Managing to improve public services

How are public service organizations governed? How is performance in such organizations measured, managed and improved?

Public services play a central role in the well-being, sustainability and growth of communities, cities and nations. Managing to Improve Public Services shows how management can be harnessed to improve a range of public services (e.g. policing, health, local government) by examining them through different theoretical lenses (e.g. governance, innovation and change, performance metrics and management). It advances both theory and practice, beyond traditional public administration and ‘new public management’, by considering the inter-relationships between governance and public management. The book is written by a group of leading social science and management specialists, who were awarded the prestigious ESRC/EPSRC Public Service Fellow awards as part of the Advanced Institute of Management Research initiative. It will be of interest to graduate students, academics and policy-makers involved in public service management and performance measurement.

Jean Hartley is Professor of Organizational Analysis at the Institute of Governance and Public Management, Warwick Business School, University of Warwick.

Cam Donaldson is the Health Foundation Chair in Health Economics and Director of the Institute of Health and Society, Newcastle University Business School.

Chris Skelcher is Director of Research for the School of Public Policy and Professor of Public Governance at the Institute of Local Government Studies, University of Birmingham.

Mike Wallace is Professor of Public Management at Cardiff Business School, Cardiff University.
Managing to improve public services

Edited by

Jean Hartley,
Cam Donaldson,
Chris Skelcher

and

Mike Wallace
## Contents

*List of figures*  
*List of tables*  
*List of contributors*  
*Preface*  
Robin Wensley xiii  
*List of abbreviations* xv

### Introduction

1. The agenda for public service improvement  
Jean Hartley and Chris Skelcher 3

### Part I: Governance and accountability

Chris Skelcher 27

3. Performativity, management and governance  
Paul M. Collier 46

4. A critical assessment of performance measurement for policy making  
Michael Pidd 65

5. Priority setting in the public sector: turning economics into a management process  
Cam Donaldson, Angela Bate, Craig Mitton, Stuart Peacock and Danny Ruta 88
## Part II: Performance metrics

6. **Public service productivity: new approaches to performance measurement in health sectors**  
   Mary O’Mahony, Philip Stevens and Lucy Stokes  
   115

7. **Performance measurement systems and the criminal justice system: rationales and rationalities**  
   Barbara Townley  
   134

8. **Valuing public sector outputs**  
   Rachel Baker, Helen Mason, Cam Donaldson and Michael Jones-Lee  
   153

9. **The use of geodemographics to improve public service delivery**  
   Paul A. Longley and Michael F. Goodchild  
   176

## Part III: Managing innovation and change

10. **The innovation landscape for public service organizations**  
    Jean Hartley  
    197

11. **Innovation type and organizational performance: an empirical exploration**  
    Richard M. Walker and Fariborz Damanpour  
    217

12. **Public service failure and turnaround: towards a contingency model**  
    George Boyne  
    236

13. **Orchestrating complex and programmatic change in the public services**  
    Mike Wallace and Michael Fertig  
    257
## Postscript

14 Conclusions: current themes and future directions for research
Cam Donaldson, Jean Hartley, Chris Skelcher and Mike Wallace

<table>
<thead>
<tr>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>279</td>
</tr>
<tr>
<td>Index</td>
</tr>
<tr>
<td>289</td>
</tr>
</tbody>
</table>
Figures

4.1 Feedback control – a cybernetic metaphor  
4.2 Grid : group classification  
4.3 Professionalism and public service workers  
5.1 The public sector scorecard (Moulin 2004)  
5.2 Model of PBMA process  
6.1 Public and private per-capita health expenditure in the EU and US, 2000  
6.2 Life expectancy at 65 years and expenditure on health, in $PPP per capita and as a percentage of GDP  
6.3 Age-standardized death rates (SDR) for major illnesses and expenditure on health  
9.1 Visual labelling of the ‘City Adventurers’ type of the 2001 Mosaic UK classification (© Experian Ltd)  
10.1 Relationships between innovation and improvement (Hartley 2005)  
11.1 Governance, management, policy and performance  
13.1 Three aspects of complex and programmatic change
Tables

