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The potential for public value frameworks in Northern Ireland and Ireland

Nat O'Connor

Maynooth University, Ireland

Abstract

The publication of a far-reaching public value framework for central government in the UK presents an opportunity to consider how this or a similar framework could be a useful tool for public management in Ireland and Northern Ireland. The concept of public value represents an evolution beyond some of the weaknesses of New Public Management, as it goes further to measure the holistic public benefit compared with pure monetary valuation. Examination of the current programmes for government in Ireland and Northern Ireland leads to the conclusion that a public value framework could be useful to advance their agendas. Lessons from social value legislation in England, Scotland and Wales indicate how a more comprehensive public value framework might be implemented in Northern Ireland and Ireland.

Keywords: Public value, social value, public management, measuring outcomes

Introduction

More sophisticated measurement of the socio-economic outcomes achieved by public policy and services poses significant challenges for public sector management (O'Flynn, 2007). One way to summarise this trend is to consider cost-benefit analysis and value-for-money

reviews. It has been easier to measure the costs and money side than to measure benefits and value, but it is precisely the latter that are now in greater focus. In turn, this implies that more sophisticated social scientific approaches are routinely required in public administration so that the full economic, social and environmental value of public expenditure can be calculated. Successfully embedding the goal of maximising public value in the decision-making processes of public officials and organisations requires an overarching framework to guide public service in that direction (Alford & O'Flynn, 2009; Barber, 2017).

The paper starts by defining public value, before describing the public value framework recently introduced in UK central government. The concept of public value is contrasted with monetary value. An approach based on public value creation is presented as an improvement over some flaws in New Public Management (NPM). The programmes for government in Ireland and Northern Ireland show the potential for a public value approach; for example, to advance the implementation of outcomes-based accountability, which is a more explicit goal of Northern Ireland's programme for government but also present, to a lesser extent, in the programme for government in Ireland. Illustrations of social value legislation in England, Wales and Scotland, which insert social clauses to tendering and commissioning, indicate how a public value approach could be implemented in Ireland and Northern Ireland.

Defining public value

At its core, public value is anything that the public values (Talbot, 2006). The concept of public value creation was first comprehensively articulated by Professor Mark Moore of Harvard University (Moore, 1995). It is at the centre of a wide range of academic and professional writing about how to measure the full value created by public services and not-for-profit organisations. All organisations – whether state-controlled, commercial or civil society – create public value whenever they generate economic, social or environmental benefits as part of, or alongside, their core activity.

The need to include an ethical dimension to valuation is not a new question. For example, ethical value or justice should be included alongside purely economic considerations when calculating what rates to charge for public lighting and similar utilities. The inclusion of ethics provides an 'over-theory' that 'might serve to make questions of

strictly economic value subordinate to the ethical questions of justice, and might possibly prevent many errors which are sure to occur in case any strictly economic theory becomes controlling' (Allison, 1912).

There is a risk that some proponents of qualitative value are simply holding up alternative metrics to avoid dealing with organisational deficiencies, which is not what is being proposed here. The public value ideal has to build on the professionalism and improved measurement gains achieved under NPM, and enhance the existing measurement of monetary value, including a nuanced appreciation of the multiple dimensions of what constitutes value in the provision of public services (Alford & O'Flynn, 2009; O'Connor, 2016).

The central feature of 'public value' is that it stands in for the sum total of what the public values about a particular object or action, whereas terms like financial value or community gain represent only part of the value that is created in a particular circumstance.

One way to illustrate the scope of 'public value' as a concept is to contrast market value with both economic value and ethical value. Market value is quite simply the price paid for a good or service in a transaction. Economic value is a way of understanding the benefit to a person of a given good or service. Economic value is typically expressed in monetary terms, but this is an approximation. It is assumed that a good or service has value to the purchaser that is equal or superior to the amount of money that they paid for it, but it is not always possible to quantify in monetary terms the additional value to the consumer. For example, personal aesthetic judgement, sentimentality or social status may be part of the reason why people purchase certain goods or services, and not all of that value translates easily into pure monetary terms.

