

# How to measure wellbeing in outcomes-based commissioning?

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## Abstract

Outcomes-based commissioning has been gaining ground for several years now. Criticism of outcomes-based commissioning usually concerns measuring. However, valid and reliable outcome measures are difficult to find.

This study is a case study of the procurement made in the years of 2013 and 2014 in the city of Tampere, Finland. Data were collected in 2015 from the tendering documents and by interviewing 5 civil servants and 8 service providers who all took part in the procurement, and in 2016 from a workshop.

Measuring outcomes can be cumbersome, especially when verifying a connection between services and outcomes. However, using surrogates for wellbeing alongside conventional quality and achievement indicators, can allow practitioners to establish whether the values held by the public are embedded in the public value created by a new service model. The paper suggests a new framework for use in tracking the migration of values into value.

7,842 Words

## 1 Introduction

This exploratory paper investigates the connections between outcomes-based commissioning (OBC) and public value (PV) arguing that a major issue for OBC is the monochrome and doctrinaire framing of OBC in purely financial terms. We argue that just as a public sector organisation has multiple goals measured in multiple ways, as Neely (2007) argues is necessary, so too a particular service will have multiple goals and the PV from commissioning should be subject to more nuanced metrics than are often suggested by national Governments.

OBC invites public sector leaders to focus on outcomes achieved instead of the costs of inputs (Edmiston and Nicholls 2018) or as ICHOM (2016) suggests the results that matter to the public. It is another way of framing *best value* (OECD 2015) by contracting out services. In the *age of austerity*, the allure of rising quality while lowering costs is a significant policy option (Smith *et al* 2005).

OBC offers many advantages. Fox and Albertson (2011) emphasise risk-transfer to contractors, who may be private or third sector (McHugh *et al* 2013). As Ballard *et al* (2016) note, where the service system aligns incentives, it is possible to adopt a long-term perspective, investing in preventative care using multi-year capitated contracts. Spence *et al* (2008) argue that OBC is particularly effective if informed by detailed population studies (highlighting for example diabetes or respiratory conditions) with preventative actions reducing deaths and hospitalisations and thereby improving quality and saving resources. Such perspectives presume, as the UK Cabinet Office (2016) suggests that added effectiveness or efficiency results from a superior external knowledge source. Commissioners then may take a long-term strategic approach, which in the case of integrating health and social care, which as the University of Birmingham (2014) suggests, results in additional public value.

Of course, there are potential disadvantages revolving as Williamson (1975) argues in his discussion of market and hierarchy, around transaction costs i.e. negotiating and monitoring the contract. The UK National Audit Office (NAO 2015) suggests these costs and reduced flexibility can be problematic in the case of OBC. Another major potential problem with OBC is that the contractor is incentivised to reduce costs in order to make a profit margin on the contract, which as Considine *et al* (2011) point out may compromise quality of care.

Although OBC is now being mainstreamed as a policy especially in the UK, much of the evidence for its effectiveness is anecdotal, for example prisoner recidivism at the UK's Peterborough Jail in Nicholls and Tomkinsons's (2015) study. In part lack of evidence is methodological, since as Gemmell *et al* (2006) point out, tracking long-term effects and the impact of preventative measures is difficult. Nevertheless, recent studies continue to suggest a lack of firm evidence for OBC (Ronicle *et al* 2016), with Edmiston and Nicholls (2018: 73) concluding that there is *little definitive evidence* that OBC improves efficiency or raises service standards. It is this gap that this paper addresses, posing the research question: *does OBC create PV and if so, can it be measured*. The hypothesis is that outcomes-based commissioning creates public value and that it can be measured.

The paper begins by critically reviewing previous research on OBC, showing that there is no consensus on how to measure its effectiveness. We then discuss research on public value as applied to OBC again suggesting that the area is disputed; framework approach. Our paper is largely conceptual, however, using a short case study of a procurement where OBC was applied in Tampere, Finland, we suggest a new framework for use in OBC from the viewpoint of PV.

