



Public Policy Institute for Wales
Sefydliad Polisi Cyhoeddus i Gymru

Collaboration and Public Services Improvement

Evidence Review Prepared for the
Commission on Public Service Governance and Delivery

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January 2014

PPIW Report No. 2

The Public Policy Institute for Wales

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Summary

Governments across the world have adopted collaborative approaches to managing public services in a bid to tackle wicked issues, improve services and contain costs. Collaboration has particular prominence in Wales where it has been at the heart of the Welsh Government's overarching framework for public service reform. Some question, however: if it is right to give collaboration so much emphasis; whether local government has embraced the agenda with sufficient urgency; and if the results justify the investment of time, money and effort involved?

This note focuses on the evidence about three key aspects of collaboration:

- Why collaborate?
- When to collaborate – in which services does collaboration offer the greatest gains?
- How to collaborate – how can collaboration be managed in order to improve services?

It highlights three key lessons from research evidence. First, aside from informal networking to improve the circulation of knowledge, partnerships offer two main benefits:

- Unlocking economies of scope between different but complementary services (like health and social care)
- Delivering economies of scale between the same services provided by different organisations (like waste disposal in neighbouring authorities).

Second, services dependent on expensive specific assets (physical capital in the case of waste, human capital in education, for example) promise the greatest potential for efficiency savings.

Third, partnerships are most likely to be effective where there is:

- External support from a sponsoring organisation(s)
- Multi-level engagement between partnering organisations
- Formalisation of terms of reporting and accountability
- Active collaborative management.

The evidence suggests that the issue is not whether Welsh local government should work in partnership, but how to encourage effective management and support of priority partnerships. We recommend that in place of a sometimes general and vague



encouragement to collaborate in all services, the Welsh Government prioritises the effective leadership and management of partnerships in those areas where it can produce the greatest gains and ensures that it provides the kinds of support which the research shows collaborations require.



Introduction

This review of the research evidence regarding effective collaboration has been commissioned by the Public Policy Institute for Wales for the Commission on Public Service Governance and Delivery. It addresses three main issues:

- Why encourage collaboration between local authorities?
- Which services are likely to produce the greatest gains through collaboration?
- How can collaborations be best managed to achieve improvement in services?

Why Collaborate?

Two challenges explain the high profile of the collaboration agenda. The first stems from an increasing recognition that public sector agencies can no longer be treated as 'lonely organisations' (Hjern and Porter, 1981, p.212). Wicked issues – like sustainability and youth unemployment – together with the increasingly important efficiency agenda, make it difficult for organisations operating within narrowly defined jurisdictions to meet the challenges of the twenty first century. Resources need to be combined if public expectations are to be met (Andrews and Entwistle 2013).

The second issue arises from an increasing body of evidence which suggests that the old answer to the resource problem – of administrative merger into larger organisations – delivers less, and costs more than its advocates suggest. The difficulty, as Dollery and Fleming (2006, p.274) explain, is that because each services has different long run cost curves 'the most efficient level of production will depend on the type of service'. They go on to explain (Dollery and Fleming 2006, p.274) that 'where local government produces a range of different services, each with its own unique production characteristics, no single size of government will be able to produce all services at the minimum possible cost for each service'. A message underlined by a recent review conducted for the Department of Communities and Local Government in England, which found 1294 statutory duties placed on local government (DCLG 2011).

Where it is recognised, as Ling (2002, p.616) puts it, that 'important goals of public policy cannot be delivered through the separate activities of existing organisations' but neither can 'they be delivered by creating a new super agency', the obvious solution is to encourage public agencies to enter into collaborative arrangements of one form or another. These



partnerships, networks or alliances are then usually focused on one or more of three distinctive objectives:

- First, partnership or network forms of organisation are widely regarded as more conducive to the 'creation and circulation of knowledge' than either hierarchies or markets (Thompson 2003, p.119; Entwistle et al 2007). In such a way, partnerships are used as a way of engaging with, and learning from, different groups and sectors with a view to improving the quality of policies, strategies and decisions.
- Second, collaboration between organisations operating in the same area delivering different but complementary services – such as police, fire and housing – may allow economies of scope (6 2004; Lowndes and Skelcher 1998).
- Third, collaboration between similar public agencies divided by geographical boundaries (Warner 2006) – neighbouring local authorities for example – can increase efficiency through economies of scale (Lowndes and Skelcher 1998; Hardy 2003).

