

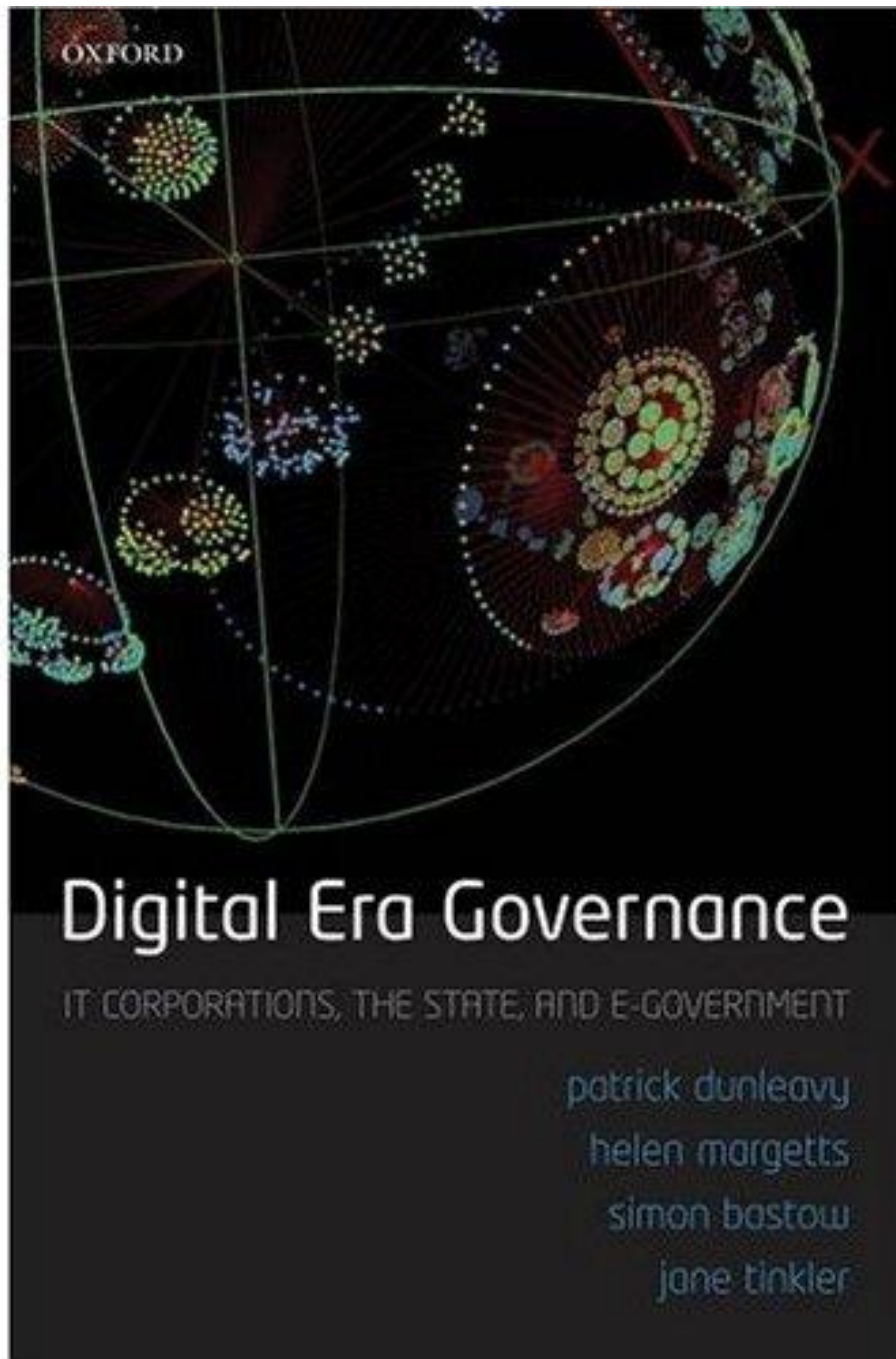
Digital-Era Governance 2.0

How current advances are pioneering a whole new level in state-citizen relations in the UK, USA and elsewhere

Patrick Dunleavy

**Paper to the Identity and
Privacy Conference,
15 May 2009**





Where we are now in government ICTs change?