## 2 Literature overview

### 2.1 Outcomes-based commissioning and outcome measurement

The use of OBC is now generalised in the US and UK (Porter and Teisberg 2006; Porter 2009). In the UK both Labour and Conservative Governments adopted the policy as an alternative to detailed input specifications, which retained public sector control over service delivery (Rees, 2014: 51). Value based purchasing (VBP) in the US, according to Tirronen *et al* (2014) is similar but often applied to service packages for individual, rather than for a whole community. Thus, the two models have quite different governances and in particular different opportunities for citizen involvement in service design and delivery. Paley and Slasberg (2007: 354) for example, suggest that the first stage in OBC is discourse between commissioner and user or citizens on precisely what the latter want as outcomes; making this relationship at least as important and that between the commissioner and service provider. Whereas, VBP for individual health and/or social care is a competitive tendering arrangement, in which PV is dictated by lowest cost (Porter and Teisberg 2006) with the danger Porter (2009) argues that providers are incentivised to shift costs beyond their contract cycle or alternatively

invoice for additional services. In VBP Porter's (2010 a/b) analysis further reveals, information systems obfuscate costs, fails to compare costs for users with the same needs; treating outcomes as the numerator of the value equation and cost as the denominator in a snapshot approach without examining the full care cycle.

How and whether users and citizens shape outcome-based service procurement and the collective or individual character of the procurement then appear important in determining its success. Performance evaluation is not then only problematic because it is patchy (Bovaird and Davies 2011) but rather the degree to which it is the result of co-creation by service users. Though some researchers conclude involving users introduces too many difficulties (Ng *et al* 2009) we believe our research question (does OBC create PV and if so, can it be measured) is answerable.

## 2.2 Measuring outcomes

Outcomes seek to maintain or improve conditions of service users (Qureshi *et al* 1998; Bamford *et al* 1999) in the case of health and social care these conditions relate to citizens' wellbeing: not the most easily defined or measured construct. Using a hierarchy for measurement, Porter (2010c) has little doubt measurement is possible in the US context of individual commissioning. Certainly if user satisfaction is taken as a surrogate for PV then measurement is simplified as the 100% quite satisfied or better return in the Thurrock Council's introduction of Direct Payments (instead of public services) to individuals illustrates: recorded by Paley and Slasberg (2007). Although it is questionable whether inputs or outputs influenced individual Direct Payment recipients and more akin to US individual commissioning than collective commissioning. Taunt *et al* (2015) suggest numerous ways in which survey information on satisfaction can be distorted, perhaps especially so as Slay and Penny (2014: 47) note, when the aim is to improve conditions and where a package of services is delivered by a range of providers, making evaluation of individual providers difficult. Outcomes Based Healthcare's (2014) aggregated figures are illustrative of trends. Measuring cost-down, as an outcome is particularly difficult when quality of services so easily alter. Porter (2009; 2010 a/b/c; Porter and Guth 2012; Porter and Teisberg 2006) correctly emphasises the need to measure outcomes across care cycles; again this has challenges as user conditions alter.

A wider perspective, outcome-based evaluation (OBE) asks has the service made a difference and are the lives of service users better as a result of the service? The question of causality is crucial here i.e. establishing the service as an independent variable: impossible when other variables cannot be isolated as Voelker-Morris (2004) shows. However useful the wider OBE perspective for policy-making, it appears less useful to the service commissioner, unless the service is a generic public good and the indicators of quality rigorous. Metrics exist: Outcomes Stars, ASCOT (social care related quality of life) and SROI (social return on investment) are examples given by Wadia and Parkinson (2011); the challenge however remains to populate such metrics with standards relevant to service users. These wider social value metrics as Harlock (2014) argues, only shift the problem from one of metrics for PV to one of metrics for social value, presuming that a higher level of aggregation gives greater validity – a questionable assumption for individual service users for whom individually rich and detailed data is much more important than general trends.

