process	Delivers accountability: competition between elected leaders provides an overarching accountability	Delivers objectives: Limited to setting objectives and checking performance, leaving managers to determine the means	Delivers dialogue: integral to all that is undertaken, a rolling and continuous process of democratic engagement and exchange between politicians, stakeholders, and citizens

But how far does public value management offer a new approach and a different narrative of democratic reform? Its' strengths lie in its redefinition of how to meet the challenges of collective problem-solving in democratic governance and in its ability to point to a motivational force that does not rely on rules or incentives to drive public service reform. It provides a fuller and rounder vision of humanity than traditional public administration or new

public management. People are, it suggests, motivated by their involvement in networks and partnerships, by their relationships with others formed in the context of equal status and mutual learning.

The core insight here is that the public realm is different from that of the commercial sector. Governing is not the same as buying and selling goods in a market economy. The distinctiveness of public management comes from advancing valued social or economic outcomes. The concept of public value is an attempt to create a framework in which judgements about how to achieve valued outcomes can be made as soundly as possible and shared with the wider public that is paying for services.

2. Why has public value management failed to take hold?

The obstacles to the effective application of public value management in representative democracies have been well documented elsewhere and include: professional and political resistance; the lack of political will; resource constraints to engage differently; and, issues of complexity.⁹ The notion of public value, so the argument goes, doesn't sit easily with representative democracy as it introduces a concept of public interest that is not determined by the government of the day, but by public servants in consultation with communities and providers. These factors, amongst others, have led Francesca Gains and Gerry Stoker to conclude that, 'this new "public service contract" is likely to be easier to adopt in a local setting than in the core executive although in neither case is the adoption of new modes of working between politicians, officials and citizens unproblematic'.¹⁰

It is noteworthy, however, that the majority of the criticisms advanced in critique flow from a minimalist conception of public value which views public value management as a method for privileging the role of bureaucrats in policy processes which was not Moore's intention.¹¹ On closer inspection it is evident that public value experiments tend to be characterised by different models of decision-making underpinned by different conceptions of democracy and reflecting different modes of public engagement. Figure 9.1 situates these models of decision-making along a continuum in which 'bottom-up' deliberative decision-making and 'top-down' 'government-knows best' consultative forms of decision-making can be found at each end of the spectrum. The further you move towards the deliberative end of the continuum, the greater the ability for the citizen to affect policy outcomes.

There are also barriers that emerge from the persistence of administrative practices that subvert the transition to public value management and undermine the strategic approach necessary to re-culture dominant public service norms and values. The literature suggests that there are at least seven main areas where difficulties arise in strategic thinking and the implementation of strategy in government aimed at public value creation.

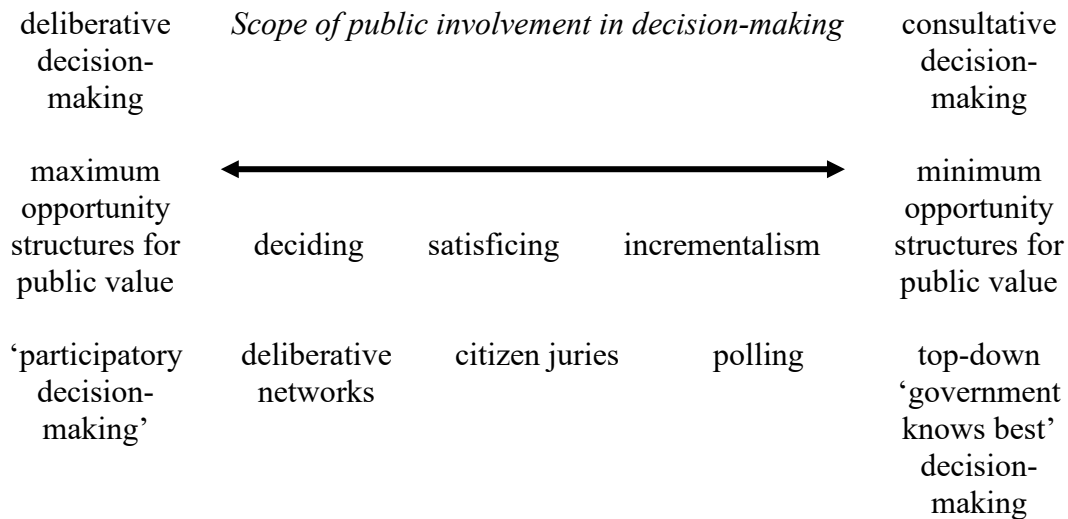
⁹ See: Francesca Gains and Gerry Stoker (2009), 'Public value management in parliamentary democracies: possibilities and pitfalls', *Parliamentary Affairs*; Rhodes, R.A.W. and Wanna, J. (2007), 'The limits to public value, or rescuing responsible government from the Platonic guardians', *The Australian Journal of Public Administration*, 66, 4, pp. 406-421. And for a more positive perspective see John Alford and Owen Hughes (2008), 'Public value pragmatism as the next phase of public management', *The American Review of Public Administration*, 38, 2, 130-148.

