Co-Created Public Value: 
The Strategic Management of Collaborative Problem-Solving

Abstract

This paper presents the first analysis of the way that co-creation can be used as the primary approach to problem-solving within organisations that operate a public value model of strategic management (co-created public value). We begin by drawing from previous scholarship to introduce a preliminary model of three activities required to co-create public value: defining public value, mobilizing support, and building capacity. After introducing the context of our empirical case and the research methods, we present our research findings as an elaborated model that illustrates ways that each of the three activities can be performed. We conclude by considering the research and practical implications of our model.

Introduction

It has long been argued that public service organisations (PSOs) should adopt collaborative methods of problem-solving, such as co-creation, to achieve goals including citizen involvement, enhanced social cohesion, and service innovation (Ostrom, 1990; Torfing et al., 2021). Findings from the COGOV\(^1\) study of co-creation in eight European countries suggest that some ‘small steps’ have been made towards achieving co-creation’s ‘big dreams’ (Van Gestel and Grotenberg, 2021). However, progress has been limited by the tendency for PSOs to adopt co-creation within discrete projects, while maintaining administrative bureaucracy as the primary means of problem-solving within traditional, rational planning, models of strategic management (Ongaro et al., 2021; Sørensen et al., 2021). This situation has prompted calls for researchers to examine how alternative models of strategic public

\(^1\) Full details of this EU Horizon 2020-funded project are available at cogov.eu
management can help PSOs to adopt co-creation as their primary approach to problem-solving (Ansell and Torfing, 2021; Ferlie and Ongaro, 2022).

While researchers have considered relationships between co-creation and models of institutional ‘metagovernance’ such as new public management (NPM), new public governance (NPG), and traditional public administration (Stoker, 2006; McMullin, 2020), less attention has been given to ways that co-creation can be supported by organizational-level models of strategic management such as rational planning, and public value (Ongaro and Ferlie, 2022; Osbourne et al., 2021). This paper presents the first ‘theoretical elaboration’ (Vaughan, 1992) of the way that co-creation can be used as the primary problem-solving approach within PSOs that operate a public value model of strategic management (henceforth, co-created public value). The main aim is to elaborate (refine, specify, update and extend) extant general theory and empirical understanding of co-created public value through a case study.

Our theoretical elaboration of co-created public value is developed across the five main sections of this paper. We begin by introducing our conceptions of co-creation and strategic public management, and explaining the process through which we sought to theoretically elaborate co-created public value. We then draw from previous scholarship to introduce a preliminary model of three activities required to co-create public value: defining public value, mobilizing support, and building capacity. After introducing the context of our empirical case and the research methods, we present our research findings as an elaborated model that illustrates the way that each of the three strategic activities were performed at the case site. We conclude by considering the research and practical implications of our model.
1. Co-creation and Public Value Management: Likely Bedfellows?

Public management researchers’ current interest in co-creation by PSOs has deep roots. A longer-standing, and broader, concern for citizen involvement in public services spawned an interest in ‘co-production’, between users and providers, from the 1960s (Ostrom, 1990). This concern waned under NPM in the later 1980s, it re-surfaced during the 1990s (Osborne and Gaebler, 1992), and it then became popular in the business administration literature (Payne, 2008). At each turn, concepts of co-creation and co-production have been applied at varying units of analysis and with multiple definitions (Voorberg et al., 2015). In this paper, we define co-creation as a collaborative problem-solving process through which two or more public and private actors try to enhance public value through a constructive exchange of knowledges and resources. As explained below, four features of this definition help differentiate it from proximate perspectives and emphasise a link with the public value model of strategic management.

First, in terms of the nature of co-creation, our view of it as a collaborative problem-solving process allows it to be applied and examined in the full range of approaches to both public service ‘metagovernance’ (Stoker, 2006; McMullin, 2020), and the strategic management of PSOs (Ferlie and Ongaro, 2022). Second, in terms of the goal of co-creation, we state it to be the enhancement of public value through activities which are valuable to the public and valued by them (Ferlie, 2021:309). This locates co-creation closer to Needham and Carr’s (2009) notion of ‘transformational’ activity and Osbourne and Strokosch’s (2013) idea of ‘enhanced co-production’, rather than towards ‘simple’ or ‘intermediate’ approaches. Our emphasis on ‘constructive exchange’ differentiates co-creation from traditional ‘consultation’ (Bryson et al., 2019), and our framing of ‘solutions’ as being public services means that co-creation does

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2 We are grateful to an anonymous reviewer for making this point.
not refer to self-organizing activities of communities that do not involve public services (Bouvaird and Loeffler, 2014).