Some schools of thought in economics suggest that a market value is (or can be) equivalent to economic value in a situation of open competitive bidding for a good or service. However, most mainstream economic thought acknowledges that even an open market valuation does not necessarily equate to economic value, given the subjective and qualitative dimensions of how individuals experience a sense of value.

Policymakers are also becoming acutely aware of how market prices often fail to include externalities, such as pollution or ill health, the costs of which are often carried by the public purse. The terms environmental value and social value are sometimes used alongside economic value to more explicitly broaden what is being valued. Economic, social and environmental value blurs into issues of ethics.

Ethical value is an expression of the importance of an object or an action, with a distinctly normative dimension to this judgement. Ethical value is not just a subjective sense of value, as it represents a person or community's sense of what is right and wrong, and what would represent appropriate action in a given situation; for example, the conduct of an agent in delivering a public service is viewed as something to be approved or disapproved (Tufts, 1908). Ethical value includes the fact that people care about how a person is treated when receiving a good or service. People do not always distinguish means and ends when judging value, and equitable treatment, respect and preserving dignity can carry weight in how people value a service, in addition to the value of the end result.

An example of ethical value applied to objects might be the recognition that clean drinking water is not just a vital good, but that there is a moral imperative that every person, as of right, should have access to a sufficient minimum amount of water for their survival and well-being. People typically pay a relatively low amount of their disposable income on water – and in Northern Ireland and Ireland there is a reluctance to permit the introduction of water charging for residential supply by those who are not already paying for group water schemes – yet people's survival depends on access to water, so it can only be supposed that the full economic benefit of water to a person is significantly higher than the market price. Moreover, beyond the economic benefit of water to individuals, there is also a collective belief in the ethical imperative that everyone has access to drinking water, which goes beyond any individual's personal, instrumental value from water.

Public value framework

The public value of some services is particularly hard to calculate, such as the lifelong opportunities that someone gains from good education, or the preservation of life itself by emergency responders and health care services. Nonetheless, the Barber review in the UK proposes a 'public value framework' to more fully measure value, focused on organisational development and performance management as processes. It outlines:

a set of relevant criteria that, if fulfilled, would mean the chances of optimal public value being delivered from a particular area of spending were maximised. Public bodies would then be able to

assess their performance against these criteria, thereby identifying where they can make improvements to the value they deliver. (Barber, 2017, p. 25)

The four ‘pillars’ of Barber’s public value framework are pursuing goals, managing inputs, engaging users and citizens, and developing system capacity (Barber, 2017, pp. 6–7). The framework is summarised in Table 1.

Table 1: The public value framework

Pillar 1: Pursuing Goals	Understanding goals and indicators: understanding goals, key performance indicators Degree of ambition: ambition, organisational change, interdependencies and constraints Progress towards indicators and goals: historic performance, measures/indicators, trajectories
Pillar 2: Managing Inputs	Processes to manage resources: understanding of total resources, financial planning, financial processes, management information Quality of data and forecasts: spending breakdown, tracking spending, forecast accuracy, evidence of inputs linked to outputs Benchmarking and cost control: front line and back office, unit costs, domestic and international comparison, cost control Cost shifting: source of funding, reliance on others, cost shifting on others, temporal cost shifting
Pillar 3: Engaging Users and Citizens	Public and taxpayer legitimacy: understanding public/taxpayer perceptions, responding to public/taxpayer perceptions User and client experience and participation: understanding experience, improving experience, participation in policy action Key stakeholder engagement: key stakeholder groups
Pillar 4: Developing System Capacity	Capacity to innovate and learn from innovation: innovation environment, use of technology, changes in behaviours, system learning and what works Capacity to plan and deliver: business strategy, implementation planning/milestones, accountability

Table 1: The public value framework (contd.)

Pillar 4: (contd.)	Capacity to engage with the delivery chain: understanding the delivery chain, influencing the delivery chain, communication and engagement, service commission and intervention Capacity to work across organisational boundaries: relationships, principles and incentives Capacity of the workforce: workforce strategy, leadership, skills and capacity, system capacity development Capacity to review performance data and evaluate impact: performance data use, feedback speed, evaluating actions
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Source: Barber (2017, pp. 53–9).