¹⁰ See Gains and Stoker, 2009, p. 2.

¹¹ See Mark Moore (2003), *The Public Value Scorecard: A Rejoinder and an Alternative to 'Strategic Performance Management in Non-Profit Organisations'* by Robert Kaplan. Harvard, Mass. The Hauser Centre for Nonprofit Organisations, Kennedy School of Government, Harvard University.

- *Delivery burdens.* Daily operational pressures (the 24/7 media cycle and the budget cycle) on both the political and permanent leadership can tend to ‘squeeze’ strategic working out of the system.
- *Analysis.* Strategic analysis can either be too short term and trend-based to help steer the organisation or too far-fetched and improbable to hold the attention of policy-makers.

Figure 9.1: The scope of public involvement in public value decision-making



- *Poor “Line of sight”.* Strategy work can seem to be exclusively about high-level goals, or it can seem to be purely about a particular set of policies, or it can appear to be a preoccupation with functional strategies or with delivery planning. Line of sight is achieved when there is a clear line between delivery in the community and the high-level goals the organisation has set itself. This requires the strong integration of policy, programmes and delivery.
- *Product but not enough process.* Strategies that create change within organisations and in the world beyond are the result of a process driven by those who work in the organisation and its stakeholders. Yet too often they are simply documents produced by a small group or by consultants which do not create new understanding, still less change. These strategies act like tightropes, from which the organisation must eventually fall, rather than as a compass enabling it to set and re-set its direction. This suggests the need for inclusively generated change management process with clear performance accountabilities enshrined in performance agreements and appraisal.
- *Insufficient innovation and challenge.* A common complaint in government and the wider public sector is that public servants are poor innovators. Strategy requires new understanding and a preparedness to do things in new ways, challenging received wisdom. Yet government tends to incentivise compliance and conformity in its employees and restrict challenge. Commitment to continuous improvement should be embedded in performance agreements and appraisal.
- *Uncertainty about public value.* Outcomes can be identified using sound analysis, but they also need both the mandate of political leaders and their sustained interest. This means that the organisation as a whole must be capable of focusing on a set of publicly valued goals and returning to them again and again.

- *Lack of strategic policy capability.* Political leaders regularly bemoan the absence of strategic policy capability within their organisations often resulting in the increasing use of special advisors.

In sum, if public value management is to be successful it needs to be practiced as an instrument for enhancing democratic governance rather than bureaucratic elite action. So how does public value management need to be practiced to support this aim?

3. Authentic public value practice

What would authentic public value management look like? There are seven design principles which we would advocate in support of its achievement.

1. Public value is that which the public values

Improved stakeholder engagement, purposeful government communication, heightened levels of citizen engagement including in the novel forms proposed in Chapters 4, 5 and 6, will all contribute to achieving public value. Important within this strand of thinking is, on the one hand, an understanding of members of the public as individuals, which is where an understanding of policy interventions as corrections to market failure, of NPM and of methods of service transformation all sit best and, on the other hand, of the public as citizens who seek goods for society as a whole, which is where the addition of public value thinking is particularly helpful.

