



Measuring Value in the Public Sector

Understanding value to support investment
decision making in Northern Ireland's
Criminal Justice System

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About the Public Value Project

The Centre for Public Administration is a new hub for public value research in Northern Ireland. Public value is an emerging academic and policy paradigm that aims to rigorously identify and measure the complex forms of value generated by the public sector. The centre will produce new instruments for scaling and measuring public value in Northern Ireland, giving policy makers and public administrators access to data-sets that can inform strategic decision making. This framework and methodology is being piloted with forensic services in Northern Ireland as an outcome of the Forensic Services Strategy.

Acknowledgements

The research team wish to acknowledge the financial contribution made by the Department of Justice NI and Ulster University to this research.

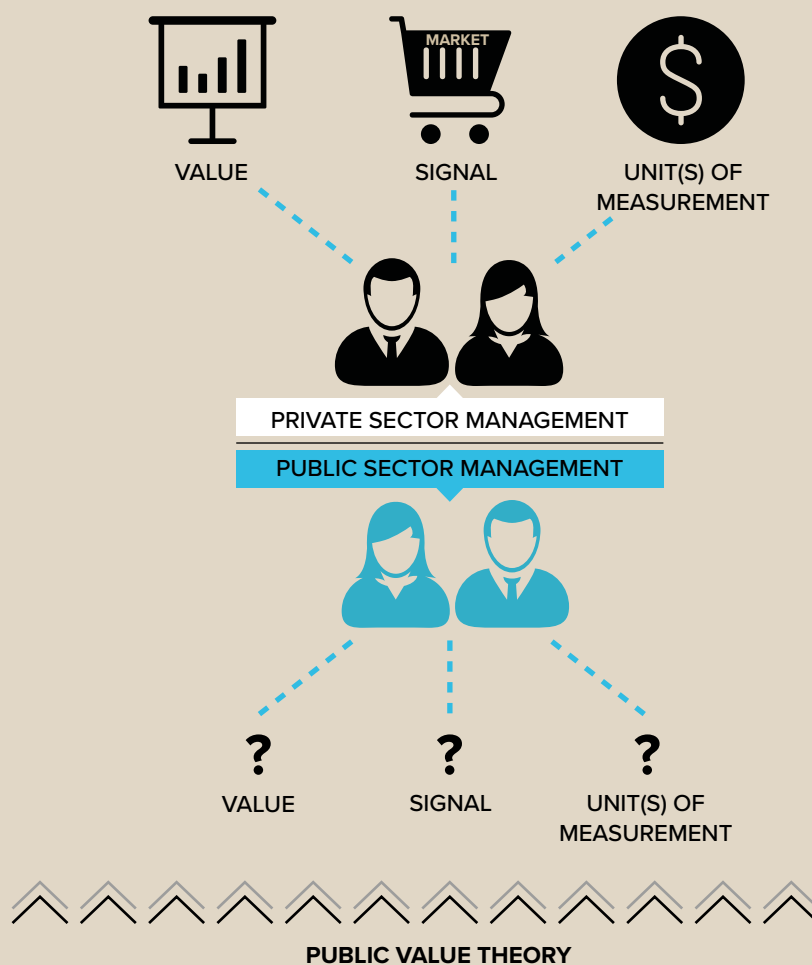
Introduction



A growing body of research recognises the significant value generated by the public sector which creates important tangible benefits at an individual and societal level.

However, as this value is created and consumed outside conventional private sector mechanisms, public sector policy makers and managers lack the precise market signals that private sector comparators use to measure outcomes. These signals are essential to direct strategic investment and organisational innovation. In recognition of the significant value generated by the public sector, and the critical need for sensitive signals that can guide investment and innovation, public value theory has developed as a response over the past two decades with important contributions from the fields of public administration, public policy and economics.

Figure 1: Public value theory and the value dilemma



Value production: The public and private sectors compared

In a conventional market setting, voluntary exchange is the primary mechanism for ensuring that resources (land, labour, capital and enterprise), have been allocated efficiently.