The first two pillars of the framework are consistent with improvements in public management over recent decades. One way to understand them is through the familiar form of the logic model, where inputs and activities are translated into outputs and outcomes. The first pillar is suggestive of typical performance measurement tools and techniques, such as the selection of key performance indicators that best represent what a given agency is trying to achieve. The second pillar suggests a forensic attitude in order to drive down costs, while ensuring inputs are aligned towards the achievement of sought-after outputs.

The fourth pillar largely points to particular needs for improved public management in the modern public service context, such as finding ways to embed learning within an organisation and finding ways to cooperate with other organisations, including those that are not under one’s direct control.

The third pillar goes furthest beyond typical public-sector management and it is especially challenging because it involves a greater overlap with the traditional preserve of elected politicians, in terms of engaging citizens and seeking legitimacy from the public for a given course of action. The third pillar contrasts with conventional public management as it explicitly brings political activity centre stage rather than seeking purely technocratic solutions.

One of the central arguments made in relation to public value is that it is wrong and dangerous if public managers are so arrogant that they do not check what is publicly valuable by referring to citizens and public representatives (Moore, 1995, p. 148). This implies that

meaningful consultation with citizens and civil society should become standard practice. Engagement with service users in the design and delivery of services is also increasingly seen as desirable.

Likewise, securing the informed authorisation of elected representatives is essential to ensure that a course of action is approved and legitimated. Moore's work on public value recognises the fundamentally democratic and political dimension to public value creation, which finds expression in his idea of a strategic triangle. It is not enough to holistically and robustly measure value and to improve operational capabilities, although both of these things are essential. Public managers also need to secure backing from citizens and elected public representatives, which is the third part of the triangle.

The fundamental reason for securing legitimacy and support is the subjective nature of value, and the fact that different people will value things differently. That is why public value creation is inextricably linked with politics, understood as the art of finding compromise. The role of public representatives is to seek and find acceptable settlements where possible. Where different groups of citizens have entrenched opposing views, democratic political mechanisms, such as majority voting, offer a way to legitimate a choice. A democratic vote provides political direction for those implementing policy and delivering public services.

Public value and money

In day-to-day operations, there is a risk that less tangible aspects of public value will be dismissed in a context where many public officials are tasked with meeting near-infinite demand with limited resources.

It is easier for public managers to just concentrate on what is under their direct control, which is the translation of inputs into outputs (pillars one and two), rather than to engage with democratic decision-making (pillar three) or to work outside of their organisational norms or boundaries as part of the attempt to achieve complex socio-economic outcomes (pillar four). But the increased salience of public value 'confronts managers with fundamental questions of meaning and responsibility', not least as what the public values can often be measured in some way, albeit not always in money terms (Meynhardt, 2009, p. 216). As an illustration of this, health services are often confronted with the fact that the means to improve the health of people in their area, as opposed to simply treating illnesses, often lie outside the traditional purview of health services. Social prescribing,

or the prescribing of involvement in non-medical activities, involves health services seeking to work with organisations that are outside of their regular funding remit. Ireland's Health Service Executive (HSE) has a social prescribing service in operation in Donegal,¹ and an evaluation has found this to provide benefits for participants (National Office for Suicide Prevention, 2015). However, what is most important to this discussion is to consider the extent to which health administrators had to think differently before an idea like social prescribing would be taken up.

The distinctions between market, economic and ethical value discussed earlier come into play here. When public agencies are spending money, there is a tendency to be open to expressions of economic or social value, as long as these can be quantified and expressed in terms of money. However, once the value of something is expressed in terms of ethical value or on some other qualitative basis that is hard to quantify or monetise, such as improved mental well-being, there is a risk that its importance will be downplayed.