2. Public value is a system of mandates

The delivery of public goods through the unique authority of government (e.g. to levy taxes, to imprison, to police, to provide welfare payments etc.) depends on two forms of mandate: the endorsement of elected politicians, who are able to legitimate the actions of government through the authority of election and popular appointment; and the endorsement of the public through their ongoing expression of support via elections and through their participation in participatory governance systems.

3. Public value is equivalent to shareholder value

In the private sector companies must make a profit, and the level of dividend shareholders receive, and the value of the shares they own, will be closely related to the level of profit and to the prospects of future profit. However, shareholders are additionally interested in how a company is run, and in how it is seen by its customers, its competitors, by the media and society at large. Some shareholders will be concerned that the company behaves as a good corporate citizen, though others will not care. To some extent these concerns are a function of profitability, but they go wider than that – perhaps because shareholders are also citizens and have democratic concerns as well as shareholder concerns. In a similar way, public value reflects the concern citizens have in seeing that their taxes are spent properly and efficiently, that they receive good services, and, that government is value for money. This ‘delivery of goods’ might be seen as the equivalent of the balance sheet in the private sector, but citizens aren’t only concerned with government’s *delivery* of goods; they also want to see that their government is *achieving* good; that it has a sense of how to develop public goods in the future – the greatest of these goods being society itself.

However, all three of these public value practices require a strategic focus to drive the search for public value and energise the democratic governance system.

4. Public value creation requires strategic focus and politically mandated outcomes

The identification and pursuit of publicly valued outcomes is the purpose of public value. But this cannot be achieved indiscriminately. It requires strategic focus. The term strategy is very much part of the vocabulary of public service production, but it is used quite arbitrarily. It is attached to a wide variety of statements without much apparent thought and often used only to confer importance and seriousness. Moreover, there is little analysis of the impact of strategic working on policy outcomes.¹²

Strategic organisations develop an understanding of their likely future operating environments. This brings obvious advantages for companies in the private sector, helping them to develop new markets, goods and services in advance of competitors and to increase profitability. For government, whether at national, departmental, regional, agency, local or sectoral level, a stronger understanding of potential futures gives it the capability to track which future is emerging, enabling organisations and policies to be more robust and resilient. Many parts of government do use strategic analysis to improve their planning and performance. But it is not a sufficient ambition for government simply to understand how to survive in a particular future. The job of government is to *change the future*, that is, to set-out a vision of a desired future and, through policies and achievement of those policies, facilitate outcomes for citizens that bring that vision to fruition.¹³ This is called establishing ‘line of sight’.¹⁴

For example, the aim of HM Treasury in the United Kingdom is to maintain “control over public spending, setting the direction of the UK’s economic policy and working to achieve strong and sustainable economic growth”.¹⁵ The Ministry of Social Development in New Zealand helps New Zealanders to be “safe, strong and independent”.¹⁶ And, of course Bhutan’s prime minister famously introduced the concept of “gross national happiness” to a United Nations forum as a paradigm for alternative development in 1998. The concept was first coined by the fourth King of Bhutan, King Jigme Singye Wangchuck, in 1972 when he declared that “Gross National Happiness is more important than Gross Domestic Product.”¹⁷

To ensure ‘line of sight’ from problem definition and analysis, to high level goals, to policies to delivery, and to achievement of outcomes; all public organisations should have a politically mandated strategic vision which is clear in its provenance, coherent and consistent (because trade-offs have been identified and dealt with as a part of developing the strategy)

¹² Boaz A, Solesbury, W. (2007), *Strategy and Politics: The Example of the United Kingdom in The Strategy of Politics* Eds. T. Fischer, G. P. Schmitz and M. Seberich. Gütersloh Verlag Bertelsmann Stiftung p.130.

¹³ See Moore 1995 op cit., and Gerry Stoker (2006), Public value management: a new narrative for networked governance? *American Review of Public Administration*, 36, 1, 41-47.

¹⁴ See W. Van Dooren, G. Bouckaert and J. Halligan (2015), *Performance Management in the Public Sector*, London, Routledge.