New Public Management
(1981- 2005) is dead

**Digital-era governance is
predominant** (predicted
now for 15-20 years)

Oxford University Press, rev ed, 2008

New Public Management

Three old themes are dying on their feet:

- **Disaggregation** – splitting up large bureaucracies via agencification, micro-local agencies, more quasi-government agencies, purchaser-provider separation
- **Competition** – introducing alternative suppliers via mandatory competition, outsourcing, strategic review, quasi-markets, deinstitutionalization, asset sales, consumer-tagged financing, deregulation
- **Incentivization** via privatization, PFIs and PPPs, performance-related pay, charging, public sector dividends, 'light touch' regulation

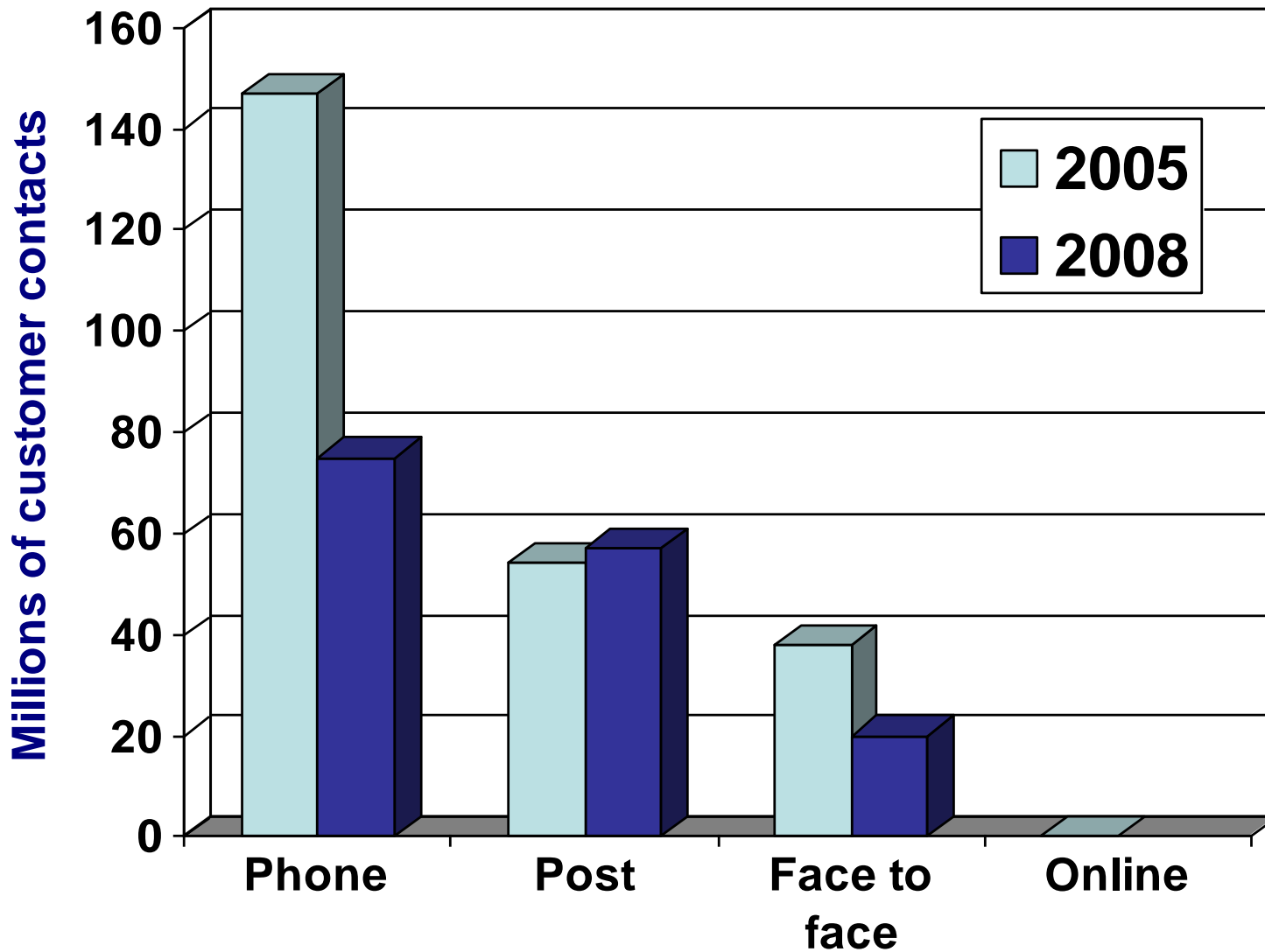
NPM legacy problems 1: the Web 1.0 technological vibe in government