An analysis of Citizens Advice services in England and Wales illustrates good practice in the inclusion and monetisation of a range of social outcomes, but it also illustrates the risk of focusing too heavily on money. In a detailed study, social outcomes from which Citizens Advice had data were given a monetary value by New Economy Manchester² from a unit-cost data set agreed with HM Treasury (New Economy, HM Treasury and Public Service Transformation Network, 2014).³ The researchers made compensations in their calculations for both deadweight and optimism bias, in order to provide a conservative, robust analysis of the value created by Citizens Advice. Removing potential deadweight in the calculation meant discounting a percentage of outcomes on the basis that a certain amount would have happened anyway, regardless of Citizens Advice's involvement. Similarly, the researchers were aware of the natural bias to prefer evidence that paints the rosier picture possible.

¹ See <https://www.hse.ie/eng/health/hl/selfmanagement/donegal/programmes-services/social-prescribing/>

² New Economy Manchester was established in July 2009 to deliver policy, strategy and research advice to promote economic growth and prosperity in Greater Manchester, working on behalf of the Greater Manchester Combined Authority and the Greater Manchester Local Enterprise Partnership. See <http://www.neweconomymanchester.com/>

³ See <http://www.neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/unit-cost-database>

Optimism bias correction involved discounting a further percentage of outcomes achieved to counteract this.

The conclusion in relation to Citizens Advice was that for every £1 of public money invested, £1.96 was returned to government and public services as a direct fiscal benefit. In addition, £11.98 was achieved in the monetary value of wider economic and social benefits, such as helping people who were unemployed back into work. Furthermore, £13.06 in value was achieved for people helped by Citizens Advice; for example, in terms of public services accessed that they would otherwise have gone without, or private debts reduced. The detailed calculations are all transparent and available for scrutiny, which provides confidence in the robustness of these calculations (Citizens Advice, 2017, p. 4).

One limit of the monetisation of outcomes is that different beneficiaries receive the financial benefit. For example, while Citizens Advice may benefit individuals and families to the tune of £2.8 billion per annum, this is not a return to the Exchequer, except indirectly through whatever tax revenue this may generate, and some of these benefits may actually cost the public purse in terms of people drawing down welfare benefits to which they are entitled. For precisely this reason, the Citizens Advice report distinguishes the three areas where it can monetise the value created and does not attempt to create a sum total.

Further limitations of monetisation are shown at the end of the technical report. In some cases, Citizens Advice hit purely technical barriers to monetisation; for example, they did not give any money value for the impact of the 43 million website visits they receive per year due to the absence of outcomes data. Such limitations could in theory be overcome, and Citizens Advice is planning further developments to extend its analysis. However, it also achieved outcomes that it would be wrong to monetise. Citizens Advice helped keep families together, helped prevent suicide and worked with victims of domestic violence (Citizens Advice, 2017, pp. 37–9). The ethical value of these outcomes – and the fundamental human rights involved – defy monetisation while clearly having great value (see also O'Connor, 2017a, 2017b).

Public management and public value creation

The public value concept could be the cornerstone of the next wave of public sector development to replace the NPM wave that has arguably run its course. The public value school of thought:

looks backward not only to the managerialism, efficiency and performance of NPM but also to some aspects of more traditional public administration, seeing legitimacy and trust as important issues which are in part engendered by due process and equity. But it also seems to look forward to new forms of governance, networks of policy and implementation and more 'agile' public services. (Talbot, 2009, p. 169)

The shift from traditional public administration to NPM from the 1980s represented, in part, an attempt to improve the management and delivery of public services. While some proponents and critics alike present NPM as a coherent and indivisible body of thought, it is more useful to separate out different strands that occurred simultaneously. While there is no agreed definition of NPM, the following are core elements:

- separation of execution from policy development;
- more autonomy for line managers in operational management, both in policy development and policy execution;
- steering and control of executive agencies on the basis of measured output;
- budgeting on the basis of measured output (performance budgeting);
- outsourcing of intermediate production to the market. (OECD, 2010, p. 55)

These developments have had the advantage of increasing the professional competencies of managers in the core civil and public services, while also improving systems of data collection and analysis allied to the delivery of a range of services to the public. Critics of NPM point to overly restrictive managerialism that constrained professionals in their work, and also criticise the narrow range of output measurements and financial costs included as performance indicators. However, viewed as separate and separable developments, it is perfectly possible to keep what is useful from NPM and to move on from its limitations (Talbot, 2009).

