

Chapter 4

Success factors and challenges in partnering with citizens for public service delivery

This chapter analyses the organisational issues related to implementing partnerships with citizens and civil society organisations (CSOs) in service delivery – which have been identified by the literature review and research – and how these have been or are being addressed in practice. Building on the evidence and analysis in the previous chapters, this chapter describes the factors leading to effective co-production of public services, and identifies the risks and barriers which need to be overcome. This chapter also addresses assessing the costs and benefits associated with co-production practices, and provides initial evidence of impact in terms of involvement, cost reduction, user satisfaction, service quality and value for money.

“We need radical innovation so that public services can make real inroads into tackling prevention, reducing demand for expensive critical services. It is here that substantial future savings will be found”. Boyle and Harris (2009)

Overview

This chapter analyses the organisational issues identified by the literature review and research, and how these have been or are being addressed in practice. As co-production has an impact on how services are transformed and delivered, it involves a series of changes that can be categorised according to two dimensions:

- How radical are they? From improvement and incremental change, to transformational and step change;
- How centrally controlled are they? From central direction, top down, through to devolution and networking.

The overview of country practices shows that, while a broad range of practices exist from radical and transformative change to minor service modification, most existing co-production is being used for service improvement. At this stage, there are only a few examples of well-established radical change using co-production, and the radical approaches are mainly in the developmental stage. Most examples of co-production examined in this report are incremental changes to improve services rather than radical change to transform services. They are mainly additional, so do not involve much reduction of professional control; therefore, they involve a low level of risk.

The results presented in the previous chapter also show the potential of co-production to improve outcomes, achieve better value for money, and, in some areas, reduce costs to the public purse. Co-production can be seen as potentially important means of public service innovation for OECD countries and therefore merits further investigation.

Factors enhancing co-production

Success factors for effective co-production of public services have been identified in the literature. Based on case studies in United States, the United Kingdom and Australia, Alford (Alford, 2009) suggests that it is first important to establish whether governmental production and external co-production are inter-dependent or substitutes for each other. Where they are

inter-dependent, the issue is not whether to co-produce but how to enhance the existing co-production. Where they are substitutable for each other, their respective merits need to be weighed - the two key considerations being their respective costs and the relative capability of each to provide the service well.

UK research on self-directed budgets in social care shows the importance of changing roles as a success factor. This research stresses that significant changes in attitudes, culture, systems and practices are required to implement such schemes. In particular (Leadbeater and Cottam, 2007; Barlett and Gallagher, 2008):

- People as participants: users need to take an active role as participants, rather than passive users. Social networks can offer a powerful instrument to help individuals and communities to co-produce innovative solutions to solve complex problems (see Box 4.1).
- Budgets and financial frameworks: new approaches to co-production require changes in budgets (*e.g.*, increased disaggregation) so that resources follow commissioning. User involvement adds to the available resources and ensures that they are well spent. New approaches to risk management are needed.
- Workforce reform: co-production requires professionals to change roles, becoming advisers, navigators, brokers, service providers, risk assessors and auditors. New skills need to be set to manage more dialogue and collaborative approaches.
- Creating markets: governments need to stimulate a wider market for innovative services. This requires new approaches to commissioning.

**Box 4.1 Leveraging social networks for effective problem solving:
The Eigen Kracht conference (the Netherlands)**

Eigen Kracht conferencing is a decision-making process for citizens to solve complex problems that results in a plan made together with family and friends. It is about improving co-operation between people in their daily lives and the social care system. This approach, developed in New Zealand, is based on the idea that results can be obtained using the strength and resources of social networks in which people live. It is particularly important for people who have become isolated and think that no one cares about them. The expected result is that citizens gain confidence (as they know they are supported by their own people), become stronger, make less demands on government provisions, regain a place in society, and take on more responsibilities. In short, it is about strengthening the civil society.

Box 4.1 Leveraging social networks for effective problem solving: The Eigen Kracht conference (the Netherlands) (*cont.*)

It is a transformative approach, as it reverses the usual work method and power balance in social care.