- **Pervasive text** – text and nothing but text everywhere on government sites: consequently
- **Risk of disastrous under-investment**
 - in capacity for storage,
 - in bandwidth
 - in training, skills
 - IT support, etc.

You name it, every planning assumption can potentially be deeply wrong

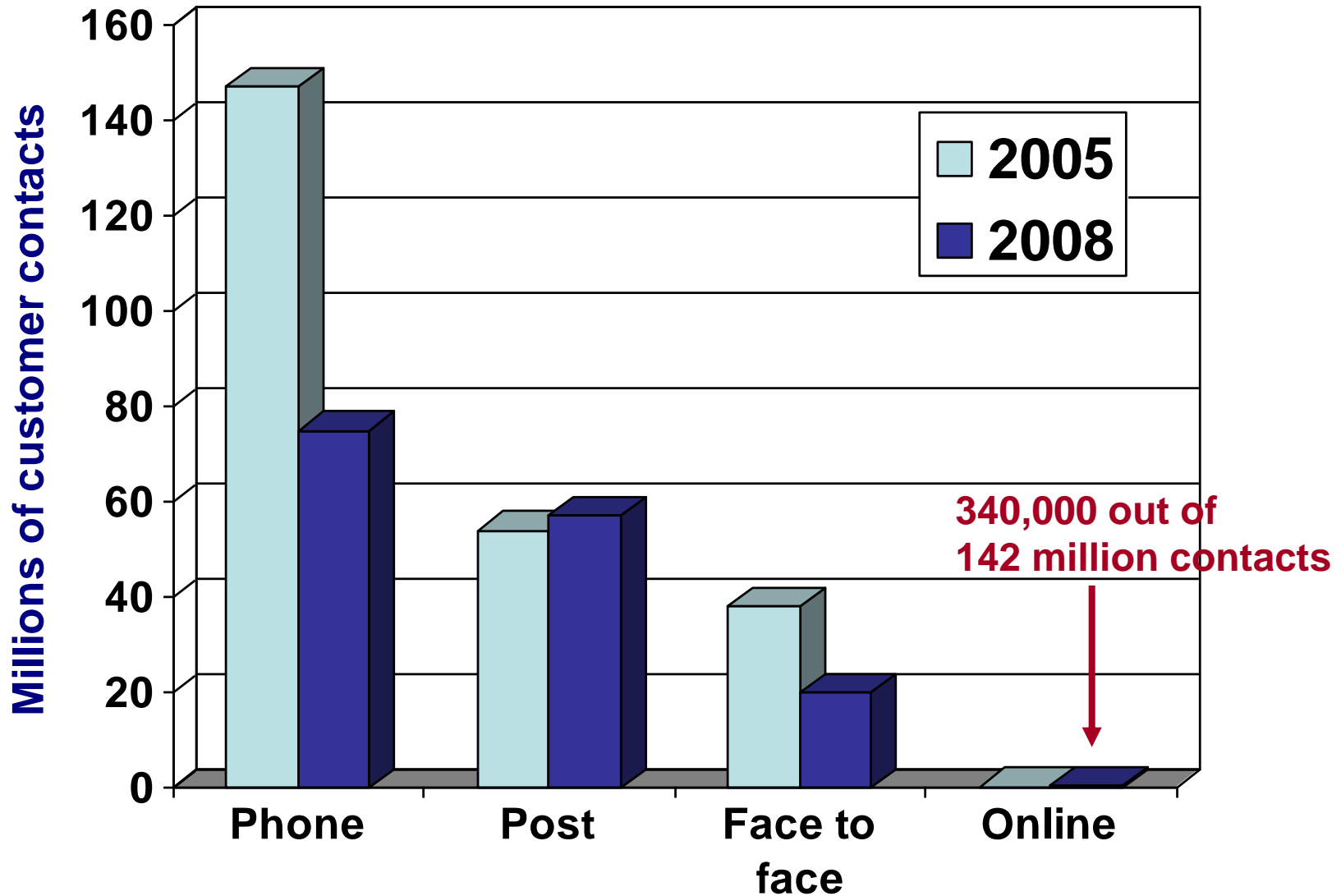
- Recentralization imperatives by managements trained in NPM era may lead to ‘big bang’ schemes
 - potentially including www.Direct.gov.uk
 - and www.businesslink.gov.uk
- See NAO, *Government on the Internet* (UK, July 2007)