## 2.3 Public value and its measurement as a service outcome

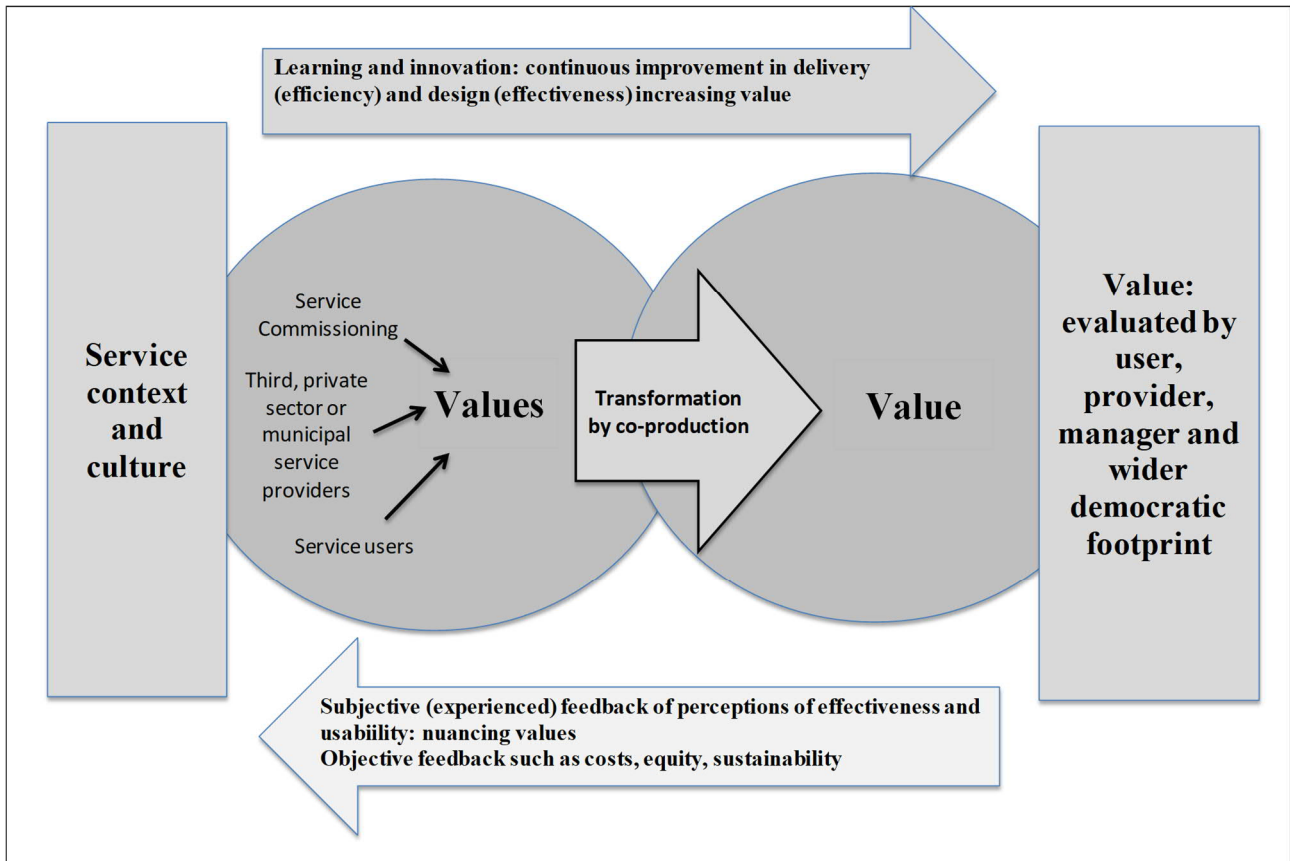
Challenging the view that the public sector is only value distributive and not value generative, Moore (1994) then argues the case for collective customers. We are uncomfortable with treating PV as a collective good, since as we argued above, individuals rely on personalised service configurations, also, like Fountain (2001) we are disinclined to view public service users as customers in an ordinary sense, since that implies choices that many users do not have; this is also why we dispute Ostrom's (2010) perspective. *Defining value subjectively and objectively*, we again align with Moore. Building on the work of Pekkola *et al* (2019) we argue that PV is (a) meeting user's needs i.e. involves some degree of co-creation and (b) is the migration of user's *values* into concrete *value* benefitting their wellbeing over time. User values are of course shaped by their culture and context as Jørgensen (2004) notes.

Values are preferred outcomes, value is a benefit or an impact; both are characterised by ambiguity and are subjective; values also contain quantitative measurable attributes – normative manifestations of desired results. Examples of values might be feeling secure, wanting to be warm and happy, not being lonely; examples of value might be at home temperature of 22C, an operational panic alarm, or electrically-closing curtains. Unlike Mitchell and Carson (1989) our concern is not to rank values, or like Schreurs (2005) to map and classify values. *Instead our concern is practical: to understand by what processes it is possible to identify that values active agents want from public services.* Managers and Providers are likely to have values applicable to all users and a particular service context i.e. wider social values embedded in care standards; it is the individual user's values that will change. For example, the senior citizen without nearby family may have intangible values related to companionship, whereas those surrounded by family may have values more related to tangible outcomes.

Achieving valued outcomes requires some degree of user involvement with the service, which at a minimum articulates her individual values. This is not always easy for users with cognitive disorders or limited social confidence. Laitinen *et al* (2017) suggest that the more service users are able to participate providing a service, (its co-design and co-production), the more clearly the Manager and Provider can help create a personalised service system matching the individual's values, to result in value outcomes. This is what Kelly, Mulgan and Muers (2002) mean when they argue that to achieving valuable outcomes service is made easier when user *gives something up* i.e. contributes towards co-creating the service.