The current trend in public management is to maintain organisational capacity, but to shift from a narrow focus on costs and outputs towards improving the *quality* of services provided for citizens and businesses (OECD, 2010), and to better measure *outcomes* rather than outputs (Barber, 2017). This qualitative shift is what brings focus to how much public value is being created by public expenditure.

This is where the public value framework's third pillar appropriately focuses on the political, democratic dimension of public management. Ultimately, decision-makers need a mechanism for the inclusion of ethical values and non-monetised social values alongside monetised social and economic outcomes.

As an example of how existing tools could be repurposed to achieve this, Ireland's *Public Spending Code* identifies multi-criteria analysis (MCA) as an analytical tool for making decisions on the basis of multiple types of outcome or conflicting political priorities among a diverse range of stakeholders (Department of Public Expenditure and Reform, 2011). MCA can facilitate strategic planning based on the achievement of outcomes that are societally valuable but hard to monetise. This kind of analysis requires politicians and civic representatives to be willing to prioritise among different outcomes and to offer some kind of weighting to allow comparison between otherwise incommensurate values (Communities and Local Government, 2009; Department of Finance, 2007). At present, the *Public Spending Code* suggests that MCA should be used with caution and that analysis focused on monetisation, such as cost-benefit analysis, should be prioritised above it. The adoption of a public value framework would reverse this assumption and place discussion of long-term outcomes and ethical values, rather than money, at the apex of the system of decision-making.

What distinguishes a public value approach from cost-benefit analysis is that the former goes further in allowing that some valuable outcomes may not be quantifiable. Public value allows that some outcomes may not be commensurate with other valuable outcomes, except through the intermediation of political decision-making. Cost-benefit analysis assumes that a technical approach is sufficient to measure a range of values and to compare them with costs, whereas public value approaches incorporate a role for elected representatives or direct engagement with citizens or service users.

As an example of the kind of ethical considerations that are meant to be central to public services, Northern Ireland operates under the seven principles of public life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership – that apply as universal values across the UK for everyone elected or appointed to public office and all people working in the civil and public services, including those commissioned to deliver services (Committee on Standards in Public Life, 2015). In addition, Section 75 of the Northern Ireland Act, 1998, provides very robust non-discrimination

rules, which apply universally across public services and the private sector. While Ireland does not have a formal ethical code, 'official and secondary publications on Irish public administration document a range of values associated with the service, including efficiency, impartiality, honesty, loyalty, risk-aversion, equity, hierarchy, integrity, accountability and fairness' (MacCarthaigh, 2008). Ireland also has equality legislation that provides for non-discrimination in employment and in the receipt of services.

In the absence of public value frameworks, there risks being a disconnect between the ethical principles of good public service and the implementation of policy – especially when services are externally commissioned – unless explicit adherence to these ethical norms has been built in from the outset, such as through social clauses in contracts or through overarching legislation.

Not all hard-to-monetise outcomes are linked to ethical issues. Sustainable development and other long-term projections of costs and benefits are also hard to quantify. While carbon or methane emissions can be priced into some calculations in order to mitigate climate change, other commitments under the UN's sustainable development goals, such as gender equality, well-being, peace, justice and strong institutions, can be impossible to price.

The purpose of a public value framework is not for unelected public officials to set values for ethical goals or long-term outcomes. Instead, elected public representatives and citizens themselves are asked to prioritise outcomes, and to confront the challenges, trade-offs and ethical dilemmas involved when allocating limited resources towards the achievement of diverse outcomes. For example, participatory budgeting exercises involve citizens in deliberative processes where they have to decide collectively where to invest a part of the budget of a local authority or public agency. South Dublin County Council's Public Participation Network organised workshops involving residents of an area and an online consultation to allocate €300,000 (c. £265,000) based on the residents' own spending priorities.⁴

Programmes for government

The programmes for government in Northern Ireland and Ireland both indicate political desire to better measure long-term socio-economic outcomes, and to design public policies and services to better achieve those outcomes.