CUSTOMER CONTACTS IN DWP 2005 TO 2008



Source: NAO, *Communicating with Customers in DWP*, May 2009

CUSTOMER CONTACTS ONLINE ARE MINIMAL



NPM legacy problems 2: the services mix in the DWP

- In 2002-5 the Department of Work and Pensions went heavily into phone-based processes, to replace paper forms and face-to-face delivery
- By 2005, customer-originated contacts were 330 million a year, and up to 60 per cent of customer contacts were not 'value-adding'; up to a third of phone calls were never picked up
- DWP sought to cut back on unproductive contacts, and by 2008 reduced them drastically to 150 million customer contacts. Yet the phone/paper/face to face mix moved heavily back towards paper & mail
- In 2008 online communications amounted to less than 1% of customer contacts – currently it takes each DWP civil servant four months to send one email to a customer
- 51% of DWP customers were online by mid 2008

NPM legacy problems 3: the Web 1.0 cultural vibe in government

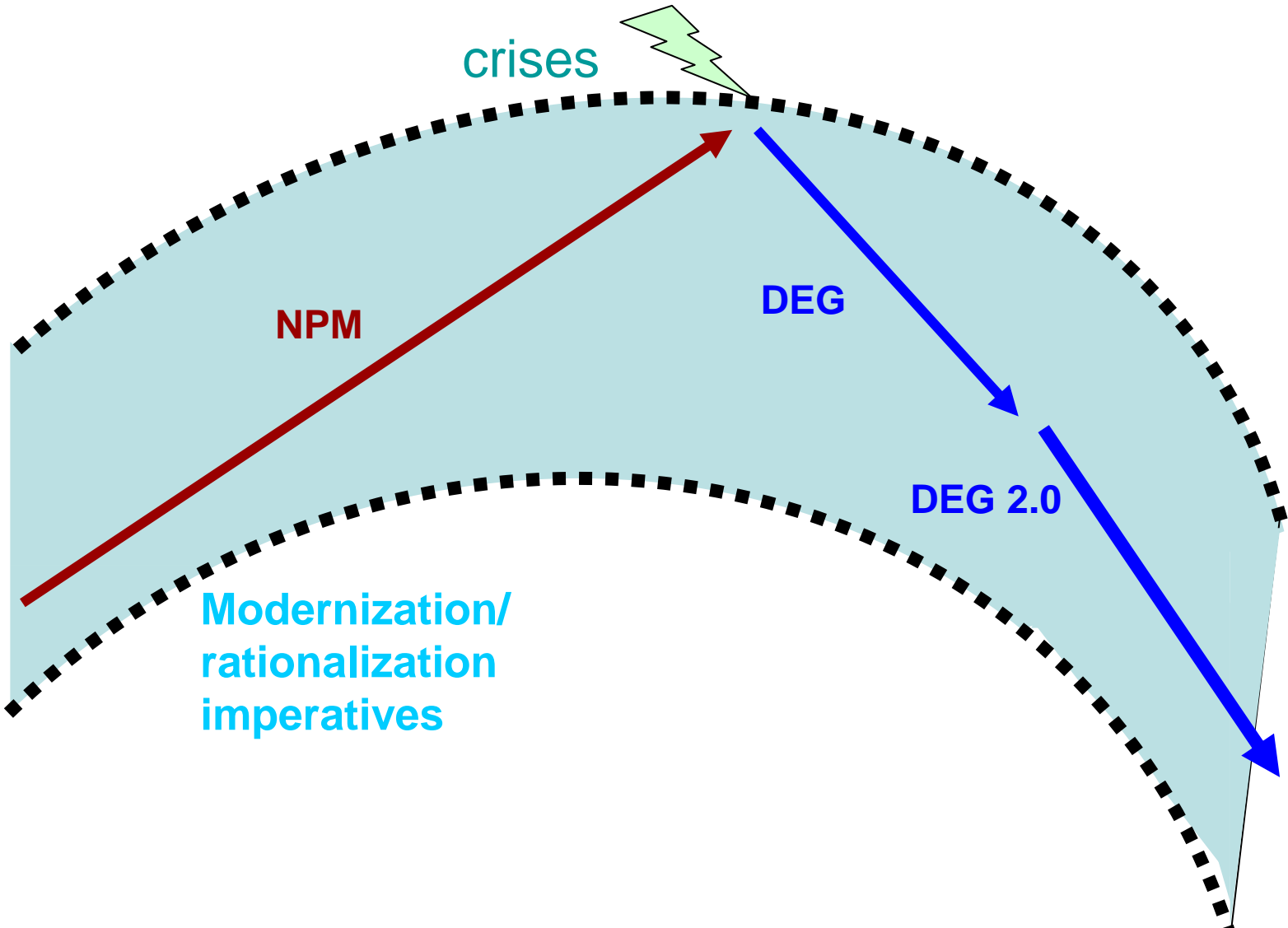
- Only 'old-fashioned' Web is easy to use
- “Government doesn't do cool”
= “It's only working if it's boring”
- “Our site is not aimed at young people”
- We only link to fully authenticated information, generated via official processes in our own silo
- No para-state involvement – we stand alone; we don't integrate into society's networks; we don't recognize intermediaries
- See National Audit Office, *Government on the Internet* (July 2007)

NPM legacy problems 4: 'Service delivery disasters' in the NHS

- The core NPM attitude is: 'Customers are dumb but they have to come to us. We know better, so we ignore serial complaints, just like Ryanair'.
- **Disaster 1 – c-difficile in Maidstone and Tonbridge hospitals, 2006.** An activist management who failed to even notice their first outbreak, denied a second outbreak for weeks – and lost 90 patients dead to a problem that eventually affected 1000+ patients
- **Disaster 2 – East Staffordshire accident and emergency department.** Racked up 400 to 1,200 avoidable extra deaths while ignoring serial complaints by patients and relatives
- **NPM concept of 'agile'** is a regulatory inspection happening a year to 18 months later – when patients have died already. No 'just in time element' here.