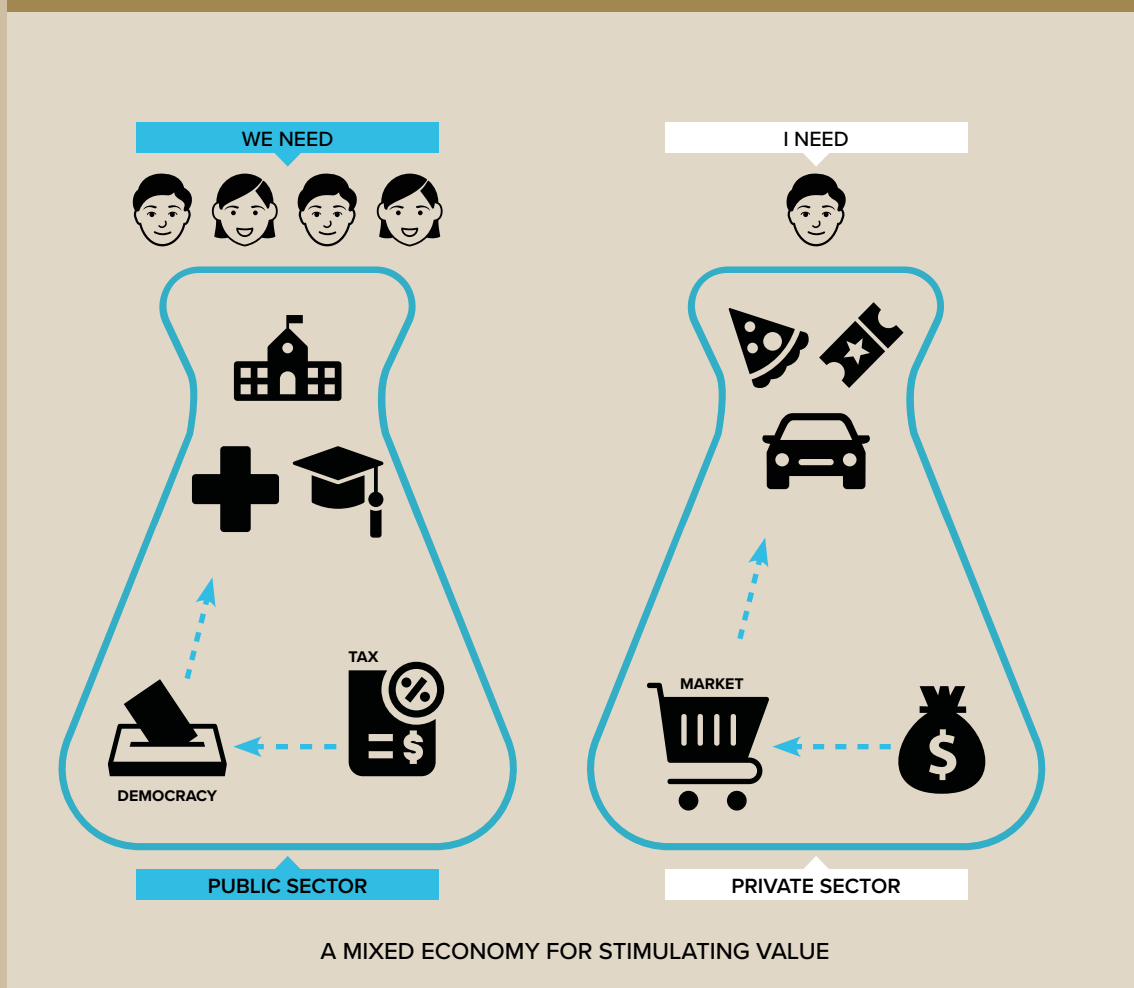
Efficiency is concerned with both the optimal production (productive efficiency) and the optimal distribution (allocative efficiency) of goods and services. A well governed competitive market provides price signals that help to ensure firms are producing efficiently, getting the most output from a given bundle of inputs. A competitive market also ensures that goods and services are allocated based on the preferences of consumers, albeit with consumption allocated to those with the greatest willingness and ability to pay. The profits and dividends generated through this process signal to managers and investors how successfully they have produced in response to consumer sentiment.

