

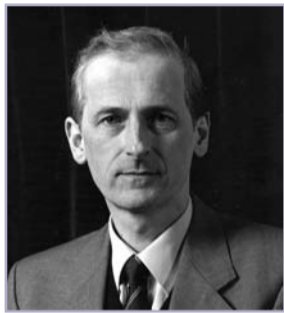
If you think of the Programme as a long-haul flight in three stages, the preliminaries on the ground inevitably take a long time and can be tiresome, but we're now halfway through the first leg of the journey and well on course without too much turbulence. Our 14 smaller projects have already begun to come up with interesting provisional results and, by the middle of the year, we should have intriguing things to say about incentives, metrics, performance indicators and user attitudes, among other things central to the management of modern public services. We plan to present our first discoveries in a conference in mid-2006. The two larger projects commissioned in the first phase have now started work too but we'll have to wait a bit longer before their first findings start to emerge.

Now we're in the throes of preparing for the second leg of the journey, assessing the project proposals for the Programme's next round. The second call attracted 77 applications; that's gratifying, but inevitably means we'll have to make some hard choices. We expect to make a final decision in the spring.

The third leg of the journey will be a drawing-together stage, and by the end of the year we hope to advertise for fellowships to help us get to our final destination successfully.

Our Programme Administrator, Clare Griffith, left in December to pursue other career interests, and we wish her all the best for the future. We also have a new Programme Officer, Rikki Dean, who's profiled elsewhere in this newsletter.

We already have several events planned for 2006, but please let me know if you have good ideas for seminars and workshops on the programme's themes. It is both flattering and frustrating that I get more requests for talks and conference presentations than I could possibly perform but I welcome any suggestions for improving the Programme.



Christopher C. Hood

Christopher Hood
Gladstone Professor of Government and
Fellow of All Souls College, Oxford
Programme Director

The Programme at-a-glance

2004

ESRC Public Services Programme established; Professor Christopher Hood appointed as Programme Director; 1st Projects Call; first 14 Projects commissioned

2005

Programme launches; first 14 Projects begin research; two further Projects commissioned in May to begin research in October; 2nd Projects Call

2006

First 14 Projects report results; 2nd Call Projects commissioned in spring to start 2006; Call for Fellowships

2007

Some 2nd Call Projects report results; fellowships start

2008

First 2nd Call Projects complete

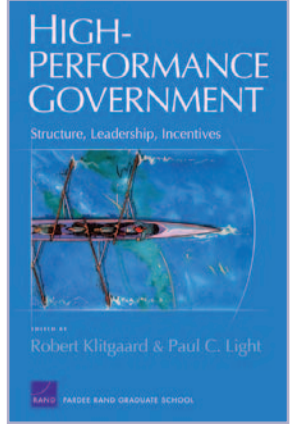
2009

Remaining Projects complete; fellowships complete; Programme Publication; Programme ends November



Review

Sir Christopher Foster reviews *High Performance Government: Structure, Leadership, Incentives* (Rand, 2005), edited by Robert Klitgaard & Paul C Light – available to download or buy via rand.org/publications/MG/MG256/



9/11 in particular (and more recently Katrina) re-ignited a wide-ranging opinion that US Federal Government is too inefficient. The Volcker Commission, whose report is included in this book, examined the causes of that inefficiency with penetration and shrewdness.

They fined their recommendations down to four. The first is about the need to sort out and simplify the jungle of agencies and other institutions, which has grown over time, all too many with similar and overlapping remits. Volcker wants them replaced by a small number of federal departments with clear, and clearly separate, missions and all other federal bodies made responsible to whichever department is most appropriate. The other three relate to the changes in recruitment, pay and conditions needed if the public service is again to be able to recruit from the brightest and best in universities and the professions. The most interesting aspect of this is the need to reform the system of presidential appointments to make its bureaucratic and adversarial procedures less lengthy and less discouraging to good applicants. It now takes some 8 months to complete such appointments after a presidential election. The retention rate for successful candidates averages about two years.

British circumstances differ. We, too, have a jungle of public bodies with unclear and overlapping objectives. Yet, as in almost no other nation, the 1980s here effected not decentralisation, but centralisation of power. So we have a similar, but distinctive and more flexible public body chaos. We did not need a Department of Homeland Security. Nothing could be further from the British situation than the fact that federal judges are hard to recruit because not only deans of law schools but law professors are paid more. In many respects our public personnel procedures are less bureaucratic and

continued on p.2



The
Public Services
Programme

Quality, Performance & Delivery

www.publicservices.ac.uk

Current research projects

Performance, Strategy and Accounting

Professor Andrew Goddard (University of Southampton), arg2@soton.ac.uk

Liability, Risk Pooling and Health Care Quality

Professor Paul Fenn (University of Nottingham), Paul.Fenn@nottingham.ac.uk

Are Composite Measures a Robust Reflection of Performance?