Although it is difficult to evaluate the performance of these often voluntary inter-organisational endeavours, an increasingly large body of evidence suggests that partnership works (Provan and Milward 1995; Andrews and Entwistle 2010). More precisely, the adoption of network forms of public service delivery is associated with service improvement of one form or another. The problem as Dollery, Grant and Crase (2011, p.159) put it, is that 'councils often do not form partnerships' when perhaps they should and then sometimes 'dissolve existing partnership arrangements' when perhaps they shouldn't. The issue is not then whether or not governments should use partnership but rather in which services are collaborative approaches likely to be most fruitful and how those collaborations can best be managed.

When to Collaborate?

The question of when to collaborate – or more specifically which service areas promise the greatest gains from collaborative approaches – is easily answered in theoretical terms. The three rationales for collaboration described above suggest three distinct areas of collaborative activity:

- Firstly, almost all service can benefit from the improved knowledge flows associated with networking activity of one form or another. The case for new networks will however be strongest in those service areas with pressing communication problems. In such a way partnerships bodies have been used particularly – as in



the Communities First programme for example – to improve the dialogue between deprived communities and public service providers. Networks structures have also been established with the aim of improving the dissemination of best practice between practitioners and between practitioners and policy makers.

- Second, economies of scope emerge from the combination of different but complementary services. All services need the support of generic back office functions – like HR and payroll – and so service combinations which make better use of these specific assets promise reductions in cost. But the real benefits of scope lie in the complementarities between separate but related service activities. Integration of police, health, social care and education, for example, is now recognised as of fundamental importance to child safeguarding. Some improvements may be easily captured through subtle changes in procedure and communication, others however, may require more extensive forms of integration which challenge distinctions between professional jurisdictions.
- Third, economies of scale are unlocked by the combination of the same or similar services. They are particularly associated with capital intensive services like waste, ICT and transport but any specific asset – like human capital – has the same potential to promise decreasing average costs. The per unit service cost for small organisations to employ specifically trained professionals in law, human resources and procurement, for example, will inevitably be higher than for larger organisations. In such a way, we can add human resource management, legal services and procurement to our list of services likely to benefit from scale based partnerships. A number of services however require specialisation within the function. Good services require not just professional generalists but a range of specialists. A good school improvement service, for example, will include people with expertise in literacy, numeracy, special needs and so forth again suggesting that there is a minimum efficient scale for these types of services.

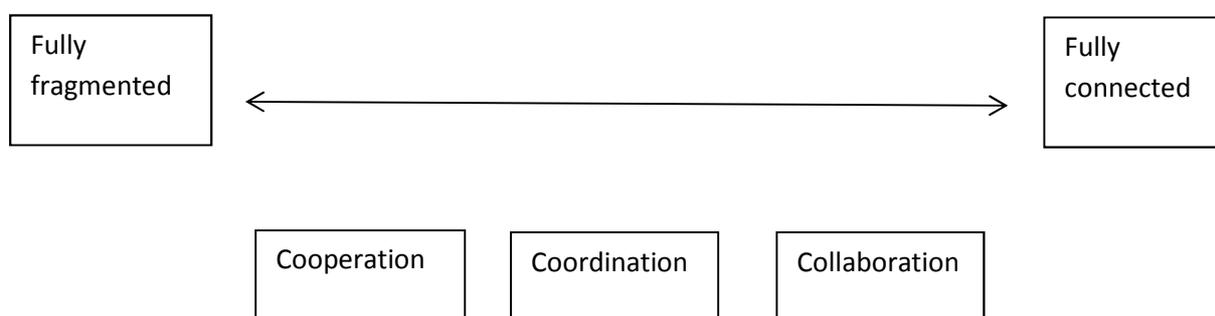
While this kind of analysis might point to the potential benefits likely to flow from collaborations focused on knowledge, scope and scale, there is no guarantee, of course, that any individual partnership will deliver these benefits. It is to managerial determinants of network effectiveness that we now turn.