Third, in terms of **inclusion**, our definition of co-creation denotes participation among a wide range of governmental and non-government actors. This goes beyond the dyadic focus of co-production (on service providers and users), and it directs attention to the role of ‘lay’ citizens in problem-solving (Ansell and Torfing, 2021; Osbourne and Strokosch, 2013). Because our definition of co-creation is not restricted to inter-organizational relations, it extends beyond the domain of ‘partnership’ and ‘collaboration’ (Torfing et al., 2021). Recognizing that public services in many countries are now delivered in mixed economies (of public, private, and not-for-profit providers), our conception of co-creation acknowledges initiation/leadership by PSOs operating in all three sectors (cf. Torfing et al., 2016). Finally, because our definition of co-creation is not restricted to existing services (cf. co-production), it recognises the potential for innovation across the full range of public policy processes including formulation, delivery, and evaluation (Osbourne and Strokosch, 2013; Torfing et al., 2016).

With much of the literature on public service co-creation extolling its (potential) benefits, empirical studies have reported limited progress (Van Gestel and Grotenberg, 2021) and unintended outcomes including the dominance of privileged citizens (Bransden et al., 2018). With progress having been shaped by the tendency for PSOs to adopt co-creation in a piecemeal fashion (within discrete projects, not as the organization’s primary source of decision-making), there is a pressing need for greater understanding of the ways that co-creation can be managed strategically as the primary mode of decision-making in PSOs (Ansell and Torfing, 2021; Ongaro et al., 2021; Sørensen et al., 2021). Following Ferlie and Ongaro (2022), we distinguish strategic management from operational-level management as being: (i) long, rather than short-term; (ii) influential across the whole organisation, rather than being
confined to vertical or horizontal pockets; and (iii) informing all lower-level functions, including decision-making systems such as co-creation. A key question confronting public management researchers, policy makers and practitioners is how models of strategic management can accommodate expectations of wider involvement in public services through co-creation? (Ferlie and Ongaro, 2015; Bryson et al., 2017; Klijn and Koopenjan, 2020; Osbourne et al., 2021; Ongaro et al., 2021).

To advance conceptual and empirical understanding of co-created public value, this paper presents a theoretical elaboration (Vaughan, 1992). Under this approach to exploring a focal phenomenon (here, co-created public value) in specific contexts (here, models of strategic management), the goal is not theory testing in a deductive, positivistic sense, but elaboration through successive case analyses of the same phenomenon. Theory, in this sense, refers to mid-range theoretical tools (models, concepts, frameworks), rather than a set of interrelated propositions that are testable and explain some phenomenon. Elaboration, in this use, means the process of refining/updating theoretical and empirical knowledge through qualitative data analysis. In contrast to Glaser and Strauss’ (1967) grounded theory approach, theoretical elaboration begins by:

“using a theory, model, or concept in a very loose fashion to guide the research. As the analysis proceeds, the guiding theoretical notions are assessed in the light of the findings… the data can contradict or reveal previously unseen inadequacies in the theoretical notions guiding the research, providing a basis or reassessment or rejection; the data can confirm the theory; the data also can force us to create new hypotheses, adding detail to the theory, model, or concept, more fully specifying it” (Vaughan 1992: 177).

Whilst we note that co-creation could provide the primary problem-solving approach within many strategic management models, there are four reasons for exploring co-creation in relation to the public value model of strategic management. First, by definition, public value
strategies aim to deliver services which are valuable to the public, and valued by them (Moore, 1995). Thus, some form of co-creation is, at least, implied in the public value strategy model. Perhaps because public value strategy offers significant scope for individual PSOs to determine who is scripted into co-creation and how (Best et al., 2019), Torfing et al. (2021:193) suggest that public value strategy has potential to become a “game changing” facilitator of co-creation.

Second, the emphasis placed by Moore (1995) on the need for PSOs to secure legitimacy suggests that PSOs with a public value model of strategic management will be aware of the growing expectations of co-creation, even if they are not (yet) convinced of the benefits. Thus, failure to adopt co-creation as the primary problem-solving approach in public value strategies risks both: (a) criticisms of ethics in public governance, and (b) the scepticism of those who question the motives and/or capacity of public value strategies (Rhodes and Wanna, 2007). Third, in our definition of co-creation, public value provides the criterion for assessing outcomes; that is, ‘what the public values’ and ‘what adds value to the public sphere’ (Benington and Moore, 2011: 42-9). Finally, although Moore (1995) does not mention co-creation explicitly, he does argue that innovative public value strategies require both engagement with the authorizing environment, and alternatives to traditional approaches to problem solving (Moore, 2014).