Close relationality then between Manager, Provider and service users are then the ideal environment from which to migrate values into value; but what are the dynamics and content of their inter-relationship? Our perspective is that each relationship is an action-learning environment. Like Stoker (2000: 49) we see the *ideal manager is therefore engaged in a process of continuous evaluation and learning*. We expect that providers too are characterised by empathy towards users, especially those representing third sector organisations. Service users are learners in the relationship: expressing their values and noting what Providers and Managers think is possible in terms of services. User learning, as Radnor *et al* (2014) illustrate, is best informed by a service walk-through, with the user defining emotional touch points: the user 'feels' what emotions would be created using a proposed plan of her individual service system, and is able with the Manager and Provider to agree the (subjective and objective) outcomes – the value – by which its success will be evaluated.

Figure-1 connects the values of the public to PV, with co-production shown in the centre as connecting the values of service users and Senior and Service Managers with value as an outcome. For example, a Hospital/Social Work Needs Assessment may indicate that Mrs X cannot walk far, needs assistance and that this will benefit her welfare. Since value is at the level of the individual, Mrs X is able to discuss options with the Commissioning Manager and Provider in which they each seek to migrate their values into value: valuable to Mrs X, value-for-money to the Commissioner and cost/price value to the Provider. Options might include wheelchair, mobility scooter, disability transport, home care visitor etc. Each of the three agents considers how valuable, what value-for-money and the cost/price value. They agree on a solution, such as a mobility scooter, from which metrics flow such as Mrs X's subjective satisfaction and objective measures such as reliability and sustainability of the solution. A pilot is arranged. For example, it is found that €10,000 of work lowering pavements is needed for the scooter to operate safely causing Commissioner to rethink; or Mrs X becomes anxious causing her to rethink; or Provider finds battery replacement is excessively expensive causing them to rethink. Iterations of valuable, value-for-money and cost/price eventually create a personalised solution migrating values into measurable value. To the right of figure-1 is democratic footprint: Mrs X is fortunate to live within a welfare regime able to give most weighting to her desires, or Mrs X unfortunately does not and a less preferred solution is agreed, or in Mrs X's area the Provider only offers one option. In short, there is a wider accountability of what value the community is able to and chooses to support, the individual case is always situated in a welfare context and culture.



**Figure-1: Migrating OBC values into value (Based on Kinder et al's IRSPM 2018 Conference paper)**

Like Bryson *et al* (2014), Rutgers (2015) and Greve (2015), we envisage PV is a central point not an add-on to our view of OBC. Negotiating around values into value goes beyond new public management, which privileges efficiency over effectiveness and instead insists that both are relevant. Here PV is relational, in Meynhardt's (2009) sense of "values held about the relationship between an individual and a societal entity that characterize the quality of this relationship". From this perspective PV becomes a practical managed and measured public good, personalised around the individual, yet referencing the values of contributing organisations by linking individuals from those organisations with the service user. Values and then value are decided by active agents – people making informed judgements – not dictated by catch-all rules or supposedly universal principles.

### 3 Research

#### 3.1 Method

Our research question is, does OBC create PV and if so, can it be measured? We pose this question in the context and culture prevailing in the City of Tampere, Finland, since the practical purpose of this research is to improve services in the city.

While mainly qualitative, we also give indicative financial information. In 2013, Tampere began to explore OBC for services to senior citizens in the Härmälä area of the city. There were some questions or conundrums linked to the city strategy that the city commissioners wanted answers for. The strategic goal was to increase the number of residents living at home or in a homely environment: independent living. The plan was to apply OBC in one part of the town and possibly to get solutions for the other parts as well. The Tampere University participated in the pilot as a researcher and a companion under a research project called ALIS. Tekes, the Finnish Funding Agency for Technology and Innovation, funded the research project focused on social and health services on the market. Action research was used in this case, with two project participants (Tirronen as Manager of the whole process) participating in the negotiations.

Following Charmaz (2006), we use the concepts of search and application to structure data presentation and analysis and then in our discussion suggest a table-1 illustrating the difficulties of measuring outcomes and building indicators and a revised figure-2 as our final contribution of a framework for analysing the results of OBC.

The ambiguity of measuring can be discerned by way of the concepts of search and application or problem of search and problem of application. In that case measuring can be seen as a process, which starts with searching. First the object of measuring is searched for and then conceptualised by looking for a suitable indicator or surrogate. Next, the actual measurement can be done. Once the result of measurement is available, we apply the information the indicator provided: a method used by Sinervo (2011: 96). Here, this process of measuring is used as a frame of analysing the data and the focus is on the problem of searching and designing.