2.1 Governance concepts: analytical distinctions ............................... page 28
2.2 Performance domains: analytical distinctions .............................. 29
2.3 Theoretical relationships between modes of governance and performance domains ............................... 32
4.1 Hofsted (1981) on control ............................................................... 77
5.1 Five questions about resource use ................................................. 94
5.2 Seven stages in a PBMA priority setting exercise ............................ 96
5.3 Broad review criteria for Best Value ............................................. 104
6.1 Health systems: the EU and the US ............................................. 119
6.2 Life expectancy in the EU and US .............................................. 123
6.3 Ratio of WHO attainment and health levels to health expenditure .......... 126
9.1 Results of geodemographic profiling local policing strategies, using the Mosaic geodemographic classification. (source: Ashby 2005) ........... 186
11.1 Descriptive data of measures used in multiple regression models ........ 225
11.2 Innovation measures, descriptive data and Cronbach alphas .............. 226
11.3 Relationships between organizational innovation and internal and external measures of organizational performance .................... 228
11.4 Relationships between process and service innovations with internal and external measures of organizational performance .......... 229
11.5 Relationships between process and service innovations with internal and external measures of organizational performance, controlling for prior performance ........................................... 230
12.1 Failing English public services 2002–4 ........................................ 238
13.1 Tentative characteristics of complexity of single and programmatic change ............................................. 266
Contributors

Rachel Baker
Institute of Health and Society
Newcastle University

Angela Bate
Institute of Health and Society
Newcastle University

George Boyne*
Cardiff Business School
Cardiff University

Paul M. Collier*
Monash University, Melbourne Australia

Fariborz Damanpour
Rutgers University, New Jersey

Cam Donaldson*
Institute of Health and Society, Newcastle University and Newcastle University Business School

Michael Fertig
University of Bath

Michael Goodchild
University College London

Jean Hartley*
Institute of Governance and Public Management, Warwick Business School
University of Warwick

Michael Jones-Lee
Newcastle University Business School

Paul A. Longley*
University College London

Helen Mason
Institute of Health and Society
Newcastle University

Craig Mitton
Faculty of Health and Social Development, University of British Columbia (Okanagan)

Mary O’Mahony*
Birmingham Business School, University of Birmingham and National Institute of Economic and Social Research

Stuart Peacock
British Columbia Cancer Research Centre, British Columbia Cancer Agency Vancouver

Michael Pidd*
Lancaster University Management School

Danny Ruta
Director of Public Health, Newcastle Primary Care Trust and Newcastle City Council
Chris Skelcher*
INLOGOV, Birmingham University

Philip Stevens
Medium Term Strategy Group, Ministry of Economic Development, New Zealand

Lucy Stokes
National Institute of Economic and Social Research

Barbara Townley*
University of St Andrews

Richard M. Walker*
Cardiff Business School and Hong Kong University

Mike Wallace*
Cardiff Business School, Cardiff University

Robin Wensley
Director, ESRC/EPSRC Advanced Institute of Management Research (AIM), and Institute of Governance and Public Management, Warwick Business School, University of Warwick

* Denotes this person is an AIM Public Service Fellow.
Preface
Robin Wensley

The AIM Public Service Fellows initiative

This book arises from the bold experiment of the ESRC, supported by the EPSRC, in setting up the Advanced Institute of Management (AIM) research initiative and in particular the funding of 11 Public Service Fellowships. AIM is an innovatory approach to creating conditions for synergy amongst management researchers through their collaborative efforts to inform research investment in high-priority areas of national policy. AIM was established in order to increase significantly the contribution of, and future capacity for, world-class UK management research. In specific terms this means supporting research that will identify actions to enhance the UK’s international competitiveness (with the public services having a key role in this as explained later); to raise the quality and international standing of UK research on management, to expand the size and capacity of the active UK research base on management; and to engage with practitioners and other users of research within and beyond the UK as co-producers of knowledge about management. AIM, within the UK, consists of 289 Fellows, of whom 11 are Public Service Fellows, 41 Research Fellows and 62 Scholars. There are also 74 International Visiting Fellows attached to the AIM network.