DEG 2.0: the new constellation for government

How commercial and civil society changes require a new course in government



Digital Era Governance

Original version from 2006

- **Reintegration** – reversing fragmentation, joining up/ de-siloing, partnership working, re-governmentalization, new central processes, squeezing process costs, shared services, simplification
- **Needs-based Holism** – client-focused structures, end-to-end redesign, one-stop processes, agile (not fragile) government
- **Digitalization** – electronic delivery, centralized procurement, new automation, disintermediation, making citizens do more, isocratic administration, open-book governance

Digital Era Governance 2.0

- technological implications

- Rich content information used pervasively – video, pictures, audio, podcasts, high-intensity graphics (like a video game)
- Information needs to respond immediately, in real-time
- Users want to mix and mash-up information, again *quickly, in real time*
- Lots of automated, objective information – linking to 'zero touch' technologies
- Massive data creates massive storage needs, so
- Search is king – inside as outside: lose the crowded home page, get an internal search that really works

Digital Era Governance 2.0

- co-producing and co-creating services

- Strong customer segmentation, opening space for social networking
- Playing back information to users, about what they do and how they feel - *all the time*
- Giving citizen testimonials a central role – e.g. NHS Choices
- Direct citizen choices across differentiated services via Web information plus citizen testimonials,
- Democratizing innovation – users enter (and often run for themselves) the front office – nudged customers know best, maybe advised and checked by officials
- Organically involving social partner organizations, 3rd sector and private firms, commissioning not just outsourcing

Digital Era Governance 2.0

- the citizen culture

- 'Isocratic' government – help citizens do it themselves (eg pay taxes on time and in full, while government 'holds the ring';– implies
 - Department accounts/ Taxpayer accounts/ Whole of government accounts
 - or look after their health, with proactive/supportive government assistance, as with smoking ban)
- Comprehensive customer/citizen voice – is not just a dispensable add-on or luxury good, but a full-strength alternative guidance system, capable of being much more agile, market-like and imposing a close discipline of customer/user involvement on managers
- Creating some part-finished products – government provides a framework or capacity or facility (a 'part-product' only, not fully spec-ed) – then citizens design and implement their own projects using it (like– e.g patients or carers with their own care budget define their own care packages)

Digital Era Governance 2.0

- information architecture implications

- All ICT development has contradictory enabling and disabling (standards-raising) implications
- Most contemporary ICT changes embody and facilitate contradictory organizational imperatives
 - Database developments and tools are generalist and decentralizing, they allow grass-roots/frontline workers to access information directly, without involving additional personnel with different/more expertise
 - Network improvements are centralizing, widening spans of control, improving the agility of control
- Government/public sector needs an information architecture like Tesco – where appropriate information is centralized but fulfilment is localized, an anti-NPM shift that will take 20 years in UK

Digital Era Governance 2.0

the management culture

- Making pervasive information happen in government – exploiting administrative data; using non-reactive measures and objective data; super-crunching with massive data arrays; joining up analysis
- De-coupling information analysis from control – uplinking local data to national systems, automatically (without extra work) and without target/control use; developing data-based management (and junking intuitive management) *leading to*
- Pro-active, agile experiment kit – tilt channel strategy towards highly digital solutions, so as to be able to prod/attract citizens in real-time; grow what works, add new incentives, go with the flow, push serial innovations, do customer segmentation, *really* analyse pilots and treatments (e.g compare TfL with earlier DWP)

DEG 2.0 trends

(and two more doomy scenarios
for government)

Digital Era Governance 2.0

- future implications

- Department and agencies will become their website exploiting massive stores of administrative data and super-crunching
- Digital transactions will become
 - first the majority mode
 - later the pervasive norm
 - later a sine qua non of citizenship
- Governments will increasingly ‘nudge’, then partially mandate, then fully mandate electronic compliance
- For example, HMRC increased electronic filing of the UK’s self-assessment tax forms from 44% to 58% in 2008-9, by mandating electronic submissions for late filers

DEG 2.0 - recession effects and the pace of disintermediation

- The UK is looking for £15 billion in savings from the new Operational Efficiency Programme
- We face a fiscal gap of maybe £40 billion by 2015
- In *Achieving Innovation* for NAO (2005) we showed that departments stockpile possible innovations, and bring them out in expenditure squeezes
- So 'innovating out of recession' is as important for government as it is for business

