

Cost and Value in the Mixed Economy of Public Service Delivery

Public sector business cases, procurements and contracting are predicated on the idea that there is a cost which can be calculated for a service. Following this logic improving the efficiency of processes which constitute a service will therefore reduce the inputs required and therefore a corresponding reduction in cost. Such notions overlook two important issues. Firstly, by framing delivery only in monetary terms only economic value is considered rather than the value of the service in a holistic way. Secondly if the only means of measuring value is 'value for money' then the often called 'added value' (or should that be 'values') of non-statutory provision can be difficult to ascertain (particularly when attempting to evaluate outcomes)

Thinking of sustainability in terms of the relatively simple context of business cases may not create an appropriate set of concepts and metrics for public sector service delivery by non-statutory agencies. Recognising this, the UK government had begun to outline a new way of looking at defining the requirements of public sector policy. The concept of 'public value' can be helpful when thinking about the unique purpose of public services and therefore of their governance. Public value refers to the things that public services produce either directly or indirectly, using public money and investment of resources. Public value includes outcomes (such as improved health and improved safety), services (such as primary care services and policing), and trust in public governance. http://www.fame-uk.org/about/tool/RAT/AnswerCodes.aspx?id=62&qid=1_-_edn1#_edn1

The notion of 'public value' reflects a view about service delivery assessment. The public defines 'value' in service delivery. In the context of changing services and service users, public accountability is paramount and quality assessment is becoming an increasingly important but complex task. According to the public value framework, service quality is seen to consist of three domains - services, outcomes, and trust/legitimacy. Assessment of public perspective on issues of quality in all these domains is considered necessary to demonstrate the public value – and hence, quality and effectiveness – of specific public services.

The Cabinet Office, Office of the Third Sector, is attempting to address these issues through strands of work looking at the potential role of 'social clauses' (and their social value) in procurements and the improved articulation of outcomes delivered by the third sector. This raises a number of questions including those raised at the workshop about the potential tensions between issues of cost/price (including issues of surplus) and organizational values/sustainability.

The question for the current project is whether we should include an assessment of these issues within the case studies and the learning workshops. And if we do think that this is important what can we bring to bear in terms of augmenting the current set of activity rather than replicating it.