**Sensitizing Model of Co-Created Public Value**

The starting point of our sensitising model of co-created public value is Moore’s (1995) framework for creating public value. Despite the conceptual links between co-creation and public value strategy noted above, Moore has remained “fairly silent” on both the practices necessary to enact public value strategy (Bryson et al., 2017: 642), and the role that co-creation might play. However, Moore’s (1995: 71) classic strategic triangle framework directs ‘restless public value seeking’ leaders to combine three complex activities to create public value:
(i) **Define public value**: to specify how achievement of a PSO’s strategic goals are valuable to the public, and are valued by it;

(ii) **Mobilize political support**: to secure the necessary legitimacy from the PSO’s ‘authorizing environment’ that comprises public, private and third sector actors; and

(iii) **Build operational capacity**: to enhance public value by mobilizing resources (finance, skills, staff, technology) from both inside and outside the PSO.

Moore’s (1995) framework suggests that public value strategies should contain three components. First, they must “imagine and articulate a vision” of co-created public value “that can command legitimacy and support” (Moore and Khargram, 2004: 9). For co-created public value, this would involve both the specification of the local form of public value, and a linked justification for co-creation as the primary means of problem-solving (Moore, 2014). The second element of Moore’s strategic framework recognises that a PSO’s social licence to operate is granted by what he terms the ‘authorizing environment’. Co-created public value would, therefore, require mobilization of support from among the complex constellations of a PSO’s stakeholders. Whilst Moore’s focus is principally on a (singular) strategic leader, Bryson and colleagues (2017: 642) show that public value ‘entrepreneurship’ more typically occurs in complex, multi-actor, multi-level settings that display more participatory forms of leadership. The third element of Moore’s implementation triangle suggests that co-created public value requires the mobilization of a complex array of supporting resources including organizational structures and managerial practices (Höglund et al., 2021).

To augment the conceptual element of our sensitising model of co-create public value (outlined above), we drew from a study of a PSO (Welsh Water) that used co-creation, in a discrete project, as one approach to decision-making within a hybrid model of strategic management that combines elements of the public value, strategic planning and cultural models.
(Ongaro et al., 2021). Despite these differences to our focal phenomenon of co-created public value, and although Ongaro and colleagues’ (2021) study did not apply Moore’s (1995) framework, it does provide an initial empirical elaboration through illustrations of each of its three elements.

In terms of defining public value, Ongaro et al. (2021) explain how Welsh Water developed an understanding of what is valued by the public through mechanisms such as ‘deep place’ studies of stakeholders beyond customers, and ‘citizen assemblies’ (Sancino et al., 2021). To mobilize political support for co-created public value, Ongaro et al. (2021) highlight the importance Welsh Water’s alignment of its co-creation efforts with supportive legislation such as the Well-being of Future Generations (Wales) Act 2015, which requires all public bodies to employ five ‘ways of working’ that include citizen involvement (Welsh Government, 2015). To help build operational capacity for co-created public value, and in contrast to Moore’s (1995) focus on the singular strategic leader, the Welsh Water case illustrates a participatory form of leadership. It also describes how co-creation can be embedded in an organisation’s formal structures, such as strategy formulation, and informal structures, such as ad hoc committees (Sicilia et al., 2019).

As explained above, Moore’s three prescriptions for delivering public value and empirical examples from the Welsh Water case form the sensitising model for our analysis of the way that co-creation is used as the primary problem-solving approach within a PSO that operates a public value model of strategic management. The context of our case study is introduced below.

2. Introduction to Case

This elaboration of co-created public value was developed from our study of a Welsh community development organization – Action in Careau and Ely (ACE)– that, for more than
ten years, has used co-creation as the primary problem-solving approach within its strategy to deliver a specific form of public value; enhanced community well-being through improved confidence, lowered education barriers, and reduced stigma (ACE, 2021). Since 2012, ACE has operated in one of the most economically challenged areas of Cardiff, the capital city of Wales. Underpinning ACE’s strategy of creating public value, co-creation is used as the primary problem-solving approach and it underpins two distinct, and historically established, practices: asset-based community development and community organising. Seeing itself as driven and accountable to local residents, ACE attempts to distinguish itself from criticisms that asset-based community development buys into the liberal agenda by replacing state services (Friedli, 2013). They see co-creation as connecting with and transforming services (as a partner), and community organising as actively challenging and critiquing state provision and policy (often as an adversary).

For more than a decade, ACE has collaborated with academic archaeologists and researchers on an innovative venture that seeks to co-create public value from activities at an iron-age hillfort at the centre of the community. While this collaboration has used co-creation as the primary means of problem solving across a wide range of community archaeology and local history projects, our study focussed on the co-creation of a heritage centre (a building that also houses exhibits describing the culture and history of a particular place and its inhabitants) at the site which opened in 2021. The primary aim of the heritage centre project was to co-create an innovative community building where people could create public value by meeting-up, running activities and groups, and finding out more about the history and archaeology of the hillfort. Following the emphasis that is placed on context in theory elaboration (Vaughan, 1992), we described below, the distinctive, Welsh political environment of ACE’s co-created public value.