Elderly services cooperated closely with groups of service users and third and private sector providers and potential providers of services. Additionally, the pilot involved residents of Härmälä and families of those using services and (given the Nordic predilection for local democracy) distributed information locally and received comments from interested citizens. The pilot highlighted measuring PV as the biggest challenge.

Two of the researchers interviewed five Civil Servants (Commissioners) and eight service providers (interested in providing) in a research project called ALIS. The city of Tampere was one of the research subjects with the case of Härmälä; all the interviewees were related to this case. The case interview framework included topics of eligible and materialized targets of the case, designing of the process, the present state and the future of the process and topics of managing and organizing.

Interviews were conducted face to face in 2015 using a semi-structured interview method. The interviews were recorded and transcribed. One of the authors works for the city of Tampere. To ensure the reliability of the research she did not take part in gathering the interview data or transcribing it.

In addition, two of the authors collected data in 2015 from the tendering documents, such as the invitation for bid, negotiation material and the agreement, and in 2016 from a workshop. The workshop was held on the 5<sup>th</sup> of April in 2016 in Tampere as a part of a seminar, which concerned new openings to the social and health service market. All the data was gathered during Härmälä pilot.

According to Yin (2011) a single case cannot be generalized statistically. Thus, the main limitation to a case study approach is its constricted generalizability. Our aim is to understand and learn about the case and offer knowledge that we understand to be context-dependent. (Flyvbjerg 2006.) The case is applicable only to Nordic care context and culture.

We investigate a qualitative case study of procurement in the city of Tampere in Finland, referring to the case as a pilot with the aims of increasing effectiveness, co-production and co-design, meeting the needs of senior citizens, giving more freedom for producers, creating new services or new ways to deliver and innovations. An outcome-based approach to commissioning services was applied in this procurement. The city of Tampere was commissioning for senior citizens' services, for example housing services, home care, guidance and rehabilitation. The focus of this study is on OBC of the senior citizens' services in the area of Härmälä.

With this case study we analyse the views of the interviewed commissioners and providers from the viewpoint of measuring outcomes. The interpretation is accompanied by analysing the documents from the procurement of services for senior citizens in the area of Härmälä and from a workshop held in the spring of 2016.

In the categorization of the data a theory-guided content analysis was used. Qualitative content analysis is also called 'thematic coding' (see for example Boyatzis 1998). By using qualitative content analysis the data material was reduced and categorized by focusing on selected themes which related to the research question. (Schreier 2014, 2). The categorizing of the data was based on pre-understanding. There was no distinct question on measuring in the case interview framework. Measuring and especially measuring outcomes was a theme, which emerged from the interviews repeatedly. We chose to focus on public value and measuring in this writing, thus, the interview data, the data from the workshop and the tendering documents were scanned for the concepts related to PV and measuring.

### **3.2 Case study: OBC in Tampere**

A series of workshops discussed citizens' values and then began the process of discussing what outcomes would achieve the values and (later) by what metrics success would be judged. From the beginning, everyone accepted ambiguities in values and tensions between them. Just as citizens' co-creation contributions were limited, so too private providers and

the municipality had limited resources and a mix of accountabilities. Discussions revolved around what outcome value measures would match the values of citizens. Some citizens expressed views that they wanted to pay more to get particular outcomes, others wanted avenues to contribute and co-create services. Citizens with particular physical, emotional or psychological needs suggested outcome value measures appropriate to their particular case. Then the city of Tampere commissioned the elderly services of Härmälä.

From a physical viewpoint the Härmälä Local Square is a hub-and-spokes housing. Customers reside independently in housing near to the square hub and use services such as medical care, counselling, meals, social events and simply relaxing space. As a locus for co-creation, Härmälä is a point to which lonely people come to make and meet friends, for help with shopping and visits – to a wide range of co-created activities in which residents of the Square are active. Importantly, Härmälä is a happiness-space: observation and informal discussions reveal that despite age and infirmity, customers have positive attitudes, they feel secure and cared for: warm and happy.

The interview data, which was gathered in 2015 from the service providers and commissioners at the time of the agreement period and the service provision had only recently started, highlights that the most difficult part of the procurement of senior citizens' services in the area of Härmälä was measuring and especially setting the right outcomes and indicators. This refers to the problem of search and to the problem of design. The commissioners and providers worked together in order to set the indicators as a part of the tendering process. The strategic goal of the procurement was that an increasing number of residents could live at home or in a homely environment.