⁴ See <http://www.sdcppn.ie/participatory-budgeting-workshops/>

Although the recent – and continuing – context of fiscal austerity emphasised the quantity of outputs achieved for a given cost, and whether efficiencies and economies could deliver more outputs for a lower level of expenditure, recent programmes for government have also demonstrated a concern with outcomes and quality.

The focus on socio-economic outcomes rather than outputs is particularly evident in Northern Ireland's *Draft Programme for Government Framework 2016–21*, which is structured around fourteen strategic outcomes, which describe the society the Executive were trying to bring about. These outcomes are supported by forty-two indicators, each of which is detailed in terms of how it will be measured. Northern Ireland's adoption of an outcomes-based framework borrows significantly from the *Scotland Performs* national performance framework, first launched in 2008.⁵ A Royal Society of Edinburgh analysis argues that this performance framework could be further enhanced, not least to better measure state influence over the outcomes achieved, and to encourage greater public awareness of it (Royal Society of Edinburgh, 2013).

A number of important trends in public administration come together in this example: a desire to measure the benefit for society of public policies and services by building up better data-gathering systems, a desire for accountability based on tracking performance over time and a desire for research-informed decision-making by public officials. Implicit in all of this is that public officials need to acquire and exhibit new ways of working:

in the second decade of the 21st century, there should be no excuse for not having good data to enable effective monitoring of the outcomes programmes are delivering. [This report] argues that continuous improvement – marginal gains, if you prefer – and disruptive innovation should not be optional extras but embedded in the way business gets done. (Barber, 2017, p. 4)

In Ireland the *Programme for a Partnership Government* retains the more traditional structure of an action plan. Nonetheless, it recognises the need for longer-term political planning and thinking as a policy challenge. It also mentions developing ways to measure success in future action plans and to provide more transparent oversight of

⁵ See <http://www.gov.scot/About/Performance/scotPerforms>

departmental performance. For example, budget process reforms identified in the *Programme for a Partnership Government* give 'greater scope for objective evaluation of the outcomes delivered from publicly funded inputs' and 'expose public bodies to greater performance accountability and a greater focus on outcomes' (Government of Ireland, 2016, p. 15). The programme also commits to 'ensure that all commissioning for human, social and community services takes place in a *societal value framework* (targeted at maximising the value for society)' (p. 131; emphasis added).

There is a mixed picture in Northern Ireland and Ireland in terms of having 'good data to enable effective monitoring of the outcomes programmes are delivering' (Barber, 2017, p. 4). In some cases, organisations can lack the necessary competencies and infrastructure to enable the gathering and analysis of data. There is a large difference between measuring outputs – directly under the control of public bodies – and measuring socio-economic outcomes that are affected by a range of other factors, including individual choices and lifestyle, a person's environment, other organisations, and so on. While there are examples of good practice in both jurisdictions around making more data available – such as OpenDataNI and data.gov.ie – much of the available data are either limited to outputs generated by public bodies or else represent descriptive socio-economic data. What is missing is the social scientific analysis required to permit connections to be drawn between them to connect all of the other causal factors. It is when outcomes are analysed that it becomes apparent that major changes to some outcomes – such as poverty, obesity, mental ill health and climate change – will require society to be mobilised beyond what public agencies can achieve on their own. Public agencies increasingly find themselves trying to influence the attitudes and behaviours of people in other organisations and the general population in order to improve outcomes, which is one of the major drivers for the new way of working represented by a public value framework.