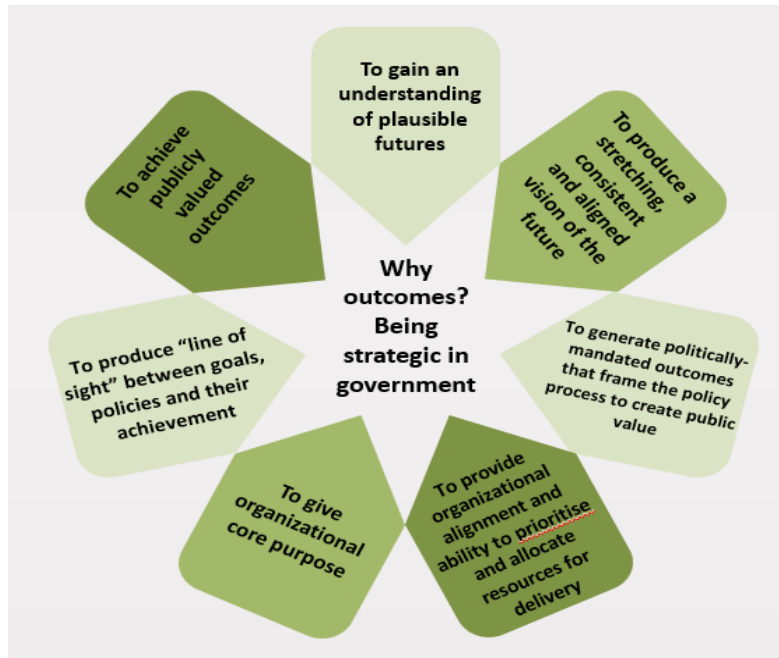
¹⁵ See: <https://www.gov.uk/government/organisations/hm-treasury>, retrieved 14 August 2020.

¹⁶ See: <https://www.msds.govt.nz/>, , retrieved 14 August 2020.

¹⁷ See: Ura, K., Alkire, S. and Zangmo, T. (2012), *GNH and GNH Index*, Centre for Bhutan Studies, retrieved 14 August 2020 from: <https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/11798/Bhutan-Happiness.pdf?sequence=1>

and rich in outcomes.¹⁸ The vision should be capable of providing an organisational core purpose that everyone in the organisation and beyond understands and can support (and, helped to create) and it should be written in compelling, motivating language that describes the desired future the organisation seeks to help create.

Figure 9.2: Why outcomes? Being strategic in government



Each of the outcomes it describes should, in turn, act as the end-goal for a policy process that the organisation will develop and foster. These policy processes will, in their turn, frame a series of programmes, projects, campaigns and other activities to be delivered in some part by the organisation but also by a range of stakeholders and, in our view, by citizens as co-producers. Although good leadership, sensible structures and a strong delivery system can all help to provide line of sight, in the absence of a clear strategic vision and politically mandated outcomes there is nothing to have line of sight to.

In terms of international practice, the United Kingdom and New Zealand governments have a strong track record in using high level outcomes-driven performance management. The United Kingdom embarked on the most ambitious program of whole of government outcomes performance management under the Blair Government (1997 to 2007). The key mechanism within the Government's toolkit was the Public Service Agreement (PSA) framework, which was used to establish explicit outcome targets for all departments, which then trickled down to the various arm's-length bodies that operate under the auspices of each department. Overall, the PSA regime provided an important example of steering at a distance as a form of political leadership. However, the British experience also exposed several constraints that impeded the effectiveness of the framework, such as institutional barriers to joint working; the political challenges of imposing a meaningful sanctions and rewards regime; and, the mismatch between short-term electoral incentives and long-term policy

¹⁸ See Bevan, G. and Hood, C. (2006), 'What's measured is what matters: Targets and gaming in the English public health care system', *Public Administration*, 84, 3, 517–538.

outcomes.¹⁹ Most significantly, the outcomes were set from the top-down by the Prime Minister in consultation with the relevant ministers of state and key stakeholders. There was never an attempt to design a national dialogue to facilitate broad based support for the outcomes in question and subject them to ongoing review.