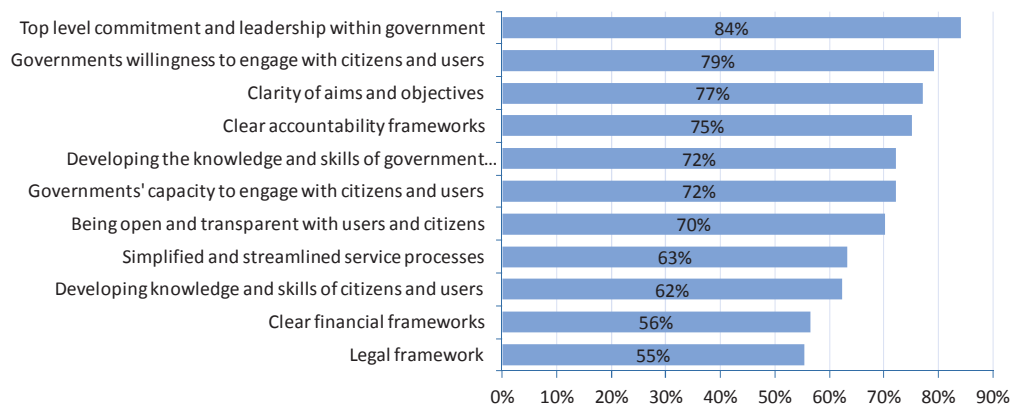
The Eigen Kracht conference is a meeting organised by an independent co-ordinator, who will not benefit from the result of the conference or the contents of the plan. The Eigen Kracht co-ordinator informs all participants about the goal, work method, possibilities and everyone's responsibilities and sees to it that everyone can participate safely. The Eigen Kracht co-ordinator also handles practical matters, like invitations, finding a location, food and drink. In the first part of the Eigen Kracht conference the co-ordinator explains the situation. Government officials, or professionals speaking on their behalf, give information: why a plan has to be made and, if necessary, what help is available. The second part is called private time, during which the plan is made. Neither professionals nor the Eigen Kracht co-ordinator are present during this session. In the third part of the conference, the plan is presented. Support from professionals may be part of the plan, if required by the family group. Finally, agreements are made as to who does what, who will meet with whom if the plan does not work out as intended, and when an evaluation meeting will be held.

Since 2001, the Eigen Kracht Centrale has organized thousands of Eigen Kracht conferences for parents, youth, families, students, patients with severe and chronic illnesses, homeless people, school dropouts, clients in mental health care, tenants, prisoners, people who are at risk to be evicted, neighbourhood residents, mentally or physically challenged people, and perpetrators and victims of crimes. It is available to individuals as well as groups in neighbourhoods and communities.

Source: www.eigen-kracht.nl/en/inhoud/what-we-do.

The OECD exploratory survey on co-production identifies the three most commonly cited factors for successful co-production: top-level commitment and leadership; government willingness and capacity to engage; and clarity of strategy and objectives (See Figure 4.1). These factors are characteristic of the early stages of change and reflect countries' positions on a continuum of change. They also reflect strong commitment to building relationships with users and citizens. OECD research also identifies examples of radical change, most of which are experimental (*i.e.*, not yet mainstreamed), and embedded change, which is more incremental.

Figure 4.1 Factors enhancing co-production
% of cases reported by countries across all service categories



Source: OECD survey on “Innovation in Public Services: Working Together with Citizens for Better Outcomes”, 2010; 22 OECD countries, Brazil, Egypt, Russia and Ukraine responded to the survey.

The analysis of country examples, along with the survey results, indicate that success factors may vary according to the particular service and the nature of the change. Some of these have been identified in Table 4.1:

Table 4.1 Success factors in co-production of public services with citizens and CSOs

General Services	Needs identification throughout the project; reaching out to the target population (communication); accessibility (e.g. of web applications); commitment to take users'/citizens' suggestions into account; clear rules from the outset; enthusiasm, willingness to engage with citizens and users.
Economic Affairs	Holistic approach and collaboration across departments and sectors in government; government commitment.
Housing and Community Amenities	Synergy (working towards common goals); reaching out to the target population (“selling” the co-production activity); citizen (customer) segmentation.
Social Protection	Encouraging end users to think about their situation differently (in an innovative fashion); taking user needs and requirements into account from the outset.

Source: OECD elaboration based on the analysis of country examples.