The AIM Public Service Fellowships were developmental in that Fellows were appointed, for a period of a year (for between 60 and 100 per cent of their time), not for a specific project but to develop theory and research in their personal stream of activities and associated outputs in key areas of national priority. Thus, the Public Service Fellows initiative was not an ESRC programme (where projects are generally selected to cover a field or to complement each other). Each Fellow undertook demonstration projects, case studies, quantitative analysis of large databases, systematic reviews of evidence, and the development of new techniques. They worked on a wide range of public services where there are large disbursements from the public purse (e.g. education, health, local government, criminal justice).
While each Fellow had his or her own speciality to pursue, the work was enhanced by interdisciplinary collaborative work through a series of working group seminars. Each Fellow presented work at least once at these seminars and this work was subjected to constructive scrutiny from the other Fellows, from a range of disciplinary, epistemological and methodological perspectives. Management research is inevitably an interdisciplinary field, and the seminars enhanced the process and hopefully the outputs of this dialogic enquiry for each of the Fellows. International Visiting Fellows, from the USA, Canada, the Netherlands, South Africa and Australia, helped to broaden the scope of individual Fellows’ work, either in comparative research (not all of which is reported here) or in exploring the opportunities and limitations on generalizing from UK research.

AIM Public Service Fellows’ work has been explored in a range of workshops and seminars with central government departments and agencies, and a range of local public services, consistent with the AIM mission to undertake research which contributes to UK competitiveness. Fellows have produced a number of practitioner reports and academic papers. Copies of the former and detailed references to the latter can be found along with further information about all AIM activities at the AIM website (www.aimresearch.org). AIM Fellows have also shared their skills with other academics in capacity-building conferences and seminars. The work presented in this book reports on some key themes from the Fellowships. We hope that this contributes to the knowledge about, and practice of, public management both through the detailed study of substantive areas and also in the shaping of questions and themes for further research.
## Abbreviations

- **A4R**: Accountability for Reasonableness
- **ACORN**: A Classification Of Residential Neighbourhoods
- **AIM**: Advanced Institute of Management
- **ARD**: age-related disease
- **BV**: Best Value
- **CBA**: cost–benefit analysis
- **CDC**: Center for Disease Control (US)
- **CEA**: cost-effectiveness analysis
- **CHR**: Calgary Health Region
- **CJS**: criminal justice system
- **CPA**: Comprehensive Performance Assessment
- **CPS**: Crown Prosecution Service
- **CSP**: core service performance
- **CUA**: cost-utility analysis
- **CV**: contingent valuation
- **CWOI**: cost-weighted output index
- **DALE**: disability-adjusted life expectancy
- **DCE**: discrete choice experiment
- **DfT**: Department for Transport
- **EQ-5D**: five-dimensional health state classification system
- **GIS**: geographical information systems
- **GP**: general practitioner of medicine
- **IHD**: ischaemic heart disease
- **IPDS**: Integrated Personal Development System
- **IRMP**: Integrated Risk Management Plan
- **K-S4**: Kindergarten–Senior Four Agenda
- **NHS**: National Health Service
- **NICE**: National Institute for Health and Clinical Excellence
- **NIM**: National Intelligence Model
- **NPM**: new public management
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSF</td>
<td>National Service Framework</td>
</tr>
<tr>
<td>OAC</td>
<td>Output Area Classification</td>
</tr>
<tr>
<td>PACE</td>
<td>Police and Criminal Evidence Act</td>
</tr>
<tr>
<td>PAR</td>
<td>participatory action research</td>
</tr>
<tr>
<td>PBMA</td>
<td>programme budgeting and marginal analysis</td>
</tr>
<tr>
<td>PCT</td>
<td>primary care trust</td>
</tr>
<tr>
<td>PF</td>
<td>Procurator Fiscal</td>
</tr>
<tr>
<td>PI</td>
<td>performance indicator</td>
</tr>
<tr>
<td>PM</td>
<td>performance management</td>
</tr>
<tr>
<td>PMDU</td>
<td>Prime Minister’s Delivery Unit</td>
</tr>
<tr>
<td>PPP</td>
<td>purchasing power parity</td>
</tr>
<tr>
<td>PSA</td>
<td>Public Service Agreement</td>
</tr>
<tr>
<td>QALY</td>
<td>quality-adjusted life year</td>
</tr>
<tr>
<td>RAE</td>
<td>Research Assessment Exercise</td>
</tr>
<tr>
<td>RSS</td>
<td>Royal Statistical Society</td>
</tr>
<tr>
<td>SDR</td>
<td>age-standardized death rates</td>
</tr>
<tr>
<td>SG</td>
<td>standard gamble</td>
</tr>
<tr>
<td>VOSL</td>
<td>value of statistical life</td>
</tr>
<tr>
<td>VPF</td>
<td>value of a prevented fatality</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
</tr>
<tr>
<td>WTP</td>
<td>willingness to pay</td>
</tr>
</tbody>
</table>