5. Participatory governance systems should be legally constituted to identify and review progress on the achievement of publicly valued outcomes

This design principle may appear ambitious, but there are already a significant number of countries that engage in the measurement of wellbeing outcomes that have emerged through legal processes. Laws such as the Scottish Community Empowerment Act 2015, the French 2015-411 law (also known as the “Sas” law after its main author, the Member of Parliament Eva Sas) and the Italian Budget Law which entered into force in 2016, all place a duty on government to regularly report on a set of well-being indicators.²⁰ For example, in Scotland there is a duty on Scottish Ministers to consult on, develop and publish a new set of National Outcomes for Scotland, and to review them at least every five years. The outcomes themselves are then ultimately for the government of the day to achieve.²¹

In New Zealand, the government has embedded well-being measurement in the Public Finance Act 1989.²² This includes requirements for: i) the government to set out how its well-being objectives, along with its fiscal objectives, will guide its budget decisions; and ii) the Treasury to report on well-being indicators, alongside macroeconomic and fiscal indicators. The New Zealand government also appears to have made significant progress in outcomes-driven performance management largely as a consequence of the Whanau-ora program in which services are co-designed with Māori citizens and their representatives around wellbeing outcomes and the diffusion of the outcomes approach to other agencies such as health, youth and families and Sports.²³

In Wales, the Future Generations Act 2015 targets all levels of the policy cycle. Informed by a large-scale 12-month public consultation, the main provisions of the Act came into force in 2016 requiring all public bodies to place seven well-being goals at the centre of their decision-making. The Act can therefore be seen as a legally binding common purpose, overseen by the Future Generations Commissioner for Wales, who monitors and reports the extent to which the different public bodies are setting and reaching their well-being objectives, and reviewing them accordingly. The review is then published and shared with Welsh Ministers.²⁴ One key benefit of a legislative approach is that it provokes national

¹⁹ See Felicity Matthews (2013), *Complexity, Fragmentation and Uncertainty: Government Capacity in an Evolving State*, Oxford, Oxford Scholarship On-line. Retrieved 15 July 2020 from: DOI:10.1093/acprof:oso/9780199585991.003.0004

²⁰ Global Council for Happiness and Wellbeing (2019), *Global Happiness and Wellbeing Report 2019*, retrieved 15 September 2020 from: <http://www.happinesscouncil.org/report/2019/>

²¹ The Community Empowerment (Scotland) Act 2015 means the outcomes approach continues, regardless of the political party or parties in government. retrieved 15 September 2020 from: <https://beta.gov.scot/policies/community-empowerment/>

²² See: New Zealand Treasury (2018) *Embedding Wellbeing in the Public Finance Act 1989*, retrieved 15 September 2020 from: <https://treasury.govt.nz/publications/consultation/embedding-wellbeing-public-finance-act-1989>

²³ See Karen Brady (2009), *What is the state of public sector reporting, and what is it saying about public sector management?* Retrieved 15 September 2020 from: <http://oag.govt.nz/speeches-and-papers/state-of-public-sector-reporting>.

²⁴ See: Wales Government (2015), *Well-being of Future Generations (Wales) Act 2015: The Essentials*, <https://futuregenerations.gov.wales/>

debate, discussion, and a degree of consensus forming; legislation cannot usually be passed if a majority of lawmakers do not support it, and proposals can be refined through a process of amendments to ensure broad-based support.

Other countries that have explicitly introduced well-being frameworks and indicators into their strategic development planning include Colombia (through “Presidential Dashboards” developed by the Ministry for National Planning), Ecuador (via the policy goals included in the Nationals Plans for Buen Vivir, carried out by the Ministry of Planning), Paraguay (which has adopted the Social Global Happiness and Wellbeing Policy Report 2019 146 147 Progress Index as a well-being monitoring tool in its National Development Plan 2030) and Slovenia (in the Slovenian National Development Strategy 2030, adopted by the Slovenian Government in 2017).²⁵

The Scottish National Performance Framework is a further example of clarifying the government’s strategic objectives through a wide-ranging set of well-being, inclusiveness and sustainability indicators.²⁶ In Finland, the strategic debate in government is supported by the Strategic Government Programme Indicators, which use a variety of data including well-being metrics, a selection of which is presented during government sessions every fortnight.²⁷ To some extent, the 2030 Sustainable Development Goals and targets, which were adopted by all United Nations member states in September 2015, can also be seen as a form of development planning and performance monitoring, organised around a set of multidimensional well-being objectives with specific targets and indicators.