Professor Rowena Jacobs (University of York), rj3@york.ac.uk

Governance and Leadership in Education

Professor Tim Besley (London School of Economics), a.swain@lse.ac.uk

Expectations, Performance and Satisfaction

Professor Oliver James (University of Exeter), oj442@hotmail.com

Analysing Delivery Chains in the Home Office

Professor Martin Smith (University of Sheffield), M.J.Smith@sheffield.ac.uk

Financial Incentives and Discharge Policies – England and Sweden

Professor Allyson Pollock (University College London), allyson.pollock@ucl.ac.uk or allyson.pollock@ed.ac.uk

What Changes when Incentives Change in Primary Medical Care?

Professor Bruce Guthrie (University of Dundee), b.guthrie@dundee.ac.uk

Metrics, Targets and Performance – The Case of NHS Trusts

Professor Mary O'Mahony (National Institute of Economic and Social Research and University of Birmingham), M.Omahony@niesr.ac.uk or m.omahony@bham.ac.uk

Creating a Clinical, Economic and Psychological Research Resource

Dr Jan Clarkson (University of Dundee), l.cardno@chs.dundee.ac.uk

The Innovative Capacity of Voluntary and Community Organisations

Professor Stephen Osborne (Aston University), s.p.osborne@aston.ac.uk

Exit and Voice as a Means of Enhancing Service Delivery

Professor Keith Dowding (London School of Economics), k.m.dowding@lse.ac.uk

Performance Management of Higher Education – An Analysis

Professor Jane Broadbent (Royal Holloway College, University of London), j.broadbent@rhul.ac.uk

Correlates of Success in Performance Assessment

Professor Iain McLean (University of Oxford), iain.mclean@politics.ox.ac.uk

Performance Assessment and Wicked Issues – The Case of Health Inequalities

Professor Tim Blackman (University of Durham), tim.blackman@durham.ac.uk

Impact of Litigation and Public Law on the Quality and Delivery of Public Services

Professor Maurice Sunkin (University of Essex), sunkm@essex.ac.uk

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Review continued from p.1

law-bound than their American counterparts.

Still there are amazing riches pertinent to Britain in the Volcker Report and still more the essays that make up the rest of this Rand volume. There are wise words on how to handle risk in complex activities; excellent suggestions on how to set about the tricky task of identifying and agreeing on the remedies to organisational and cross-organisation tangles; and on when, and when not, to use financial and internal markets for public purposes; as well as more generally on the removable and the ineradicable differences between private and public. As relevant to British conditions, and – as so often – holding up the US military as the example of good practice, there is good sense on the stupidity of abandoning succession planning for open competition and the underlying nonsense of believing that only skills matter, not fore-knowledge of the industrial or other environment in which the appointee is to operate. Peppered throughout – for example in the discussions of PPPs – are shrewd observations on the interventions that should not be made from the political level if an activity is to be efficient. Most pertinent to British circumstances is the analysis of the problems of the incentivisation of organisations and personnel through target-setting, and of the many forms of poor performance, unintended consequences and indeed cheating that can come from inappropriate schemes. Appropriate schemes can be powerful forces for good, but it catalogues remorselessly the pitfalls still characteristic of far too many current British examples. A similar book, but different so as to address the vital differences between us, is badly needed in Britain

Sir Christopher Foster is the author of *British Government in Crisis* (Hart, 2005, ISBN 1841135496).

News and events round-up

Fourth NIESR Public Sector Performance Conference 2006

In association with the Public Services Programme, Friday 20th January 2006, British Academy, London:

The aim of performance measurement and target-setting is to improve the quality, performance and accountability of public services such as health and education. But do targets achieve this aim? To evaluate the extent to which targets are met, and any unforeseen adverse consequences of target-setting, requires robust, comprehensive performance measures which cover the full range of services being delivered. This conference asks "are current measures of performance sufficiently robust to achieve the government goal of improved public service provision?". Please visit the Programme website or www.niesr.ac.uk for more details.



Where Does Britain Rank? – International Public Services Rankings,

1-day Conference, 13th December 2005, One Great George Street, London:

For over twenty years ratings and rankings have been widely used to judge public service performance within the UK and particularly England. School and university rankings, local authority league tables, health trust ratings, are now part of our lives. If government itself doesn't provide such rankings, news media, think-tanks, commercial firms or public-interest groups do. This joint event of the ESRC Public Services Programme and ESRC Centre for Market and Public Organisation brought together academics with policy makers and practitioners to share their experiences of rankings in public services and to consider how meaningful they are as a guide to performance.

To gain some perspective on the world of rankings, the conference began by considering how Britain ranks against other countries on a score of selected indicators of public service performance in five different domains. The overall picture is mixed. The UK tends to score well on rankings of 'governance' but tends to look less outstanding when compared on its performance on specific public services. Developing the discussion of the UK, the conference drew ideas together to develop a critique of the rankings phenomenon more broadly. Speakers included: Richard Anderson, Simon Burgess, John Cresswell, George Gaskell, Stephen Glaister, Christopher Hood, Martin Killias, Jouni Kuha, Nick Manning, Ted Marmor, Geoff Mulgan, Christopher Pollitt, Andrew Street, Wendy Thomson, Tony Travers and Alison Wolf. Please visit www.publicservices.ac.uk for the full report, papers and presentations from the conference.

