



the work foundation

Adding public value

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As the largest provider of education and training in Leicester, Leicester College can certainly vouch for its part in the economic and social wellbeing of the area. At face value, the facts are impressive. Forty-two thousand learners studied there in 2003/04. Of these, 4,200 were learners on basic skills courses, 800 learners had a learning difficulty or disability and over 30 per cent were from disadvantaged backgrounds. The college is above the national benchmarks for retention, achievement and success rates for long and short courses. Student satisfaction has risen by 2 per cent on the previous year.

What these figures don't show is the college's vital role in promoting social cohesion and social justice. Further education colleges' student populations often reflect the diversity of the local population, and thereby help to promote an inclusive and tolerant learning environment. Large urban colleges in particular bring together people from sections of the community that are themselves often segregated in a town or city. For many individuals, their college experience will be the first time they have interacted so closely with people from other ethnic backgrounds, faiths and even ages.

Leicester has a large and relatively new EU Somali population. It also has one of the highest non-white populations in the country and is one of the cluster areas targeted by the Home Office for the temporary resettlement of asylum seekers. Each of these present issues in terms of access to public services and community cohesion. Leicester College has been at the forefront of work to promote cohesion and to facilitate the integration of new arrivals by drawing on many of the

support services needed by new arrivals and establishing its own programmes where none exist. This has involved extensive consultation with local community groups, the recruitment of liaison workers from the Somali community and other ethnic and faith groups to build links in and across different sections of the community, as well as providing dedicated English language and support programmes tailored to specific groups.

Like many other colleges, Leicester also makes a contribution to social justice. It is an inclusive and accessible organisation with the facilities and expertise to enable and encourage learners from a wide range of backgrounds to succeed. It offers an open door to any and all learners, regardless of previous achievement or experience, and provides them with a passport to personal and economic development.

However, such work is neither glamorous nor publicly popular. Neither do the headline figures speak about the contribution made elsewhere in the public sector. For example, the childcare specialists trained to deliver the childcare strategy; the care workers who will help to overcome the NHS staffing difficulties. The college is relied on to participate in numerous partnerships, initiatives, consultations and plans across education, regeneration, community development, economic development and enterprise. Much of its contribution is therefore much wider than simply running courses for young people and adults, but surprisingly, much of this goes unrecognised and unsupported. In fact, a large part of its work underpins both public and private sector activity in the local area. However, its range and complexity means

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resources allocation and measurement can be made. As Barry Bozeman writing in *Public Administration Review* in 2002 argues, 'the absence of a conceptual framework akin to market failure remains an important shortcoming'.¹

The term is far from a new concept, but a term that continues to cause considerable head scratching among policy makers, public managers and academics alike. Some think that it is a buzzword – passé or hot topic depending on who you talk to. Regardless of the actual form of words, there is a real need for something that moves beyond both traditional notions of public service and 'new' public management of the 1990s. It has the potential to offer a guiding principle by which to judge whether reform is adding to or subtracting from the public good – a useful anchor to assuage critics and guide proponents of large scale public service reform. Properly articulated, it could offer a definition of the public interest that allows a more robust conceptualisation of the rationale for public bodies outside the formal public sector – from the BBC and Royal Opera House to the Competition Commission. Properly argued, it could improve how to measure the performance of a college, a hospital a broadcaster or museum. This is a tall order for any idea.

So, where has the thinking got to? As it currently stands, public value is not a political theory in and of itself, but a normative theory of public management. US academic Mark Moore's seminal text on the subject written in 1995 focuses on how to 'lay out a structure of practical reasoning to guide public managers of public enterprises', via a philosophy of

public management, diagnostic frameworks and identifying interventions public sector managers can make to 'exploit the potential of their political and organisational settings for creating public value'. It is also worth remembering that Moore's book wells from progressive US thought, drawing on US examples and evidence of public enterprises and non-profits. This presents a mixed blessing for those reading the book behind a UK desk.

Moore accepts a legitimate role for government beyond the provision of classic public goods, such as national security, in a range of spheres including the provision of education, health and childcare. It does not preclude the role of regulated private enterprise and competition in achieving social outcomes, but potentially provides a framework in which selected market forces can help to ratchet up public sector performance. On the one hand, his arguments for the role of public enterprise provide an intellectual bulwark against those who believe the private sector is better than the public sector. But also against those who fear its involvement in public service provision. In the UK, this is political.

The UK view

With a proportionately larger state sector and public support for goods being provided publicly in the UK, such as the NHS, the public value debate needs a distinctive UK slant. We need to be able to answer 'what do citizens value, and how do we know?' before understanding how resources should be best targeted. How democratic processes interact with public management concerns, say with efficiency and effectiveness, is where the debate on public value needs to go.

