

MANAGING PUBLIC SERVICE DELIVERY

Current economic realities have led many governments to review the programmes they deliver and the way they deliver them. As a result, many governments are examining whether current programmes should continue to be delivered, and whether there are alternative methods of service delivery that are more responsive to the clients' needs, as well as being more cost-efficient and effective. The question for today's political leaders and public servants is not when or if to innovate, but how.

RECENT TRENDS

There are many different methods of service delivery, encompassing a wide range of activities, arrangements and financing options. These include corporatisation, contracting out, devolution and privatisation. The use of different forms of service delivery are part of a new public management paradigm aimed at fostering a performance-oriented culture in a less centralised public sector. The new public management provides innovative solutions to meeting the demands of the public who are increasingly aware of service delivery options and value for money.

Alternative methods of service delivery help contribute to public sector renewal through partnerships that share powers; by creating better accountability arrangements; by making better use of resources; by re-investing in quality services that are user-driven; through development of entrepreneurial action and through increased inter-jurisdictional co-operation. Thus, these options offer governments better insights into the relationship between the state and the public and provide opportunities to re-define these relations.

Currently, politicians and public servants across the Commonwealth are asking if there is a need for a range of possible service delivery options outside the traditional public service structures.

Historically, governments have focused their efforts on ensuring that public programmes and service delivery were consistent with prevailing public values, democratic principles and national policy objectives, with less attention being paid to efficiency considerations or the service requirements of clients. In most cases, programme delivery has focused on controlling input costs and responding to fixed, and at times, inflexible policy objectives, in addition to a range of supplementary objectives, such as removing regional disparities and promoting equal employment opportunities. Often the result was a set of common procedures and policies that failed to recognise or accommodate the specific needs of each programme and the clients it served.

In more recent decades, however, consumer groups have been set up which exert pressure on governments for improved public services. Now, in discussions at the decision-making level, it is apparent that more balance is needed between policy/political concerns and service delivery requirements of programme recipients, including the appropriateness of user fees and of new service delivery models, especially partnerships. Programme managers are shifting their focus away from inputs to programme outputs and outcomes.

The current emphasis on efficiency, downsizing and the potential of new technology has created a number of opportunities for public sector reform and renewal. Governments now find there is the political will and public support to implement significant, and in some cases, radical policy and programme changes. A recent study noted that, broadly speaking, governments have three different options regarding their future roles and responsibilities for programme activities:

- Relinquishing public policy obligations, devolution of responsibilities to others, or privatisation.
- Doing more with less – the continued maintenance of the public service by contracting out, by using structures within the bureaucracy, or by continuing to demand more output from the current work-force.
- Finding new ways of delivering public services by sharing governance functions with individuals, community groups, voluntary organisations and NGOs.

MECHANISMS FOR IMPROVING SERVICE DELIVERY

Governments have been experimenting with a wide range of institutional mechanisms to improve service delivery. Greater use of markets is creating competitive pressures and more alternatives to public provision for users seeking better quality or lower cost. Among these options is the practice of contracting out service delivery to private firms or NGOs. Some governments are setting up operating or performance-based agencies in the public sector and entering into formal contracts with these agencies, providing them with greater managerial flexibility while holding them accountable for specified outputs or outcomes.

- In New Zealand, beginning in the early 1980s, commercial and other contestable activities were hived off, corporatised or privatised. The remaining large, multipurpose ministries were split up into business units headed by managers on fixed-term, output-based contracts with considerable autonomy (including the right to hire and fire). These reforms helped to turn a budget deficit equivalent to 9 per cent of GDP

into a surplus during the 1980s and cut the unit cost of delivery by more than 20 per cent in some agencies.

Other types of reform rely on more traditional bureaucratic arrangements in the core public sector, emphasising accountability in the use of inputs, meritocratic recruitment and promotion, and creating a public sector ethos building loyalty and improving performance. Also, user participation, client surveys, published benchmarks, and other mechanisms for increasing public involvement are providing external pressures for better service delivery.

Improving policy-making for service delivery involves setting the right balance between flexibility and accountability. For activities that are contestable (i.e. where there is scope for actual or potential competition from various suppliers), easily-specified market mechanisms and contracting out of services can often improve delivery dramatically. But for many other services there is often no substitute for delivery by the core public sector. Here, encouraging public participation and allowing client feedback can exert pressure for better performance.

REASONS FOR CAUTION

Several countries are now emulating these reforms, but what is feasible in New Zealand may be unworkable in many developing countries. Considerable capability and commitment are required to prepare and enforce contracts, especially for outputs which are difficult to specify in the social services. Selection of the most effective mechanism to improve performance depends on both the characteristics of the civil service and the capability of the government to enforce internal and external contracts. Countries which have a weak capability to enforce complex contracts, and weak bureaucratic controls to ensure accountability under more flexible management regimes, need to proceed with caution.

Furthermore, developing countries are restricted in the choices available to them for public service provision by the weakness of the commercial sector and the dominance of the public sector in organised employment. While public management reforms in industrialised countries focus on enhancing citizen choice, most developing countries still face the basic problem of ensuring access to public services.

Thus, despite the important lessons that can be drawn from the successes of recent years in public service reform in many countries, public service managers must be wary of the direct importation of best practice from abroad without due consideration of the national context. It is important to recognise that there is no one single approach that is appropriate to all public service sectors in all countries all the time. Effective service management can be more successfully arrived at by

adopting a portfolio of good practices to suit the particular circumstances of different sectors.