One interviewee wondered if all the indicators set were relevant in everyday life. Many explored scenarios in which their condition of customers or circumstances altered and how value measures could accommodate change. Again and again we returned to the basic point: what outcome measures reflect citizens' values, particular as some issues (for example national state benefits) were beyond the control of the group. Lists of values and outcome value grew as individuals contributed.

*It is so that when you are measuring people, when everybody is an individual. And then when with... senior citizens it is so that the older you get, the harder it is to be rehabilitated. And then [...] it is so dependent on the service. You can't use the same indicators directly proportionally in different services. [...]*

Quantitative indicators were found easier than qualitative. Experience questionnaires invited citizens to rank values seeking to interpret general values such as *quality of life* into measurable indicators of value. Council staff found their preconceptions challenged to think in the mindset of the senior citizen, one commented, *we are tendering the service for customers, not for ourselves* [...]. Regular discussion sought to construe values as indicators *thought through with workers*.

The indicators defined in the invitation for bid of the procurement of senior citizens' services in the area of Härmälä were eventually the following.

- The operations models of spontaneous activities and pre-emptive action have changed and the amount of private services offered to the customers (not funded by the public sector) has increased.
- The change of senior citizens' ability to function.
- Customer and relative satisfaction (on a scale of 1-5) and quality of life.
- In home care and housing services the usage of other services as emergency, special health care and hospital services.
- Turnover of personnel.

The measurement was discussed to happen regularly and to be done together by the commissioners and by the chosen service provider. The amount of the contract was about 7 million euros a year, covering three years (and possible extension of three or further notice), conceived as an incentive to achieve targets.

The interviews imply that outcomes-based commissioning was seen as a suitable and good way to commission services. The commissioners and providers saw the problematics of measuring outcomes as the hardest part of applying outcomes-based commissioning. Nevertheless, searching the object of measuring was seen more or less easier than searching and designing the right indicators. Measuring the outcomes of the pre-emptive services and verifying a connection between services and outcomes were found to be particularly troubled. It was also difficult for commissioners to give up thinking 'we know best'.

Local Square is a new model that was created during commissioning the services of Härmälä. OBC enabled the creation of this new service. The first local square started in Härmälä and there are now twenty (operational or planned) local squares around the city of Tampere and in other communities in the county of Pirkanmaa. Another example of a new

service with this Härmälä case is a service called home care in service block. In negotiations the city tried to describe the problem that there was a service gap between home care and round-the-clock housing service. The answer to this problem was home care in service block. It can be round-the-clock if needed and the apartments are situated near the service block. Wellbeing technology is utilised including alert, alarm and assistive devices. Otherwise the services in Härmälä were quite the same as earlier or as in the other parts of the city in the sense of accessing the same ambient services.

After commissioning the services in the area of Härmälä, from the city’s perspective, the services were better, more versatile and at a lower cost. The new agreement saved money over 400 000 euros a year when comparing the year 2015, which was the first full year of the new agreement period, to the old agreement. The services also reached a larger number of customers than previously. After the actual agreement period the service provider was awarded an open-ended (time) contract, since service targets had been reached.

#### 4 Discussion

Real-time social research can often pose difficulties in data gathering and the current research exemplifies this, as table-1 illustrates.