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The human face of public value is therefore the dynamic between politicians and public managers. Public services involve claims of 'rights by citizens' to services that are publicly provided because they are authorised and funded by the democratic process. Political institutions are the source of funds for public institutions and public managers. This leads Moore to claim that whether managers have delivered public value is essentially an empirical question – they have done so if politicians and the public believe that they have. Politicians are just one part of the 'authorising environment' in Moore's book, alongside the courts, media and interest groups. Embracing political accountability is one key to success.

In the UK, the so-called authorising environment is inevitably different. In the UK, senior public managers are not political appointees. Working with politicians, they implement the government's manifesto commitments, but this is not just about politicians 'setting the goals and then getting out of the way' as Gerry Stoker argues in his 2004 paper *Public Value Management: A New Narrative for Networked Governance?*

What creates public value is thus an iteration between politicians, public managers and the public. How this happens in the UK requires us to look more closely at the link between democracy and public service delivery – often separated, but clearly of concern in the day to day lives of a public sector manager. How do public managers achieve political buy-in for a new initiative? How does political decision making take into account the media, interest groups, the courts, etc? When does the legitimacy of an institution come under the political microscope?

For Leicester College, for example, the demands of central government, the national body from which it receives public funds, local employers, local citizens, local government, schools, other education and training providers, and inspection and quality assurance organisations all influence what the college does. In dealing with these questions, managers at the college must consider the ramifications of any decisions for all these stakeholders.

The Work Foundation began a research project earlier this year to look at this complex idea, but more importantly, to try to see whether it has any practical use for politicians and public managers. With ten sponsors involved – including the BBC, Capita, the Department for Culture, Media and Sport, the Home Office, the Learning and Skills Development Agency, London Borough of Lewisham, Metropolitan Police, the NHS Modernisation Agency, OFCOM and the Royal Opera House – the project is going to look at how public value is created in skills, local and central government, health, policing, the arts and broadcasting.

Specifically, the research is beginning to understand how public value is created in terms of a cycle between legitimacy, allocation of resources and performance. For example, when an organisation underperforms, is its legitimacy challenged, and if so, how? Are its services contracted out, when does central government intervene, and whose head rolls, if at all?

At an operational level, a better understanding of public value could help resolve some very real dilemmas facing managers. Should Leicester College continue to provide health and safety training for local employers, or

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that it must often make difficult decisions about what it does or does not do. How these decisions are made requires the college to balance local need and sustainability.

Valuing Leicester College

So, what is the value of Leicester College? Crudely put, does the £44 million it receives from the taxpayer generate more added value to society and the economy – and if so, how? Could the local business community and individuals provide and pay more for their own training, relieving pressure on the public purse or allowing those resources to be better spent on health or housing? How can local needs and expectations be set against political imperatives and the sustainability of the service providers? What is it that Leicester College does that no other organisation or service can do in the locality? Why is it that it is often only where the college is forced to curtail a particular activity that its value becomes very apparent?

These are questions that go to the heart of what it means to be a public service provider. Putting a pound sign on the value to society of health and safety training in the workplace or a course for an individual with a severe learning disability may involve a tortuous calculation, or a proxy for success. Comparisons may be odious or even lead to policy decisions about the provision of training that already favour those who are at an advantage. The danger of ‘skimming’ or ‘creaming’ off those users who are predisposed through their background, intellect or natural good health to achieve a desired outcome cautions against a target culture based solely on outcomes. If your value as a public body is assessed solely on how many learners went on

to higher education, or how many homeless people did not end up with a lifetime drug addiction, or how many people didn’t have a second heart attack, it would skew who was given the chance to use the service in the first place. This is not to deny that outcomes are crucial. But public bodies have to demonstrate in a more sophisticated way why they deserve public funding. Then demonstrate that the choices they make about how that money is spent maximises so-called ‘public value’.

What is public value?

Simply put, public value is a correlate of private value, which is measured by shareholder return. Think of citizens as shareholders in how their tax is spent. The value may be created through economic prosperity, social cohesion or cultural development. Ultimately, the value – such as better services, enhanced trust or social capital, or social problems diminished or avoided – is decided by the citizen. Citizens do this through the democratic process, not just at the ballot box, but through taking part in local authority consultations and surveys, for example. Citizens’ involvement as co-producers of services, taking responsibility for improving what the outcomes look like, for example being healthier, more law abiding and so on, is critical to the creation of public value. Public managers and politicians, as the custodians of public money, are thus accountable for how well money is spent, allocated and invested.

But public value is more than a possible performance management system. The idea of public value has gained considerable currency over the last few years as an overarching framework in which questions of legitimacy,

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will employers be able to provide their own training? Should the college cover the cost of transport, originally provided by the local authority, to and from a course for those with severe learning disabilities? How do they deal with local political opposition to the new location of a centre offering development for those with special needs? Measuring what public value is created, or destroyed, by these decisions is only part of the jigsaw necessary in helping managers at Leicester College make the best decisions for learners and the local community as a whole.

Endnotes

1. Bozeman B, *Public Administration Review*, March/April 2002

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