A RANGE OF ALTERNATIVES

Given that increasing public service efficiency has ceased to be a purely economic imperative and become more a question of sound governance, public service managers are faced with a new and wider range of alternative methods of service delivery. Taking account of the fact that no single strategy for improving service delivery is likely to be appropriate to all the various areas of public administration, and, looking at service reform from outside a purely ideological or fiscal perspective, it is evident that governments are best served by a range of different strategies through the different sectors of public administration. It is now possible to abandon the notion of a unitary civil service, clearly distinguishable from the private sector.

There has been a paradigm shift which envisages governments dismantling centrally regulated bureaucracies and replacing them with a range of alternative mechanisms of service provision. Governments must consider managing a portfolio of diverse service providers whether they be arms-length agencies, commercial contractors, community groups or national or international voluntary agencies.

- Canada is at the forefront of the movement towards this new paradigm of service delivery, both at a federal and a provincial level. Direct delivery is becoming less viable as a policy instrument. Subsidies and regulations have been eliminated; service providers privatised; responsibility for programme provision devolved to other levels of government, the private sector or the 'community' sector. Partnerships with other sectors of society in order to reduce overlap have resulted in such initiatives as the Canada Business Service Centres which provide one-stop access to information and services.

This pluralistic approach is also perhaps more appropriate to the developing world than previous paradigms of public service delivery. Industrialised countries are now dismantling the unitary, centralised structures developed in the post-war years; structures which developing countries have also sought to establish since independence, but which have suffered through lack of revenue and poor infrastructure. The management of diverse and devolved mechanisms of service delivery, by cutting out the need for costly centralised bureaucracies, provides an opportunity for less-developed nations to leap-frog the era of 'big government' which has proved unsustainable in the developed world. There is a need for caution in adopting new approaches to public service delivery, but there is also

significant potential for giving a real boost to the prospects of sustainable development.

THE NEED FOR BALANCE

In designing and delivering government services, a balance must be found among a number of potentially conflicting requirements namely:

- limiting cost to the taxpayer;
- responding to the specific requirements of service recipients;
- supporting national policy objectives; and
- adhering to public values and democratic principles.

In the past, government was primarily concerned with supporting public values and democratic principles and paid less attention to expenditure restraint and responsiveness to client needs. Cost control focused mainly on inputs with little attention paid to service outputs and programmes were expected to support a range of sub-objectives, such as regional distribution, as well as their primary objectives. The result was a common set of procedures and policies that failed to recognise the specific needs of each programme.

The response to this traditional imbalance was to attempt to reduce the cost of government and improve the efficiency of services, as in the example of New Zealand, but this alone, it has been realised, has not reversed the decline of citizens' confidence in public governance. One reason for this is that economic restructuring, while essential, has created many 'losers', denied rightful access to public services, and damaged the trust of citizens in their governments.

There is now a consensus that in-depth review of the role of government in public service provision should precede downsizing. Cost-cutting alone, without attention to role and purpose, tends just to reduce service and cause unexpected damage to public confidence and public servants' morale. There is thus a dilemma involving questions of legitimacy: while citizens do not want to be taxed to have government do things which could be done better by other institutions or enterprises, there are many things which only governments can do, which must be done better, in the fairest, most ethical way.

It is, then, important to recognise the need to keep all four elements in the list above in balance. The nature of this balance (i.e. the relative emphasis placed on each element) should be driven by the nature of the service and the pressures upon

it. The result is greater diversity in approaches to service delivery. Governments have come to the realisation that this balance is better respected by managing diverse portfolios of service providers, thereby avoiding the inevitable inequities of a unitary approach to service delivery focused solely on fiscal reduction.

FINDING THE BALANCE

This more open-minded approach, less restricted by the ‘new right’ political ideology and the fiscal requirements which initially drove public service reform is also in keeping with more recent political thinking. By seeking to manage a portfolio of different approaches to service delivery, governments can be sure that, whilst still concentrating on results and performance, they do not lose sight of their duty to the public good. In this way, fears expressed in the 1980s about ‘the death of government,’ and concerns over democratic deficit and social exclusion, which have resulted from public sector downsizing and privatisation, can be properly addressed. The experience gained in the first waves of public service reform has made it evident that there are important differences between public and private sectors which must be taken into account by adopting what might be called a ‘middle way’ in public sector management. This involves:

- working with the private sector but distinguishing the public interest from private gain;
- working with donor agencies but maintaining the integrity of public policy; and
- co-ordinating work with NGOs but without restricting their ability to do their job through over-regulation.

The accommodation of a number of different strategies within a management portfolio also avoids another pitfall of over-emphasising the market-based approach which is that it is based upon assumptions about people and organisations as rational economic actors. These assumptions are problematic since they contradict important cultural values held throughout much of the world. Thus, in many sectors of public service there may be key functions and commitments which only the government itself can fulfill.

Therefore, this new public service management paradigm retains the emphasis of recent decades on results-based and customer-orientated service delivery, whilst avoiding minimalistic government where this might result in social exclusion and a failure to serve the public good.

A CONTINUING PROCESS

The pace of change in the public service, driven by the changing role of governments seeking to respond to a rapidly shifting economic and social environment, will not slacken. Social expectations will continue to rise. Developments in information technology will enable further dramatic organisational restructuring. National competitiveness will increasingly depend on flexibility in highly-skilled work-forces, requiring fast responses from a government that is enabling rather than providing the directions for change. Above all else, fiscal pressures on government budgets at all levels seem likely to continue for many years. Strengthening partnerships of all those involved in service delivery, e.g. politicians, public servants, private sector and non-governmental organisations (NGOs), and seeking to manage a combination of innovative service delivery mechanisms that can contain costs and improve the quality of public services is will continue to be sound public policy.