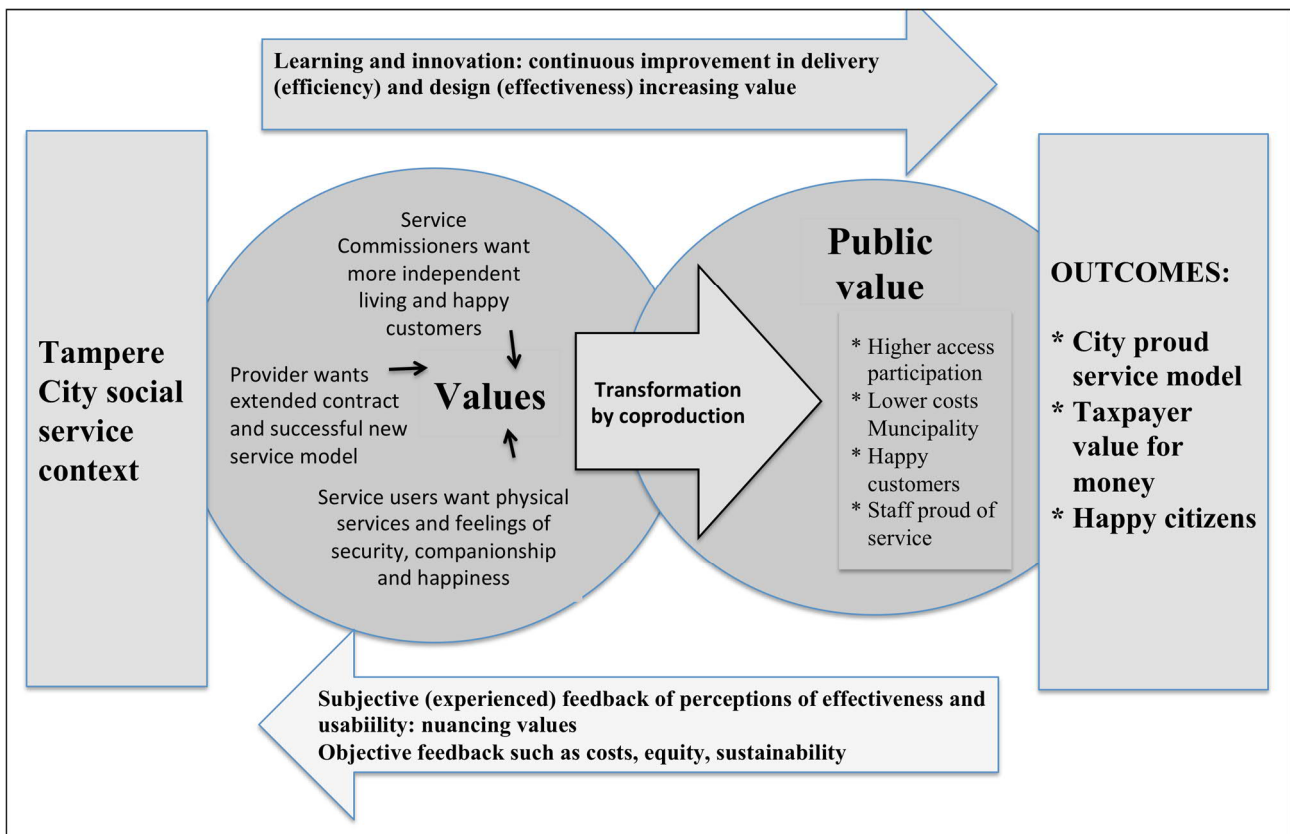
Factors effecting data gathering	How data may have been affected
Time dimension	Procurement in 2013 and 2014, agreement period started in 2014, the data was gathered in 2015 and in 2016. If the data was gathered now, it would tell different things.
The ambiguity of targets/outcomes	The outcomes set can be interpreted in different ways.
The ambiguity of indicators	Are the indicators measuring right things or what can be measured?
Recognizing the value for customer	Tension between organisation’s value and value for the customer.
Ethicality	Possible perverse incentives for the service provider.
Change mechanism	The service needs and operational environment change. What has affected the outcome?
Context (the factors)	The certain area and senior citizens as service users affect the services and thus measuring. There were also two projects concerning developing services in Härmälä, one before the procurement and one during the procurement.

**Table-1: The difficulty of measuring outcomes and building indicators - factors affecting measuring in the case of Härmälä**

Local Squares are an important initiative by the City of Tampere to encourage independent living and promote the wellbeing of the active elderly in the city. Many of the outcomes from the project are subjective making evaluation of the OBC challenging. The case illustrates how customer values were embedded into the project as part of the design process; some of these values included the willingness of citizens to participate in co-producing services for others. Overall, the outcome of the project is a higher participation rate in municipal services (suggesting improved quality and ease of access) and a lowering of costs from the previous service model (residential care). Customers’ voice was heard and embedded not only for intentions, but also in the measurement of how their values migrated into public value, an arrangement accepted by the commissioners, producers and customers. From a workshop in 2016, approximately 25% of suggestions referred to how outcomes would be measured.

Figure-2 illustrates the process of OBC migrating customer values into public value. The Commissioner, Provider and Customers were able to identify and embed value into a new service design. As a result of co-production with Customers, the new service model of localised hub-and-spokes service centres surrounded by different types of supported accommodation, is a success. This success is judged by the Commissioner (a) innovative service model, increased access and participation and lower costs; (b) the Provider who has happy customers, proud staff and an extended contract based on meeting targets and most importantly (c) service users’ feelings are embedded into a service model (localised, personalised, secure, happy) based upon independent living in their own community i.e. amongst friends, neighbours and (sometimes) family.