First Provisional Results starting to emerge...

Projects Meeting, 29th March 2005, King's College, London:

This will be a first discussion of preliminary results and an early chance for our project teams to see the Programme's wider conclusions taking shape. As an in-house meeting of researchers this event will also be an opportunity for the two large grant projects teams – led by Professors Sunkin and Blackman – to engage with their Programme colleagues. Following the day we will soon be presenting our early results in public - keep checking the website for more details!

Profile: Rikki Dean Programme Officer

Rikki Dean joined the programme in September after completing a BA in Philosophy and English Literature and working for a year in schools liaison at the University of Sussex. He is currently studying for an MA in Social and Political Thought. Asked to describe himself in five words for this profile he replied, "Handsome, intelligent, witty and modest."

www.publicservices.ac.uk

In brief

Discussion papers: Take a Look!

Look on the Programme website for the first of what we hope will be a substantial set of research-based discussion papers. The series begins with a paper from Professor Gwyn Bevan, LSE and Christopher Hood and will soon be followed by contributions from our other researchers. The paper *What's Measured is What Matters: Targets and Gaming in the English Public Health Care System* examines the impact of public health targets when combined with an element of 'terror'. With historical parallels to the 'well-documented ratchet effects, threshold effects and output distortions' of the Soviet experience of targets the paper considers whether targets with terror create robust performance measures or whether those who are being measured have found ways to 'game' the system, with 'reactive subversion such as "hitting the target and missing the point" or reducing performance where targets do not apply'. The paper argues that 'the extent of gaming can be expected to depend on a mixture of motive and opportunity' and concludes with suggestions about how gaming can be reduced in target systems. We'd be glad to have any comments on these papers – please e-mail public-services@politics.ox.ac.uk



Project spotlight

Full details of all our projects are available at www.publicservices.ac.uk.

To learn more about the project and how to contact the researchers, please visit http://www.publicservices.ac.uk/our_research/Governance_and_Leadership.asp



Project: Governance and Leadership in Education

Research team: Professor Tim Besley, London School of Economics & Professor Steve Machin, University College London

We are all used to the idea of big business offering big rewards to its Chief Executive Officers and the management 'industry' dedicated to perfecting leadership in the private sector but there has been surprisingly little study of how leadership and performance-related pay impacts upon pupil attainment in our schools. City academies have provided business and external sponsors with opportunities to engage directly with learning and so-called 'super heads' have been lauded for turning failing schools around but does applying boardroom lessons on pay and governance reward strong performance and improve results or should this new thinking be sent to the bottom of the class? Are we right to attribute what Tony Blair has called 'sustained improvement' in UK education results to the better performance of school governance and strategic decision-making or does rewarding some for good performance unfairly penalise others or introduce competition to the traditional ethos of schools reflecting teamwork and shared success?

These are the sorts of timely questions being addressed by Tim Besley and Steve Machin as they gather data comparing head teacher pay with school results. By investigating pay and performance they are hoping to discover what is 'value added' in the leadership of the best schools; by gaining a better understanding of what drives good performance in the public sector, the study will have important lessons for all our public services.

Tim Besley says, "In the last six months we have been putting together a unique data set to match head teachers to schools between 1997 and 2002. We have data on both the teachers – their prior careers and pay – as well as on the schools themselves – with variables such as league table performance. So far, we have accomplished this for all secondary schools. However, before too long, we will be able to do this for primary schools as well."

"The most intriguing question at this point is whether there is any apparent link between pay and league table performance. We can also look at whether the turnover among heads is related to how well their schools perform. These would provide a direct parallel to the kinds of questions that have been asked of private sector CEOs."

"Early results suggest that just as with private sector CEOs school performance matters for both pay and job retention. These findings are highly robust to the empirical method and after controlling for differences between schools. While the sizes of the implicit "bonuses" paid to head-teachers do not appear to be large, there is evidence of an active head-teacher labour market in which performance matters."

"As far as we know, we are the first researchers to look at this in a public sector context and we are dispelling the myth that there is something radically and qualitatively different about public sector labour markets."

The next few months will be especially busy for the team as they design their questionnaire for a pilot survey of head/deputy head teachers, school governors and examine their data on university vice-chancellors. As Tim concludes, "We have now both the data and method in economics to undertake a detailed quantitative analysis of pay and performance of public sector CEOs. But this is only the beginning. Our results remind us that an active public sector labour market can replicate something which looks like performance related pay even when that is not part of the formal employment contract. There is a lot to be learned and it will be essential to join up our quantitative study with those that come at these issues using more qualitative research methods."

