Institution: London School of Economics and Political Science
Unit of Assessment: 21 Politics and International Studies
Title of case study: Improving digital era public management in UK central government

1. Summary of the impact

Professor Patrick Dunleavy, as Director of the LSE Public Policy Group (PPG), has led a research programme on digital era governance. The results of this programme, through published research, evidence to Parliament and direct consulting to government agencies (including the National Audit Office), have had a significant impact on the UK government's approach to the delivery of government services online. Specifically, the research has allowed the government to develop policies that have facilitated speedier and more effective digital changes, and increased the breadth and quality of public service delivery online.

2. Underpinning research

Research Insights and Outputs: Long-established government departments, with 'legacy' IT systems and conservative organizational cultures, have had to overcome substantial challenges to make effective use of e-government and internet communication. They have moved beyond merely digital versions of paper-based transactions and embraced social media, cloud computing and 'essentially digital' public service design in order to offer modern online information and transaction services online that are both effective for citizens and efficient for government.

PPG, led by Dunleavy and including Dr Simon Bastow and Jane Tinkler, and often collaborating with Professor Helen Margetts (UCL, and since 2004 at Oxford), has conducted research on all aspects of digital governance. In a fast-changing field this research combines fundamental rethinking of technological changes in public management with applied work conducted for and with government bodies.

From 2002-4 Dunleavy and Margetts co-directed an ESRC project (with Bastow and Tinkler as researchers) on e-government changes in seven industrialised countries – UK, USA, Canada, Australia [4], Japan, the Netherlands and New Zealand. The working papers from this project, together with much of the applied work for the National Audit Office detailed below, became *Digital Era Governance* [1].

The major contribution of this research was its introduction of the new 'quasi-paradigm' of 'digital era governance' (DEG), an approach that stood in direct contrast to the reigning orthodoxy called 'new public management', which focused on disaggregation, competition and incentivisation [2,3]. New public management had advocated breaking up large government 'behemoths' into smaller agencies specialising on particular policy or delivery issues. The idea was to foster efficiency through private sector-style competition and managerialism, and by setting benchmarking targets, encouraging inter-agency competition, and holding chief executives accountable for performance. At first this specialism drove quality improvements, but eventually it led to fragmentation and inefficiency as duplication of systems (e.g. HR) occurred across agencies. A focus on 'core competencies' also rapidly increased the outsourcing of IT provision to the private sector. Agencies were locked into long-term IT contracts that failed to accommodate technology developments. This elayed progress on the digital upgrading of government services and confused citizens, who faced a patchwork of government websites. Digital era governance emphasised holistic services, reintegration and digitalisation as remedies to these unwelcome outcomes. DEG recognised that citizens should not be expected to know the remit of individual agencies when engaging in transactions with the national government. Digital technologies allow the creation of joined up service provision – 'one-stop shops' – where all their government needs and queries could be addressed, and a focus on the end user should negate the requirement to submit the same information multiple times to different agencies. DEG therefore recommended making holistic services available to citizens through reintegration of the multiplicity of government services.

In tandem, and feeding into this fundamental research, PPG completed four major 'value for money' studies on IT issues for the UK National Audit Office (NAO). Each study cost approximately £220,000, involved dozens of interviews with senior civil servants, documentary analysis, site visits, as well as the organisation of web censuses, surveys, citizen and practitioner focus groups and later experiments to chart the development of e-government. The project produced four key reports:

   i. *Government on the Web* (1999), which was the first ever study of internet use in UK government, and found that the government's 2008 target for online public service delivery was not effective because it was too far in the future to motivate change;
   ii. *Government on the Web II* (2002), which showed that bringing the target forward to 2005 stimulated more change but some key departments were unlikely to reach their targets because they were locked into inflexible long-term contracts with private contractors that stymied change;
   iii. *Government on the Internet* (2007), which monitored electronic service provision achieved in 2005 and found that UK public and business use of online services was poor in comparison to other EU countries according to EU-wide surveys; and
   iv. *Department of Work and Pensions: Communicating with Customers* (2009), which found that whilst DWP had improved its forms and communications with customers, its investment in call centres and its assumption that its customer base (retirees and job-seekers) were not online contributed to a remarkably low level of online transactions.

From 2007 on Dunleavy and Margetts also defined a 'second wave' of DEG changes, showing how government transformations around social media, Web 2.0, cloud computing and digital changes were confirming and deepening DEG development, even in austerity conditions [5]. In a PPG project funded by a large corporate donor (EDS, later Hewlett-Packard [HP]: award of £1m to LSE), Dunleavy and Dr Leandro Carrera (now at KCL) conducted a four-year analysis of productivity changes in six central departments and agencies, and an analysis of performance in NHS hospitals in England, summed up in *Growing the Productivity of Government Services* [6]. This 'second wave' research found that digital change and new management practices can combine to combat Baumol effects that can raise the price of public services in the absence of concomitant increases in productivity. These ideas strongly informed the 2007 NAO report on later internet/web changes and the 2009 NAO report on DWP's customer transactions (see Section 4).