As an example of the challenges of improving societal outcomes, Ireland's *Healthy Ireland* strategy envisages communication and engagement with the public and the whole of society to advance its goals:

It proposes a necessary shift towards a broader, more inclusive approach to governance for health, moving beyond the health service, across national and local authorities, involving all sectors

of society, and the people themselves. It will be about focusing and redirecting existing resources, accelerating progress on existing initiatives, and creating new and innovative programmes. (Government of Ireland, 2013, p. 8)

Such ambitions require major changes to staff skills and competencies, as well as to the way that organisations go about their routine business. As such, Ireland's HSE has a human resources goal to 'ensure leaders and staff have the skills to engage with service users as equal partners and local communities in the co-design, development and evaluation of services taking a joined-up approach' (HSE, 2015, p. 19).

Social value legislation

One way to co-opt private commercial enterprises and civil society organisations into delivering social outcomes is through clauses and requirements built into tenders and contractual arrangements. Social value legislation requires those who commission public services to have regard to how they can secure wider social, economic and environmental benefits. This can enhance the beneficial outcomes from public expenditure, while also creating opportunity for social enterprises, charities, community and voluntary organisations, and small and medium enterprises to deliver public services locally.

The England and Wales Public Services (Social Value) Act, 2012, existing as it does in a similar common law framework, provides an example of what kind of law could be developed in Ireland and Northern Ireland. Similar provisions exist in the Procurement Reform (Scotland) Act, 2014.⁶

The core element of the England and Wales legislation is as follows:

The authority must consider –

- (a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
- (b) how, in conducting the process of procurement, it might act with a view to securing that improvement.

⁶ See <http://www.legislation.gov.uk/asp/2014/12/contents>

Official guidelines explain that:

It requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.

Before they start the procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

The Act is a tool to help commissioners get more value for money out of procurement. It also encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems. (Cabinet Office, 2016)

At present, social value legislation in England and Wales is limited to large-scale capital expenditure, and its provisions are largely voluntary. Compliance with the Public Services (Social Value) Act, 2012, is obligatory for contracts over approximately £111,000 for central government and £172,000 for other public bodies. One of the identified weaknesses of the Act is that compliance is only voluntary for smaller amounts, yet contracts for local and community level services, where a social value approach might have most impact, are likely to be for lesser amounts. Some of the examples of best practice used by the UK government are cases where the guidelines were voluntarily adhered to for relatively small sums of money.

Benefits attributed to social value legislation in England and Wales include maintaining or enhancing the social, economic and environmental outcomes achieved through public expenditure, as well as maintaining or creating new opportunities for social enterprises, charities, community and voluntary organisations, and small and medium enterprises to successfully tender to deliver public services locally.

Social value legislation in the UK has also been identified as a way of counteracting a trend towards public service commissioning being dominated by a limited number of large commercial operators, and a trend whereby local authorities and other public funders favour the lowest-cost bidders as opposed to those who might offer additional benefits.

While it is still relatively early to judge the success of these laws, reviews and case studies from England and Wales have highlighted a number of benefits:

- Formal review found ‘financial investment and environmental improvements (both 66%), use of local businesses in the supply chain (70%), employment for young and disadvantaged people (75%), and opportunities for training and local employment (83%)’ (Cabinet Office, 2015).
- A federation of social enterprises dealing with homelessness achieved significant cost savings, including ‘£1,478,506 to the Department of Health in NHS and emergency costs, criminal justice savings to the Ministry of Justice of £778,435, and welfare savings of £1,252,030 to the Department for Work and Pensions’ (Cabinet Office, 2015).
- More than half (52%) of surveyed local authorities and housing associations believe a social value approach delivers cost savings and most (70%) believe that social value delivers innovation (Social Enterprise UK, 2014).

While this latter finding may indicate a lack of cost savings among nearly half of the surveyed local authorities and housing associations, saving money is not a primary goal of social and environmental clauses, and its absence is not necessarily a concern if other social and environmental benefits have been realised.

Other reported benefits included cases of local councils increasing their spending with local SMEs, organisations achieving significant social returns on investment, and public bodies achieving improved value for money alongside valuable social outcomes.