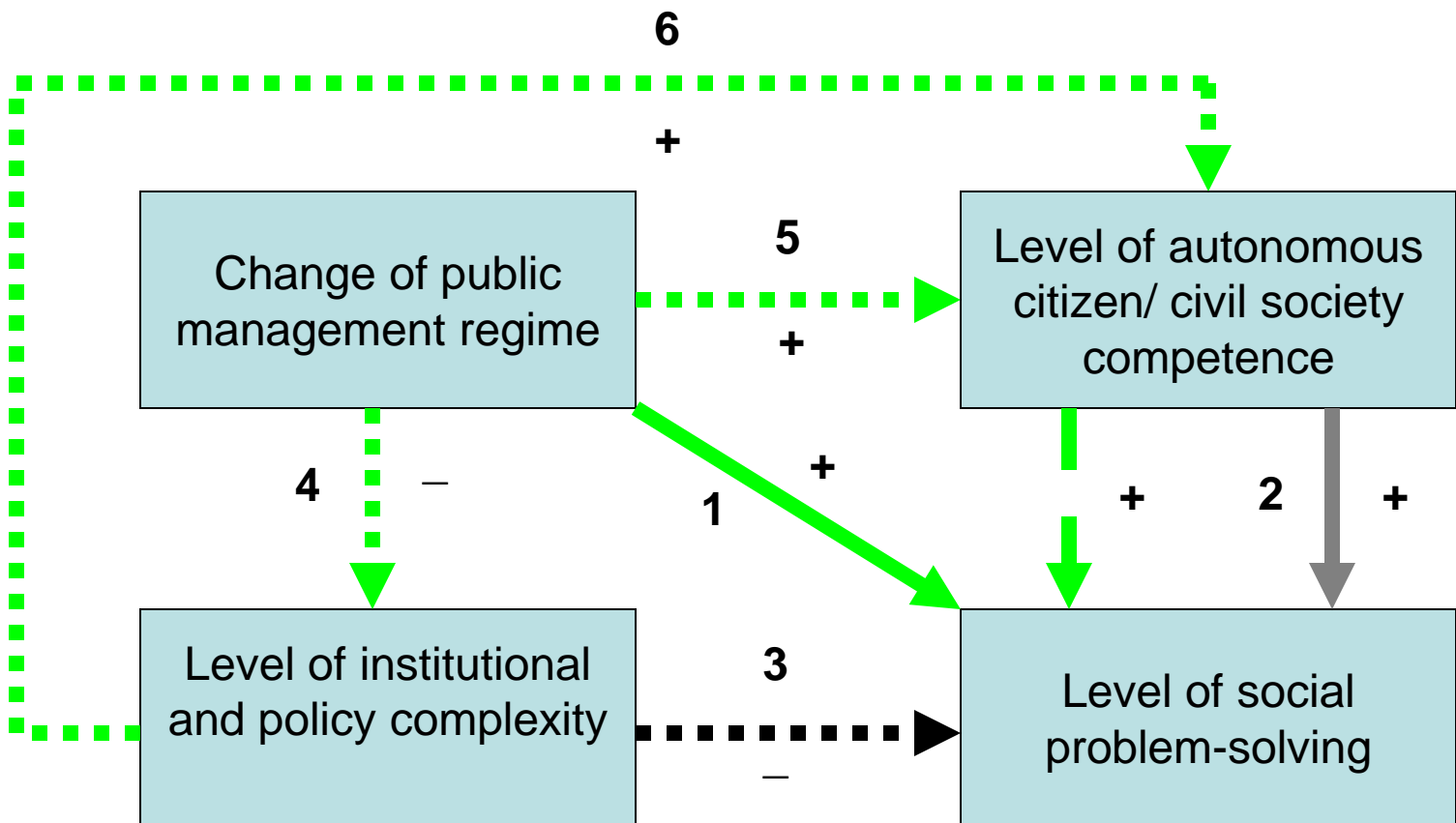
DWP current processes for Job Seekers Allowance, and how it might be under digital-era governance