Barriers and risks

If success factors can facilitate change, obstacles also exist; they need to be overcome to foster effective and efficient co-production. It is therefore

important to identify barriers and anticipate risks as part of managing innovation and change. Governments need to develop knowledge on the risk factors and how to eliminate barriers as they develop their approaches and learn from what seems to work to deliver change through co-production.

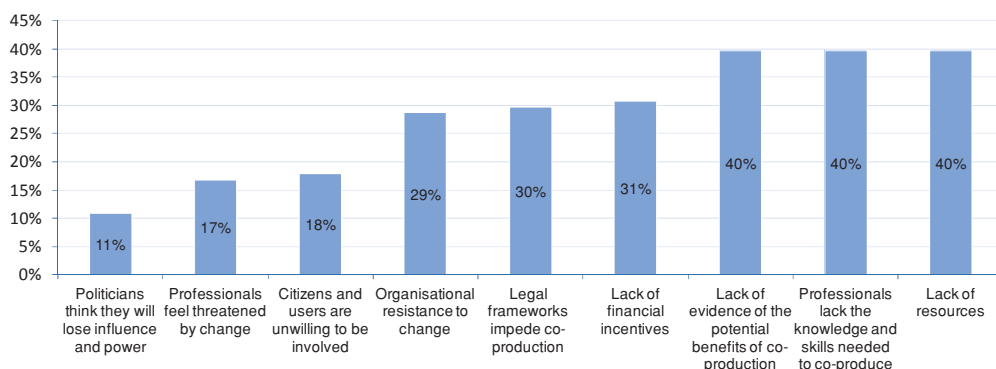
Factors representing risks or potential barriers to effective co-production can include the following:

- Skills – both governments and citizens may not have the skills needed to co-produce. This could lead to inability to contribute effectively to service design and delivery processes, and result in higher costs.
- Resources – there might be a need for additional resources to fund co-production initiatives, at least in the early stages. There could also be an increase in transaction costs and a loss of economies of scale if services become highly personalised.
- Accountability – Governments may be seen as abdicating their responsibilities or increasing the burdens on citizens, especially in countries with heavy tax regimes financing public services. Governments may also lose a whole-of-government perspective on public services because of excessive fragmentation.
- Organisational culture – co-production models can challenge existing organisational values and practices. For example, in the co-production of social care, professionals need to become enablers and providers of support for users to make choices and decisions, rather than experts delivering prescribed service inputs. Such changes transform power relations between professionals and users and lead to a fluidity of roles which traditional professionals may find difficult and may resist.
- Trust – if new approaches are only associated with cost-cutting, citizens and users may not be willing to engage. Also, there is the risk of citizens becoming cynical if co-production does not deliver on the expected changes.
- Equity and inclusion – the people involved in co-production may not be representative of citizens on the whole, less vocal people might be excluded, and there might be “capture” by particular groups.
- Probity – there could be a risk of fraud and malpractice, especially in contexts where budgets are devolved directly to users.

- Multi-level governance – lack of co-ordination and collaboration across different levels of government, coupled with financial impediments to fund service innovation generated by co-production, can present barriers to such schemes.

Governments face several barriers to adopting co-production as a means of service delivery. The result of the OECD exploratory survey shows that a shortage of resources (40%); lack of evidence for the potential benefits of co-production (40%), and professionals’ lack of knowledge and skills (40%) are the most frequent barriers to co-production.

Figure 4.2 Factors representing barriers to co-production
% of cases reported by countries across all service categories



Source: OECD survey on “Innovation in Public Services: Working Together with Citizens for Better Outcomes”, 2010; 22 OECD countries, Brazil, Egypt, Russia and Ukraine responded to the survey.

The analysis of country examples seems to indicate that risks and barriers vary according to the type of service and the level of change involved in the co-production.

Table 4.2 Barriers and risk in co-production of public services with citizens and CSOs

General Services	Resistance to change; getting broad commitment for overall engagement; motivating citizens to become involved; lack of knowledge and skills among citizens and users; difficulties in mobilising volunteers; convincing government authorities and organisational resistance.
Economic Affairs	Budgetary rigidity and time.
Environmental Protection	Lack of skills among users; resistance to change; unclear accountability; and loss of government oversight.
Social Protection	Citizens' and enterprises' lack of commitment to the activity (persuading the target population); lack of skills and knowledge among government officials.