Outcomes setting provides a unique opportunity to create a strategic focus for public value creation and citizen-centric governance at the national scale. However, its authenticity requires engagement beyond the usual technocratic suspects. In Slovenia for example, stakeholders and citizens were invited to shape the Slovenian National Development Strategy 2030, both in the initial stages (e.g. participating in situational analysis and horizon scanning) all the way through to assessing the draft strategy in a series of surveys and topical debates towards the end of the process.²⁸ Outcomes setting also provides the opportunity for integrating representative democracy with participatory democracy through the creation of participatory governance systems that bring politicians and citizens together to deliberate on the fundamental issues of the day.

In 2020, there were calls for the 2030 Sustainable Development Goals and targets, to be used as the basis for Post-Covid-19 recovery planning given that they were adopted by all United Nations member states in September 2015.²⁹ This would provide a fantastic opportunity for

wales/wp-content/uploads/2017/01/150623-guide-to-the-fgact-en.pdf. These goals are as follows: a prosperous Wales, a resilient Wales, a healthier Wales, a more equal Wales, a Wales of cohesive communities, a Wales of vibrant culture and thriving Welsh Language and a globally responsible Wales.

²⁵ See: Slovenian Government, Slovenian Development Strategy 2030, retrieved 15 September 2020 from: http://www.vlada.si/en/projects/slovenian_development_strategy_2030/ and Scottish Government (2018), *Consultation process undertaken to produce draft National Outcomes for Scotland*, retrieved 15 September 2020 from: http://www.parliament.scot/S5_Environment/General%20Documents/

²⁶ See: Scotland’s National Performance Framework, retrieved 15 September 2020 from: <http://nationalperformance.gov.scot/>

²⁷ See: Global Council for Happiness and Wellbeing (2019), *Global Happiness and Wellbeing Report 2019*, Chapter 8, op cit.

²⁸ See: Slovenian Government, Slovenian Development Strategy 2030, op cit.

²⁹ See: <https://moderndiplomacy.eu/2020/09/03/rebuilding-from-covid-19-requires-green-resilient-inclusive-actions/>, retrieved 15 September 2020.

national dialogue on what is essentially an outcomes-setting process. Drawing on the successful Irish model described in Chapter 5, assemblies could be created consisting of a one-third, two-thirds mix of politicians and randomly selected lay citizens supported by experts, and chaired by the prime minister or president, to ensure governmental follow-through. Participants should be free from political constraints. A plurality of viewpoints and engagement methods should be used to increase the range of perspectives that contribute to the assembly's recommendations facilitated through quality process design. Representation must be inclusive, equal and diverse and give voice to the majority of citizens. The final recommendations should be transmitted to the legislature for scrutiny and ratification.

Above all, the notion of citizen participation should be accepted as a founding value of democratic governance and public value creation. Recognition that there is more to democracy than voting and that post-pandemic recovery calls for a new way based on engagement with those most affected.

6. Public value creation is value-driven

Officials working in the public realm should have a strong idea of *why* they are working in the public domain. Mere service is not enough. A sense of how to serve most effectively, a sense of how to support political leaders in achievement of their goals, a sense of how those goals can themselves be shaped in a way that best creates public value, all these are not simply desirable qualities in our public officials: they are the fundamental duty of public officials. Hence public value management requires both new values and practices and in certain instances the rediscovery of old ones, for example, the notion of public service. Five elements of a new public service ethos should be adopted by all providers of public services:

- A performance culture: a strong commitment to service for individuals and the community reflected in responsive service delivery and reinforced by training, support and systems to ensure a sustainable citizen-centred service culture and continuous improvement.
- A commitment to accountability: an emphasis on open access to information both to individuals and to groups of interested citizens with strong public accountability to the electorate at large.
- A capacity to support universal access: recognition of a special responsibility to support the rights of all service users in an environment where their choice of service is restricted.
- Responsible employment practices: well-trained, well-managed and well-motivated staff that act professionally and are fairly rewarded.
- Contribution to community wellbeing: a recognition of the need to work in partnership with others across the public, private and voluntary sectors to contribute to the promotion of community wellbeing and to meet the needs of individuals.