This simple model of market exchange has come to exert a near ideational monopoly over how things of value are produced, allocated and valued. At its most extreme this has resulted in governments attempting to replicate market signals in a public setting. From a public value perspective this artificially grafts a signalling system onto a set of interactions that operate in a notably different way to markets. This has prompted new research that attempts to better understand and measure the particular types of value produced by the public sector and the impulses that drive this value.

This research conducted, broadly speaking, under the public value rubric has presented evidence that traces how goods and services produced by the public sector contribute in significant ways to economic growth and international competitiveness, for instance through investment in research and development (see further reading). This literature also recognises economic indices alone fail to capture the full range of values which the public sector generates. Public goods such as health, education, housing stock, ICT infrastructure, social harmony, and the integrity of governments and markets, are real and measurable values the public sector is integral in producing. Yet such values are not created or confirmed through conventional market mechanisms and signals.

In contrast to the private sector, the public sector does not apply privately owned money (capital) circulated for the purpose of accumulation (profit making). Instead, it applies revenues accrued through various means, including taxation of citizens and legal entities. The goods and services produced, ranging from public health provision through to security services, create a wide range of values that are experienced in multiple ways. First, there are the immediate consumers who obtain some benefit from the publicly generated good or service. For example, a victim of a violent assault will potentially consume services provided by police, forensics, courts, counsellors, and the NHS. However, the provision of these publicly produced goods and services also helps satisfy community wide desires for particular forms of value captured, for instance, under the headings of justice, security, and public health.

Figure 2: Two models of value production and consumption



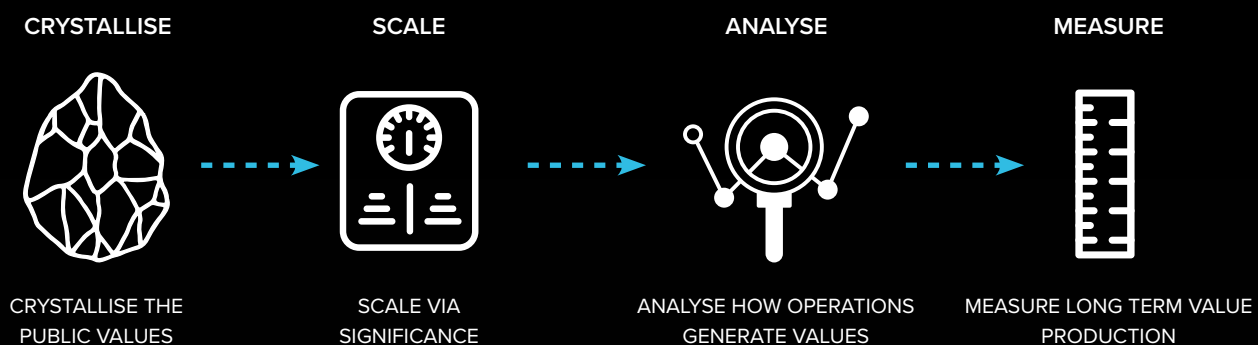
This signals a critical distinguishing feature of public value. It captures useful goods and services chosen by a society through democratic discourse, rather than useful goods and services chosen by individuals through market based decisions. In other words, democratic processes rather than the market arbitrate how we utilise and apply societal resources to produce public values.

Public value theory, therefore, is premised on the understanding that government is integral to the generation of a wide range of public values that are individually and collectively consumed by society, satisfying the needs and desires of citizens, just as the market aims to satisfy the needs and desires of individual consumers.

Public value theory, as a result, attempts to generate concepts, methodological tools and analysis, that allows decision makers – at a policy and public management level – to strategically understand a) the different public values generated by an agency distilled through a rigorous investigation of stakeholder and public sentiment; b) the relative weight of these values for different stakeholder groups; c) the relationship between the organisation's work pipelines and public value generation; and d) levels of public value output over time measured through longitudinal data-sets.