How to Collaborate

The evaluation of collaboration is made difficult by the many different forms of organisation adopted in its name. Vague references to partnership or network forms of organisation beg the question of how these things are actually organised. Keast *et al* (2007, p.12) describe a continuum of collaborative activity ranging from cooperation – based on limited connection and low intensity on the one hand – to fully fledged collaboration on the other.

Figure 1: Integration continuum



Commentators looking specifically at the shared service agenda echo these distinctions in their identification of different forms of collaborative governance. Developing the categories suggested by Tomkinson (2007), we can distinguish between four different models:

- The network model emphasises as Dollery *et al* (2011, p. 158) put it ‘ad hoc resource sharing between groups of councils’ on a very informal basis. Relatively loose network type arrangements are consistent with the information sharing and process adjustment Keast *et al* (2007) describe as cooperation. It has been recognised for some time that much information exchange can be achieved through the ‘weak ties’ of relatively peripheral participation.
- The ‘lead council model’ incorporates a more formal structure in which a lead authority agrees to deliver a particular service. Not normally requiring elaborate forms of governance, lead council models can be organised as quasi-contractual arrangements defined in service level agreements.
- Tomkinson’s ‘corporatist model’ involves two or more councils forming a joint arrangement to deliver a specific service or services in which the costs and benefits

are borne by all partner councils. This implies establishing a joint governing body – a joint board or committee – between member councils with associated arrangements for accountability and oversight.

- The ‘supra-corporate model’, described by Tomkinson, involves two or more councils establishing a special purpose vehicle – a limited company or trust of some form – to deliver a specified service. The model gives the service provider greater autonomy (with all the attendant benefits) at the price of reduced control and accountability for the member authorities.

In truth, of course, these forms of collaboration are likely to need very different forms of management. The ingredients which make for successful collaboration in a professional network focused on the dissemination of best practice are unlikely to be the same as those required for the formalised governance processes of a special purpose vehicle. Although the literature is not sufficiently advanced to allow fine grained analysis of this sort, there is an emerging consensus on what might be regarded as the generic ingredients of network effectiveness. Three recent reviews (Provan and Lemaire 2012; Turrini *et al* 2010; Entwistle 2010), point to a set of variables which seem to be positively associated with network performance.

External Support

One of the advantages of relatively informal networks is that they promise flexibility and adaptability. It is increasingly recognised, however, that networks need to be stable at their core. Provan and Lemaire (2012, p.646) explain that: ‘Significant disruptions in the pattern of relationships among the core organizations are especially difficult to overcome’. Dependent on the personal chemistry of individual interactions, partnerships will not necessarily emerge in the right places to do the right things and even if they do they won’t necessarily last as long as we would like. Network creation will then sometimes need to be prompted, fostered and supported (Provan and Lemaire 2012, p.641-642). Accordingly, the literature finds that partnerships benefit from an external sponsor to provide ‘stability and legitimacy’. Support may take the form of technical assistance, grants or performance management. Direct mechanisms of control are positively correlated with improved performance (Provan and Milward 1995; Turrini 2010).