This list may well have its deficiencies, but the essential observation remains that management for public value requires that all those involved share certain ethical values and commitments.³⁰

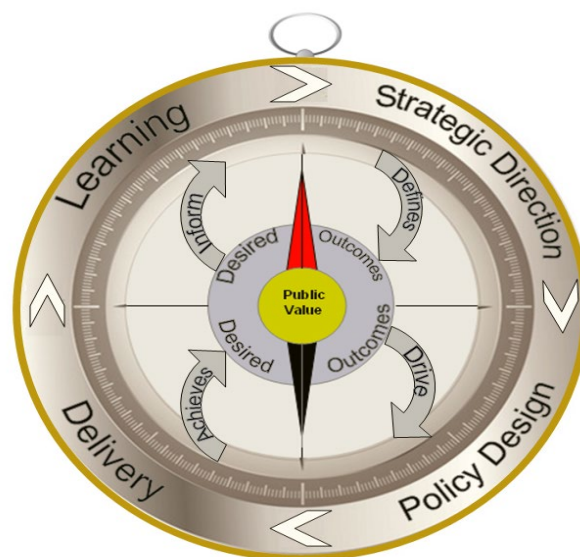
³⁰ See Aldridge, R. & Stoker, G. (2002), *Advancing a public service ethos*, London, New Local Government Network.

7. Public value practice requires public organisations with the capacity to learn

The key design principle for embedding public value management in practice is to ensure that public organisations adopt a participatory learning-based approach to the challenge of public service delivery. There are five practices that follow from this principle:

1. Public managers need to design appropriate participatory governance systems in their sphere of operations with citizens and stakeholders and relevant elected officials that link to different decision points in the policy process (see Figure 9.3). These include strategic direction (reassessment of the evidence-base and co-production of appropriate outcomes); service design and the monitoring of service delivery; and learning (deliberation, distillation, and diffusion of better practice). Co-governance systems should be established to embed public value creation and indicative outcomes in practice.
2. Public managers need to understand their network environment through scoping the field of action, identifying all potential partners and their resources and developing ‘smart partnerships’.
3. Public managers should establish intelligent performance indicators linked directly to politically mandated outcomes with the citizens and stakeholders.
4. Monitoring systems should be designed to identify movements towards or away from achieving these objectives.
5. Organisational work plans should be subject to annual review with effective reporting systems both to politicians and to the public operated through the principle of shared data for shared learning.

Figure 9.3: Decision spaces for public value creation



In conclusion – towards public value

This chapter has argued that the transformation of our public services is a key component of democratic renewal because it is the performance (supply) of government that matters most in orienting the outlooks of citizens, together with commitment to procedural fairness and equality. We termed this condition of trusted government, *performance legitimacy*, and argued that it was best achieved through the search for public value and the practices of public value management. However, we noted that thus far attempts to adopt a public value approach have been thwarted by a lack of strategic government, insufficient focus on publicly valued outcomes and the use of inappropriate engagement methods to determine public value.

We therefore presented seven design principles to inform authentic public value management practice. In summary, the role of public organizations at all levels should be circumscribed by the search for publicly valued outcomes and a commitment to a public service ethos. Decision centres in governance structures should include a balance of forces in decision-making (public service panels, political representatives, technical support). Public managers should be neutral arbiters of public value but subject to shared accountability mechanisms through the application of a co-governance model. A participatory learning-based approach should be adopted to the challenge of public service delivery at all levels of governance and stages of the policy process.

These principles would help to bring the politics back into policy deliberation and operational delivery at a time when the public standing of governmental institutions has reached its nadir. They would help to foster collaborative problem-solving, and reflexive public organisations committed to delivering public value. And they would enable the transformation of our public services into a functional component of democratic governance.

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