As a totality, public value research aims to create an analytical resource that helps the public sector to strategically invest resources and gauge the impact of these investments over time on value creation.

Figure 3: The public value project



Forensic Services and Public Value Production

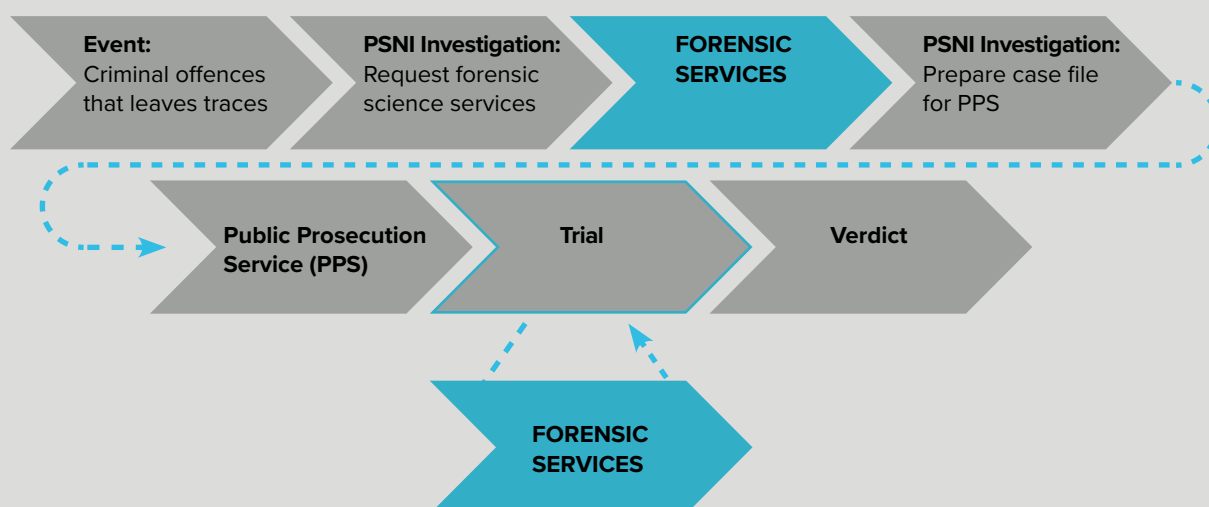


Forensic services are integral to the administration of the criminal justice system (CJS) in Northern Ireland. The CJS, broadly speaking, is responsible for detecting and investigating crime, undertaking prosecutions, punishing and rehabilitating individuals and organisations convicted of crimes, providing support for those who are the victims of crime, reinforcing core normative values, and the provision of security to citizens.

When delivering these services, the CJS generates a range of public values that are critical to validating the investment of revenues into the agencies that make up this system, including forensic services. For example, the CJS delivers justice to victims of crime through censuring those responsible, it reduces rates of recidivism through innovations with respect to diversion and rehabilitation, it generates certain levels of security which helps to make Northern Ireland a safe place to live and an attractive region to invest, it contributes to the execution of justice through the provision of a fair and speedy trial, to name just a few examples.

Forensic services play a crucial role in the production of these different public values by the CJS. Operationally speaking forensic services are critical to the detection of those responsible for crimes and their prosecution, services it delivers in collaboration with the PSNI, Public Prosecution Services and Courts.

Figure 4: The role of forensic services in the production of criminal justice services in Northern Ireland.



When delivering these scientific services in conjunction with partner agencies, forensic services generate outputs critical to public value creation, with examples set out in Figure 5.

Figure 5: Enhancing public value through forensic services.