The analysis conducted from desk-based research seems to indicate that risks and barriers are greatest for more radical forms of co-production. This is the case, for example, in social care which brings a shift in power relations, reduction in professional control, with devolution of control over budgets to users. Managing such risks would require changing the nature of professional support to provide users with information and advice they need to plan and budget for the services they want, and stimulating providers to offer new types of services in response to user demand. New forms of budget monitoring have been developed to help ensure that finances are managed effectively and new staff roles with training are being developed. For other service areas, change is likely to be smaller scale and to involve less risk.

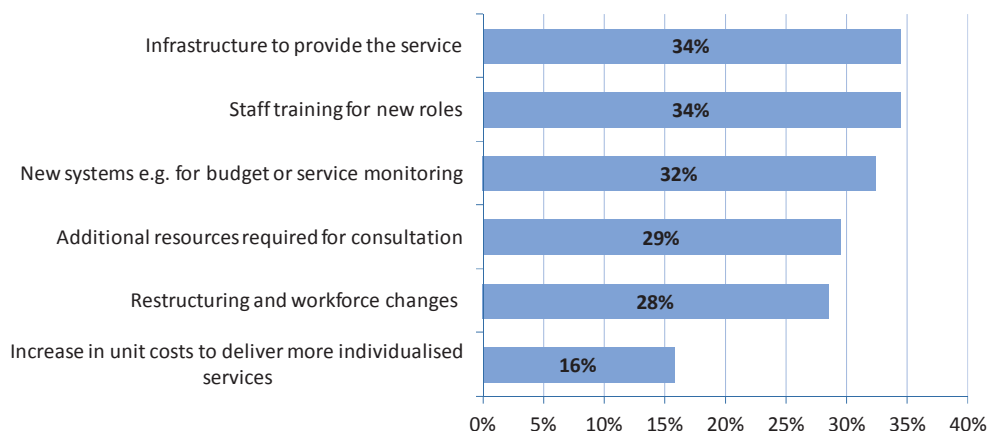
Addressing cost and financial impact

For any change process, the issue of costs needs to be addressed – both additional resources needed to develop and implement change and the expected financial impacts of the change. The research points to a need to better quantify the costs of developing co-production and assessing its financial impacts once implemented.

According to the results of the OECD exploratory survey, the following cost factors would emerge as the most common: staff training for new roles, and infrastructure to provide the service (See Table 4.3). When asked about whether costs were what they had expected, many respondents did not provide information. Some costs were highlighted for specific services: costs of new systems, *e.g.*, for budget or service monitoring in housing and health. In defence, public order and safety, economic affairs and social protection, additional resources were required for consultation. In education, public order and safety, and in social protection, the costs of workforce changes were highlighted.

Figure 4.3 Costs of co-production

% of cases reported by countries across all service categories



Source: OECD survey on “Innovation in Public Services: Working Together with Citizens for Better Outcomes”, 2010; 22 OECD countries, Brazil, Egypt, Russia and Ukraine responded to the survey.

Some country examples included the total costs for the particular special but such figures could not yet be related to benefits or outcomes. Common costs were related to the development of web applications for general services. In social protection, costs were identified for developing infrastructure to provide services and additional human resources.

Both additive and substitutive co-production, either separate or combined, has the potential to improve the efficiency and effectiveness of public services. Governments will need to seek the optimum balance of adding or substituting inputs from different contributors and calculate the resulting impact on public costs. Business cases need to be more

systematically developed in order to ensure that benefits justify the costs, and that governments have an adequate picture of the impact of public investment in co-production (OECD, 2007).

Substitution appears to be an attractive option for governments to reduce costs. However, from a societal point of view, cost reduction may only be obtained by shifting costs onto users and citizens (Greenberg and Knight, 2007). This means that from the point of view of the economic system as a whole – taking into account both government and citizen investments – substitutive approaches may not deliver the expected gains in cost reduction. What is important to examine is whether the whole concept of service has been transformed by co-production arrangements to the extent that goals are being attained with lesser means.

Evidence of impacts of co-production practices in terms of involvement, cost reduction, user satisfaction, service quality and value for money is mapped in the table below. The analysis of examples suggests that evidence of cost reductions from co-production practices exists and has been documented in both Health and Social Services for personal services, while this is less the case for collective services such as Environmental Protection or Public Order and Safety. The impact of co-production in these cases refers to increased or more effective involvement of individuals (Education) or communities (Housing and Community Amenities), while the evidence on cost reduction has not been collected.