In Northern Ireland, the 2011–15 programme for government committed to a greater use of social clauses in public procurement (Office of the First Minister and Deputy First Minister, 2011), which has manifested in a series of Buy Social guidelines (buysocialni.org). The then Minister for Finance announced a further review of procurement in 2016, to which end the Procurement Board has the responsibility:

to ensure that procurement policy pays due regard to the requirements of the Executive’s wider policy commitments, including equality, sustainable development, ‘Lifetime Opportunities’ and environmental standards.⁷

⁷ See <https://www.finance-ni.gov.uk/articles/procurement-board-membership-roles-and-responsibilities>

When launching the addition of new advisory members to the Board, the minister stated that he wanted:

to ensure a level playing field for SMEs, to encourage innovation and entrepreneurship, to benefit the long-term unemployed and other underserved people, and to promote architectural and artistic excellence. (Department of Finance, NI, 2016)

Achieving such outcomes involves going beyond what is currently included in 'value for money', although it is possible to build on existing methods to include additional forms of value. For example, the NI Audit Office (NIAO) guidelines on value for money propose using a balanced scorecard approach to include areas of public interest, such as propriety, and urgent issues raised by politicians, alongside efficiency and other goals (NIAO, 2011).

From a civil society perspective, Social Enterprise NI has spearheaded calls for the introduction of a Social Value Act in Northern Ireland and it has published a model bill based largely on the England and Wales legislation (Social Enterprise NI, 2017). Analysis of the potential for social clauses has called for a more strategic, joined-up approach to be taken – a 'Social Value Strategy' – with clearer links made between social clauses and outcomes that are sought in the programme for government, such as eliminating poverty (RSM McClure Watters and Tweddell, 2013).

Ireland is also currently implementing reform of public procurement. Use of social clauses was included in the 2013 *Pathways to Work* action plan to reduce unemployment, and private members' bills have sought to introduce a Social Value Act (Blee & Pidgeon, 2014).

If public value is to be maximised through the commissioning of public services from civil society organisations or commercial enterprises, there will need to be a much stronger emphasis on social and environmental clauses, which are not only permitted but encouraged under the EU procurement directive (European Commission, 2016).

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Conclusion: Public value frameworks for Northern Ireland and Ireland

Northern Ireland's programme for government is moving towards a more comprehensive outcomes-based measurement approach that Ireland is likely to follow, in line with developments in Scotland and

further afield. Nonetheless, the reality of public management in both Northern Ireland and Ireland presents a mixed picture, with outcomes-based accountability and social clauses in public procurement sitting alongside more narrowly financial approaches to value-for-money and cost-benefit analysis in some departments and agencies.

Social value legislation is only one example of what is needed to bring about a greater focus on holistic public value when spending public money. More comprehensive rules are required to oblige all public agencies to reappraise the value of *all* of their spending in line with the logic of maximising public value. In turn, this implies new approaches to overall budgeting. No public agency is going to make major investment in an area of work if another public body reaps the benefit while the innovative agency carries the cost. If one agency or department can demonstrate how it saves resources for another, transfer of resources should be possible to provide incentive for such cross-departmental ways of working. Alternatively, multiple departments need to jointly fund an initiative that will help achieve outcomes for each of them.

Working to achieve outcomes implies a wide range of new competencies across the public service workforce, not least the ability to define what public value is being created, which in turn requires meaningful and continuous deliberation with citizens, service users and elected politicians.

A high-level public value framework is required to outline the universal principles that should guide all public service commissioners and providers towards maximising public value.

In brief, the universal components of a public value framework should include:

- An ethical code (such as the seven principles of public life in the UK) and non-discrimination legislation (of which Northern Ireland's Section 75 is a best-practice example). These codes help to ensure processes of service delivery treat people appropriately – such as in terms of equity, respect and dignity – as an important part of the creation of public value.
- Comprehensive guidelines on how public bodies should engage citizens and public representatives in dialogue, up to and including the co-design and co-production of services.
- Guidelines for describing the sought-after outcomes from a policy or service, which should allow that some aspects of public value

cannot be quantified or monetised and may need to be stated in qualitative terms as part of a set of metrics or 'dashboard'.

- Guidelines for how elected politicians should be asked to prioritise among otherwise incommensurable goals and values – in line with well-established analytical tools such as MCA.

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