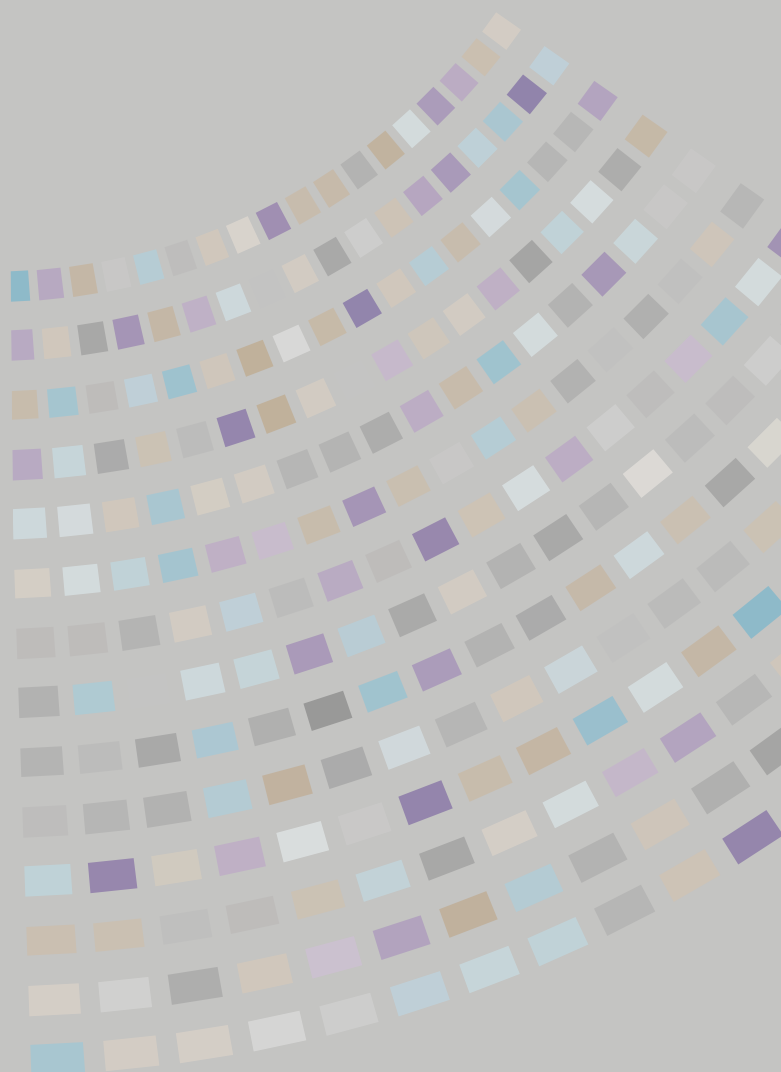
However, through innovation and reform forensic services are also in a position to intensify and potentially expand the public values co-generated with partner agencies. One of the pioneers of public value theory, Moore (1995) suggests greater public value can be produced in any of five ways:

- 1 increasing the quantity or quality of public activities;
- 2 cost reductions (improving the ratio of investment to value);
- 3 identifying and responding better to citizens' preferences;
- 4 enhancing fairness in the public sector;
- 5 increasing skills, capacity and innovation.

However, in order to increase the public value generated by forensic services through these different mechanisms, access to a number of key inputs is required:

- A clear articulation of the public values created, using triangulated, credible evidence sources such as policy documents, legislation, public surveys, stakeholder interviews, etc.
- A rigorous and transparent method for scaling these public values in terms of their strategic importance to society, which is essential to the legitimacy of investment in the CJS.
- A carefully analysed value chain, which connects in a causative manner the particular processes and outputs of forensic services to particular public values.
- A methodology for measuring how these processes and outputs impact quantitatively on the levels of public value generation.

These conceptual, methodological and analytical tools together can provide a strategic approach for investing public revenues in forensic services in ways that maximise in a scaled manner, the most important forms of public value generated through this particular service. It is also an opportunity to pilot a public value model of service delivery in Northern Ireland, which could then be used across a range of areas to advance the Programme for Government. It is against this theoretical and governmental backdrop, that a research team at Ulster University, in conjunction with the Forensic Services Leadership Board aim to produce these tools in order to strengthen the contributions of forensic services to the CJS, and to create a model for potential application across the public service in Northern Ireland.



Conclusion

Public value theory recognises that as democratic polities develop there is increased scope for articulating at a societal level useful goods and services, essential to a vibrant, sustainable, safe and fair society.