Key Researchers: Professor Dunleavy has been at LSE since 1979. Jane Tinkler has been at LSE since 2005. Dr Simon Bastow has been at LSE since 2004.

3. References to the research

1. P. Dunleavy, H. Margetts, S. Bastow and J. Tinkler (2006) *Digital Era Governance: IT Corporations, the State and e-Government* (Oxford: Oxford University Press, 2006). 289 pages. Revised paperback edition, June 2008. Available from LSE.
2. P. Dunleavy, H. Margetts, S. Bastow and J. Tinkler (2006) 'New Public Management is dead. Long live digital-era governance', *Journal of Public Administration Research and Theory*, 16, no.3, pp. 467-94. DOI: 10.1093/jopart/mui057
3. P. Dunleavy. (2007) 'Governance and state organization in the digital era' in R. Mansell et al (eds) *The Oxford Handbook of Information and Communication Technologies* (Oxford: Oxford University Press), pp. 404-426. Available from LSE.
4. H. Margetts, P. Dunleavy, S. Bastow and J. Tinkler (2008) 'Australian e-Government in comparative perspective', *Australian Journal of Political Science*, 43, No.1 pp. 13–26.
http://eprints.lse.ac.uk/21593/
5. H. Margetts and P. Dunleavy (2013) 'The second wave of digital-era governance: A quasi-paradigm for government on the Web', *Philosophical Transactions of the Royal Society: A.* 371, Issue 1987, Article number 0382. DOI: 10.1098/rsta.2012.0382
6. Dunleavy, P. and Carrera, L. (2013a) *Growing the Productivity of Government Services*. Chichester: Edward Elgar. 365 pages. Available from LSE.

Evidence of quality: 3 articles in international peer-reviewed journals (2,4,5), two books, one with a leading university press (1) and one with a leading academic publisher (6), and a chapter in a prestigious OUP Handbook (3).

4. Details of the impact

Nature of the Impact: The 'digital era governance' model, with its focus on organizational reintegration, holistic services and digitalization, has stimulated policy debate and impacted UK government policy. Working with and for the UK government, PPG research has played an important role in shaping the evolution of UK e-government policy.

Evidence of Impact: In 2002 the House of Common's Public Accounts Committee (PAC) considered progress since PPG's first report in 1999 and its second in 2002, and confirmed all of these reports' recommendations [A]. The formal government response to this, via a Treasury Minute, committed government bodies to monitoring their web traffic, encouraging the take-up by citizens of online services and ensuring the good design of websites [B]. These were seemingly small changes but the two reports contributed to a shift in thinking about online public services. As personal testimony from a Cabinet Office official sets out: "In some ways, therefore, the real value and influence of *Government on the Web* (1999) was less in its specific findings (which inevitably became dated relatively quickly, if not as quickly as we all would have liked) and more in pointing to a different way of framing questions and designing an evidence-based approach to answering them" [C]. In 2003 the UK Political Studies Association awarded Dunleavy and Margetts a 'Making a Difference' award for the 1999 and 2002 reports.

The 2007 *Government on the Internet* report [D] was considered in detail by the PAC. Dunleavy attended the PAC hearing, briefed the NAO's Comptroller and Auditor General in the session, and the report's findings fed directly into the Committee's conclusions and recommendations [E], which the government overwhelmingly accepted [F]. These committed the government to monitor both the costs of websites (often previously masked within integrated service contracts) and the usage of their sites. Dunleavy was consulted by Cabinet Office/COI staff implementing the recommendations in April 2009 on the detailed design of the new annual web use and costs survey. This resulted in the implementation of a new database on Whitehall Web costs by the Central Office of Information [G]. In addition, government departments were encouraged to develop channel strategies whereby those who were able to switch to online interactions were helped to do so, ensuring parallel offline services for those who were digitally excluded. NAO and HM Treasury have agreed savings arising from the 2007 report of £4,800,000 in 2011 [H].

In May 2009 Dunleavy and PPG published another VFM study for NAO, *Department for Work and Pensions: Communicating with Customers* [I]. The central finding was that DWP was conducting only 0.5% of its transactions online and was lagging well behind other government departments. The accuracy and accessibility of online information within DWP also continued to have serious problems. In 2012 NAO and the Treasury agreed a first tranche of £715,000 savings identified in the report [H].