Table 4.3 Impact of co-production of public services with citizens and CSOs

	Type of Impact				Outcomes			Notes
	Effective involvement	Cost reduction	User satisfaction	Service quality	Overall efficiency/ value for money			
General Services	✓	no	no	no	no			
Defence	✓	✓	no	no	no			
Public Order and Safety	✓	✓	✓	✓			Cost reduction through volunteer work Cost reduction in cases of substitutive co-production (Time Dollar Youth Court, United States)	
Health Services	✓	✓	✓	✓	✓		Cost reduction e.g. reduced hospital admissions, emergency visits and nurse home treatment (Health Buddy Scheme, the Netherlands; Telecare, United States) High level of user satisfaction (Expert Patient, United Kingdom) Improved outcomes and cost effectiveness, e.g. mental health, less pain (GPSMP, Canada; Expert Patient, UK)	
Social Protection	✓	✓	✓	✓	✓		Cost reduction (Self-directed Social Care Services, UK; self-managed budgets for people with mental illness, United States; Disability Services Commission, Australia) Increased service availability (Netari, Finland)	
Economic Affairs	✓	no	no	✓	no			
Housing and Community Amenities	✓	no	no	no	no		Cost reduction through volunteer work	
Environmental Protection	✓	no	no	✓	no		Cost reduction through volunteer work	
Recreation, Culture and Religion	✓	no	no	no	no			
Education	✓	no	✓	no	no		Improved educational attainment (Community Conversation, United States) and changed behaviour (National Peer Mentoring Program, UK)	

The majority of survey respondents reported that their country did not have a business case for co-production. Recent UK research, drawing on international experiences, also highlights that the business case for co-production is not yet comprehensively developed (Loffler and Banks, 2007) and that use of co-production in public service delivery remains in the early stages. For some personal services such as health and social care, pilot programmes have indicated that costs to the public purse can be reduced and greater levels of satisfaction achieved. For environmental protection or neighbourhood monitoring, co-production provides additional resources to enable activities which would otherwise not be affordable – but cost data is missing.

Governments are currently facing financial pressures. However, in addressing changes to public service delivery, they need to consider efficiency as well as effectiveness. Cost reductions needs to be balanced with implications for service quality and delivering desired outcomes (Boyle and Harris, 2009; Mulgan, 2008). Analysts are advocating innovation as a key means of reducing costs. Co-production can foster innovation when users re-think what is needed and then help to deliver a different kind of service. This case is being made most strongly in the realm of personal services such as health and social care.

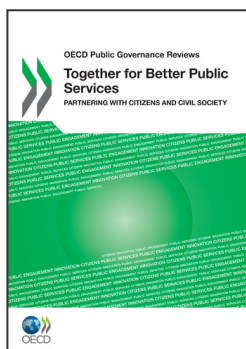
If the focus is only on efficiency and cost reduction, there is a risk of giving too much attention to measuring inputs and outputs rather than outcomes. Boyle and Harris (2009) argue that “it is quite possible for agencies to deliver services that meet a wide range of process targets yet still fail to improve outcomes for those they are supposed to benefit”. Examples from the OECD survey indicate that co-production can potentially offer better value for money by doing things in a different way, resulting in better outcomes and reducing the need or demand for very expensive services. Co-produced services bring in additional resources and new approaches from users, community networks, families and friends.

The contribution of citizens and users to bring about further change in public services has been embedded in countries’ strategic approaches to public service reform. The input of users is key in terms of radical change, together with the provision of new information. While using new suppliers or new resources leads to positive change, this on its own does not usually generate innovation. The business case for change needs to be based on broader concepts of value for money, rather than cost reductions alone. Third sector commissioning provides useful lessons in terms of public service efficiency (Neizert and Ryan Collins, 2007). Value for money should not only focus on unit costs but also encompass what experts call the

“full benefit” or “public benefit” of services. Value for money should involve: 1) quality and suitability of the service for the individual; 2) long-term implications or whole-life costs; 3) wider outcomes for the society and state. This goes beyond traditional approaches and offers a more robust model to consider quality and cost together and focus on long-term as well as short-term impacts.

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