While private application of capital through market mechanisms, offers one powerful means through which to produce use-values that satisfy individual and industrial consumer appetites, it cannot always deliver the public values being articulated through democratic discourse. While there are no black and white boundaries that easily demark arenas for which the market and government should assume responsibility, the public sector has a critical role to play in assuring the production of key values essential to social renewal. Because public value is of a different qualitative type to individual consumer value, and is also most often produced outside conventional market mechanisms, it is critical that a set of tools are developed for identifying, measuring and analysing public value production. This is essential so that strategic decisions can be made about investment, with more attuned instruments available for detecting, measuring and documenting the societal impact of innovation and investment in the public sector.

Forensic services are a critical spoke in a publicly administered system – the CJS – that generates a wide range of public values which validate the investment of governmental revenues. However, unless we have tools for delineating these public values, and analysing in a consistent manner how forensic services impact on them, policy makers and public managers lack the essential signals that their comparators in the private sector obtain from the market. Building a public value model that can provide these signals for forensic services, which is part of a broader agenda to promote a strategic and entrepreneurial public service in Northern Ireland, is a critical step in reaffirming the important role of the public in producing a fair, secure, just and prosperous society.

Further Reading

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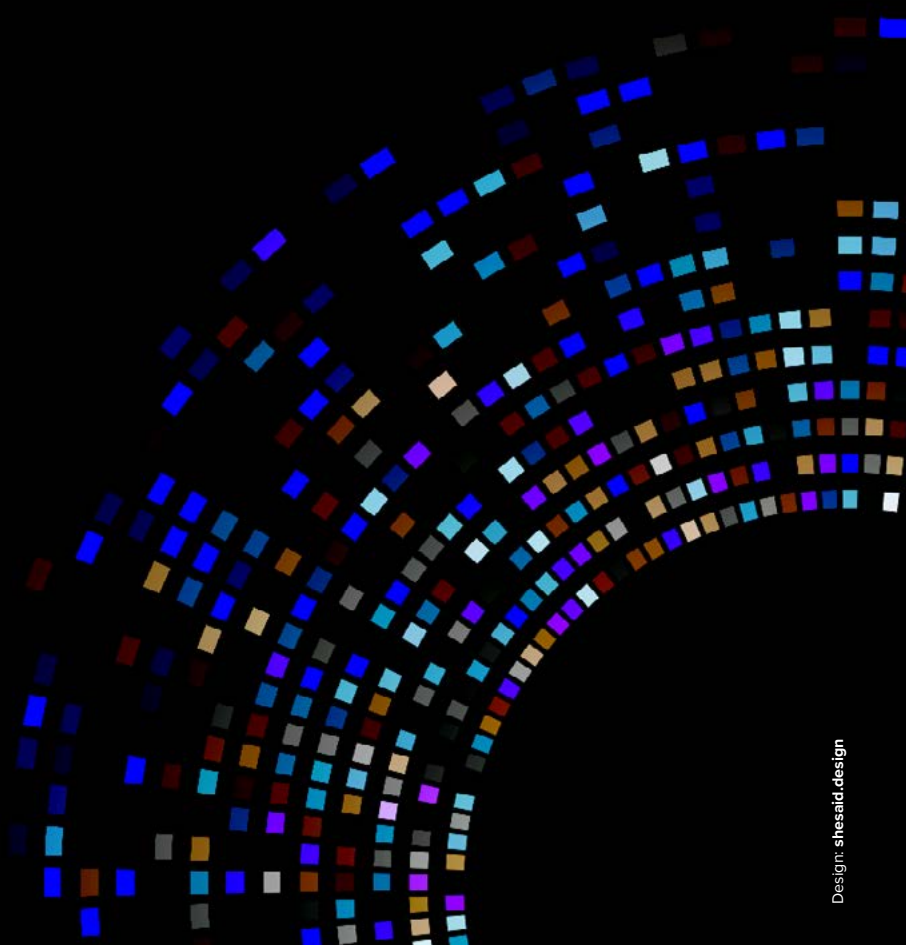
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