Current (NPM) process	DEG way
40 minute phone call application	Online application for 85% of customers. Outreach workers with PDAs or laptops do 'one touch' application visits with hard-to-reach folk, people off the Web, frail elderly and severely disabled
1 hour face-to-face document check, basic work advice, non-interactive Job Points	10 minute document check, job-application Internet café induction, social networking mode
Benefits Decision Centres take 30-40 minutes to decide	Cut completely – decide at Job Centre with better quality staff
Signing on ritual face-to-face, to enforce conditionalities and job-seeking discipline	Online sign on for low risk customers, takes 50% of customers out of Jobcentres: and same network copes with 1.5 million new customers by 2010

Two key backlash risks could yet jeopardize DEG's potential

- **Digital super-state NPM** – kind of pathological 'surveillance society' hybrid of DEG and NPM, but without the citizen co-operation, liberation or buy-in - as with the original (£11bn) Home Office ID card proposal, still high risk now. Digital mega-schemes seen as of a piece with rights infringements may later be cancelled or encounter citizen resistances
- **Chaotic, lagged, partial DEG implementation** as NPM—socialized managers, civil servants and consultants change too slowly or inconsistent strategies are implemented by the same departments, e.g. UK government paralysing 's loss of personal data problems

Still, Digital Era Governance can yet have *uniquely* positive outcomes for social problem-solving and better public policy



Why Web 1.0 in government no longer works

- Internet **change is lead by young people** – older people do tomorrow what young people are doing today – look at FaceBook, YouTube, Flickr, geo-tagging, mobile Web, gaming technologies etc
- **People go where they want to go** – they traditionally go to high streets and not to government offices. On the Internet they'll go where their interests and business take them – government is either there (looking good, looking similar) or it's nowhere in sight
- When they get there, **they do what they want to do**, or they leave – the parable of the UK's libraries decline where the fines on old, old books cost more than new books and so usage is falling like a stone

NPM legacy problems: 'e-sleaze disasters'

- The core NPM attitude is: 'Citizens must comply – accountability is for little people'.
- **Data losses** – “We store what we want, with whatever security seems best to whomever has your information at the time”. But mega-scale data losses help bring down governments – in the UK and in Japan.
- **G20 policing in London** – “We own all the street cameras, and we can leverage the old media, so we do what we like”. But people will believe what they see on YouTube and not an official inquiry, and the big media must reshow what's already on YouTube. Public trust in the police now at a 20 year low
- **MPs' expenses** – “Only our tame officials see us claiming, so we claim what we like”. But with open book government it's like Marie Antoinette's accounts now, every time, every day, for anyone to look.

DEG 2.0 - moving social security systems online

- Take-up will be massive and rapid for these new uses
 - USA launched SSA pension applications online, January 2009 – facing 10,000 new applications per working day for 20 years, they replaced a 45 minute face to face interview with an online form that takes customers around 15-20 minutes to complete, plus lots of back-office tech
 - DWP in UK launching online applications for JobSeekers' Allowance in July 2009, expecting to reach 40% take-up by 2011. (A current low-grade online offer saw take-up jump from 18,000 a month to over 50,000 a month during 2008). State Pension applications will follow

DEG 2.0 - the old-style digital divide is dying out

- UK broadband and Internet users nearing two thirds at home, plus dongles, plus work-only users
- Mobile broadband will be near-universal for those who want it, three years from now
- Yet new forms of digital exclusion will constantly arise, because new delivery modes cause atrophication of old modes
- Government 'walled garden' schemes may be ground out by relentless pressure on government transaction costs, as with the highly successful but also threatened POCA card and the Oyster card
- Financial systems identification could marginalize the feckless and those with poor credit records even more