The report also stimulated debate in the wider policy community, and Dunleavy and PPG participated in a number of high profile academic-policymaker seminars. For example Dunleavy presented key policy lessons at a well-attended LSE/Institute for Government seminar to launch PPG's 'Innovating out of the Recession' seminar series in June 2009, chaired by Lord Michael Bechard [J]. Dunleavy also drew on this work when looking at DWP's productivity in comparison with other government organisations for an event at HM Treasury in 2012. The 2009 NAO report was therefore an early factor helping to catalyse for a fundamental reappraisal of delivery methods. In this context of heightened scrutiny of DWP, the new Secretary of State, Ian Duncan Smith, launched a large-scale reform of DWP to introduce a Universal Credit benefit, together with a major savings/austerity programme. In response also to a general government IT initiative, DWP policy changed radically in mid-2011 to commit to a 'digital by default' strategy with a target of getting 80% of its customer transactions online by 2015 [K]. A new £1 billion set of IT contracts for universal credit to be delivered online began in 2012.

Wider Implications: Government understanding of how it provides services online and how it assesses its own performance in this sphere has dramatically changed since the first NAO report in 1999 and is reflected in citizens' corresponding take-up of these services. This outcome has brought greater efficiency, ease-of-access and transparency to government services and produced significant costs savings that are imperative in an era of dwindling government budgets.

5. Sources to corroborate the impact

All Sources listed below can also be seen at: https://apps.lse.ac.uk/impact/case-study/view/50

A. Committee of Public Accounts (2002) *Progress in Achieving Government on the Web: Sixty sixth Report of the Session 2001-02*. 13 December. Report at http://www.publications.parliament.uk/pa/cm200102/cmselect/cmpubacc/936/936.pdf

B. *Treasury minutes on the sixty-fourth to the sixty-eighth reports from the Committee of Public Accounts 2001-2002* Cm 5728 2002/03. Including pages 15-19 on the PAC report shown in (A) above. Source file: https://apps.lse.ac.uk/impact/download/file/1360

C. Email Testimony from current Head of Corporate Strategy for the Cabinet Office but previously Head of Strategy for the Department of Work and Pensions, who described PPG's report as "a powerful synergy of audit and research which reframed important aspects of the debate". This source is confidential.

D. P. Dunleavy, H. Margetts, S. Bastow, O. Pearce and J. Tinkler (2007) *Government on the Internet: Progress in Delivering Information and Services Online* (London: The Stationary Office, July). HC 529 Session 2006-7. NAO 'Value for money' report. 49 pages. Available with NAO press release, link to Research Report etc at: http://www.nao.org.uk/publications/0607/government_on_the_internet.aspx And: *Government on the Internet: Research Report* (London: LSE Public Policy Group and Oxford Internet Institute, July 2007), 89 pages. http://www.governmentontheweb.org/publications/26/

E. Committee of Public Accounts, *Government on the Internet: Progress in delivering information and services online* (London: TSO). Sixteenth Report, HC143 Session 2007-8 at http://www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/143/143.pdf

F. Treasury Minutes on the First and Second Special Reports and the Sixteenth to the Twenty Second Reports from the Committee of Public Accounts 2007-2008, including pages 3-6 on 16th Report Government on the Internet: progress in delivering information and services online'. London: The Stationary Office. July 2008 Cm 7366 http://www.official-documents.gov.uk/document/cm73/7366/7366.pdf

G. Data.gov.uk CIO database on costs, usage, quality, accessibility, availability and standards compliance data for central government department-run websites. For example, for 2010-11 http://www.cabinetoffice.gov.uk/sites/default/files/resources/websitemetrics2010-11_0.xls

H. Email from National Audit Office Audit Manager confirming savings agreed with Treasury of £4,800,000 in 2011 for Government on the Internet report. Plus also confirming savings agreed with Treasury of £715,000 in 2012 for the DWP: *Communicating with Customers* report. This source is confidential.

I. Dunleavy, P., Margetts, H. et al (2009) *Department for Work and Pensions: Communicating with customers* (London: The Stationary Office, May 2009). HC 421 Session 2008-9. Available at: http://www.official-documents.gov.uk/document/hc0809/hc04/0421/0421.pdf and with press release etc at http://www.nao.org.uk/publications/0809/communicating_with_customers.aspx

J. Institute for Government (2009) Managing public expenditure in times of fiscal restraint. Briefing Report featuring research by Dunleavy et al (2009) Available from http://www.lse.ac.uk/government/research/resgroups/LSEPublicPolicy/pdf/Innovating_out_of_recession.pdf.

K. Department of Work and Pensions (2012), *Response to the Government Digital Strategy* (London: DWP). December. Available at: https://www.gov.uk/government/publications/dwp-digital-strategy