Network Integration

Integration refers to the interactions between member organisations. Provan and Lemaire (2012, p.643) explain that when contacts between organisations ‘are built around a single representative in an organisation, they may be tenuous.’ A multiplicity of ties however will

prove 'stronger and more intensive' (Provan and Lemaire 2012, p.642). Overall network effectiveness can be significantly enhanced when networks goals and interests are understood and accepted through meaningful involvement by multiple members of organizations in the network. Internal legitimacy – requiring the 'building of trust based relationships' (Provan and Lemaire 2012, p.645) – is especially important in mandated network arrangements which lack a history of inter-organisational knowledge and trust. Integration should not however be pursued as an end in itself, rather, Provan and Lemaire (2012, p.644) call for *selective integration* in which 'those organizations that need to work closely together do so, while others do not.'

Formalisation and Accountability

Formalisation refers to the rules of the network or partnership: the extent to which the processes of collaboration are codified through established procedures or written documents. Formalisation can extend to the organisation of meetings, agendas, minutes, service level agreements, strategies and performance management. When actors and other stakeholders are aware of about 'the availability of information about decision-making moments', formalisation improves accountability which in turn, according to Turrini *et al* (2010, p.542), 'influences the commitment of member organisations' to the benefit of quality of output and the sustainability of the network.

Network Management

Finally, networks need to be managed! They need as Provan and Lemaire (2012, p.644) put it a 'network facilitator, intermediary, hub firm or weaver'. While there are debates about whether managing between organisations is different to managing within them, there is a reasonable consensus on the activities which are positively associated with performance. Commentators use different terms – Turrini *et al* (2010) describe the tasks as networking, buffering and steering; Huxham and Vangen talk in terms of embracing, empowering and mobilizing; McGuire (2002) prefers: activation, framing, mobilising and synthesizing – but all, in essence, describe very similar managerial activities. Klijn *et al* (2010, p.1069) find that exploring and connecting strategies are the most important. Exploring involves clarifying the 'goals and perceptions of actors'. Connecting involves the network manager identifying 'the actors required for an initiative' and then persuading them to invest their resources. Like Vangen and Huxham's (2003, pp.69-70) diagnosis of the need for 'collaborative thuggery' to deal with members of the partnership 'who are not on board', 'ill informed', or 'cannot mutually communicate', Klijn *et al* talk of a need for managers to 'deactivate' actors whose contributions have become counterproductive. Klijn *et al* (2010 p.1077) conclude that 'management matters far more than organization'.



Conclusion

Some commentators question the performance benefits of collaboration. Dickinson and Sullivan (2013, p.3) claim that the evidence of performance improvement 'remains uncertain at best', Huxham and Vangen (2004, p.200) say 'don't do it unless you have to'. Without a more thorough evaluation of the quality of different studies it would be inappropriate to make an authoritative statement about the balance of existing work. However, the few studies that have sought to evaluate outcomes in a rigorous manner suggest that the evidence might tip more in favour of performance improvement than against it.

In truth, however, the balance of evidence is of less significance than it might first appear. Governments are faced by pressing social problems, diminishing resources and exponentially expanding complexity. It is increasingly self-evident that no single organisation can be expected to solve these problems acting alone. At the same time, it is impossible to conceive of an organisational re-design that would negate the need for cross boundary working. The problems facing contemporary societies cannot be resolved through improved hierarchical processes or free market competition. In the absence of alternative solutions to the challenges facing us, some form of partnership working – both between local authorities and with a range of other agencies – appears to be the only game in town. Partnership working is then both an inevitable and desirable fact of contemporary public management.

The issue is not whether Welsh local government should work in partnership, but how effective is the management of those partnerships. While we do not, at this stage, have the evidence to say definitively which sorts of collaborations and which styles of management work best in each different context, there is an increasingly consistent account of the kinds of variables which are associated with network effectiveness. While taking those variables into account will not banish all of the many problems of partnership and guarantee the good performance of all collaborations, it will at least rule out some of the most frequently cited sources of what Huxham and Vangen (2004) call 'collaborative inertia'. In place of sometimes a general and vague encouragement to collaborate, the Welsh Government might prioritise the good management and support of what it takes to be most important collaborations.

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