**Figure-2: Revised values to value model illustrating the process of OBC**

Whereas the new public management approach looks at individuals as cost centres (O’Flynn, 2007: 360), PV instead is interested in the citizen as customer, service user, resident, member of community; in short a relational, feeling person. Pekkola et al’s (2015, 351) research in Tesoma, Tampere, shows that public value is built up by negotiations based on catalytic dialogue, problems and strong mutual dependencies and their management. These three mechanisms create the conditions, which enable the creation of public value.

PV as Stoker (2006: 47) and others note, is difficult to measure and manage. This study illustrates that it is possible to embed values the public have into public services and therefore public value. Challenges remain, in particular tracing precise causal relationships between particular service and the subjective evaluations of ‘being happy’ by particular individuals. The results of this study support the standpoint that *finding standard indicators and measures for outcomes is challenging as they are unique for each individual, but also for each service commissioned* (see for example Harlock 2014). According to Harlock’s research (2014: 12), in which public sector commissioners were interviewed in England, it is difficult to define and measure value.

Once aspect of subjective outcomes in OBC is co-creation by service users. It is clear from observation and discussions that agile elderly people take pride in being able to help others with practical tasks and in doing so overcome loneliness, bereavement or separation from family. ‘Being happy’ encapsulates a range of feelings beyond the scope of this research, though increasingly the subject of psychological studies such as Sanjuan *et al* (2011).

Measurement of OBC PV remains cumbersome and indirect. This research suggests that a mixture of surrogate measures, particularly for customers’ emotion wellbeing whilst difficult to capture are better than no measures at all. Our hope is that future projects and research will refine these subjective metrics and in particular better reference the culture and context in which the OBC occurs. Our conclusions relate to ambient services and communities in Tampere, care in re-contextualisation is needed if these results are applied elsewhere. A single case cannot be generalized but it can increase understanding and learning about the case’s phenomena. The knowledge is context-dependent and the case is applicable to Nordic care context and culture.

## 5 Conclusions

Since Ostrom (1996) the nature and measurement of PV in public services has proven an intractable problem, one which as Osborne (2018) and Osborne et al (2017) highlight requires more theoretical and empirical research. The basic problem is that the Economics discipline equate value and price and presumes rational agency: baggage as Ostrom pointed out, that makes discussions of PV appear outside the current social science paradigm. Using the OBC case in Tampere, the paper suggests a new research direction: transforming the values of the public into measurable value, some amount of this value being subjective and emotional, such as wellbeing, happiness and less loneliness. According to this study, the problematics of measuring outcomes is the hardest part of OBC.

The OBC case employs post-NPM and New Public Governance discourse, including concepts from service management, such as experience and subjective feelings in relation to public services. As we emphasised deep discourse around the design and delivery (co-production) of the OBC service only occurs because the commissioners, providers and service users trust that other stakeholders are minds-on listening to each other's opinions, preferences and limitations. These inter-relationships are then an important aspect of OBC as conceptualised here and the transparent articulation of values by stakeholders – a pre-condition of further discussion around what metrics are appropriate if public values are to be transformed in measurable PV.

The theoretical contribution of this research is to suggest that our research question - does OBC create PV and if so, can it be measured – can be answered in the affirmative. OBC can create PV and it is possible to measure it. In doing so, we have contributed to a long-running debate on the nature of OBC insisting with Strokosch and Osborne (2016) that giving users have voice and involvement increases the PV created, endorsing Dopson and Locock's (2002) critique of top-down public service message. It is possible to embed values the public have into public services by applying outcomes-based commissioning – and thus create public value. We see PV as a central point of OBC and as the main motivator to use outcomes-based commissioning. Negotiating around values into value goes beyond NPM and shows that both efficiency and effectiveness are relevant.

We have differentiated OBC from output contracting and purchasing (Farr 2016) and with Hazenberg *et al* (2014) shown that outcomes and PV are best not conceptualised in terms only of price or simply measured objective criteria. In doing so, we have disputed the suggestion that social return on investment (Millar and Hall 2013) is a useful tool for OBC analysis and retaining presumptions of rational agents making rational choices.

The implications of our analysis are not limited to Tampere or Finland. Although cultures (of listening democracy) vary as do contexts of austerity and service models, practitioners will note the benefits of local and integrated service models, designed by commissioners, providers and users to meet evidence-based local needs and producing PV by embedding public values into service innovations. Practitioners will also note that the practical approach encapsulated in figure-2 is akin to a soup bowl, into which in each locale a unique soup is poured: in short, there is no simple recipe or public service change that creates public value. Each locale must discourse and negotiate their own solutions, though we hope our approach acts as a helpful thinking tool.

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