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3 ACE typically uses the term co-production to refer to activity conceived in this paper as co-creation
In Wales, citizen involvement has a long political history (Rees, 1997) and was scripted explicitly into the ‘yes’ campaign for devolution (Dicks, 2014). Following a referendum in September 1997, the devolved Welsh Parliament (Senedd) has been led by the centre left-wing Welsh Labour party, even when the United Kingdom (UK) government has elected a right-wing Conservative government. Welsh Labour has claimed that ‘clear red water’ has appeared between the UK governments’ pursuit of NPM and the Welsh Government’s ‘non-marketized ideology’ and commitment to ‘citizen engagement’ (Chancy and Drakeford, 2004; Drakeford, 2007). Welsh Government’s declared ambition is to foster the development of a ‘citizen model’ which “relies on voice to drive improvement, together with system design, effective management and regulation, all operating in the interests of the citizen” (Welsh Assembly Government, 2004: 5). This co-creative ambition has been pursued legislatively through The Social Services and Well-being (Wales) Act 2014 which embedded co-production principles as a mandatory code of practice (Welsh Government, 2015). In the following year, the Well-being of Future Generations (Wales) Act 2015 required all public bodies to employ five ‘ways of working’ that include ‘citizen involvement’; a concept more closely related to co-creation than to co-production (Welsh Government, 2015). Whilst systems of ‘metagovernance’ (McMullin, 2021) are not the primary concern of this analysis, we note that Welsh Government’s orientation towards co-creation may suggest an NPG approach, rather than NPM, or traditional public administration.

One of the Welsh Government’s earliest attempts to employ co-creation as an approach to problem-solving occurred through a radical regeneration programme called Communities First (CF). CF was intended to create a new partnership between citizens and state actors to address problems in public service delivery (Horton, 2012). However, independent analyses of CF reported that its co-creation objectives were inhibited by a range of factors, often associated with NPM, including: ‘top-down’ political agendas and rational planning models of strategic
management (Bristow et al., 2009; Dicks, 2014). Other reviews of CF highlight the confounding role played by features of traditional public administration such as continued reliance on administrative bureaucracy as the primary mode of problem-solving, and a civil service which did not have the skills, knowledge, or capacity to support a programme that was launched too quickly and ambitiously (Osmond, 1999, Pearce et al., 2020).

In an unintended outcome of CF, ACE was established in 2011 - as a community development organization and a company limited by guarantee - by workers previously employed by the local council under the CF Programme. From the outset, ACE adopted a clear model of public value strategic management in which co-creation is the primary approach to problem solving. ACE participants rarely use the term ‘public value’ and typically refer to its primary method of problem-solving as co-production (ACE, 2021). However, after having our conceptions of public value and co-creation outlined to them, participants confirmed that they reflect the organisation’s model of strategy and primary approach to problem solving.

3. Methods

The data used in this theory elaboration are drawn from a research project conducted as part of the COGOV study of co-creation and strategic management. A full report of that project and its methods is provided elsewhere (Elliott et al., 2022). Here, we report the methods used only to conduct the theory elaboration presented here.

The case reported in this paper was initially selected purposively because it fulfilled two COGOV criteria: (1) the lead organization (ACE) had a high strategic commitment to co-creation; and (2) there was a contemporary case of co-creation with multiple stakeholders (the heritage centre project). At the outset of our study (2020), ACE’s model of strategic management was not a selection criterion; it was a finding of our study. During the first author’s formal search for a case that met the COGOV inclusion criteria, the heritage centre project was
brought to his attention during a chance encounter with one of the participating academics. In the spring of 2021, research access was negotiated, the study was designed to meet COVID research protocols (e.g., on-line rather than face-to-face interviews), and all relevant research ethics processes were completed. Following a competitive recruitment process, the researcher hired for the study (second author) was a very experienced social scientist who was serving on the management board of the heritage centre. That role was placed ‘on hold’ during the conduct of this study.

Our study of co-creation during the heritage centre project adopted a case study approach that used three main sources of data. First, fourteen semi-structured interviews were conducted with ACE staff and key members of the authorizing environment such as: community volunteers, participating academics, partner organisations, and political representatives including the First Minister for Wales. Second, ACE’s strategic documents were reviewed alongside those of key partners including Welsh Government and the Local Authority. Third, two management meetings were observed, and several events were attended including community workshops, and the launch of the heritage centre.

For the theory elaboration (Vaughan 1992) presented in this paper, two overlapping forms of analysis were conducted. First, as noted earlier, we drew from previous conceptual scholarship (Moore, 1995) and an empirical study (Ongaro et al., 2021) to develop a, preliminary, ‘sensitizing’ model of co-created public value. Second, we returned to our heritage centre study data to examine how each element of the sensitizing model helped to frame/understand ACE’s co-creation of public value. This involved using an abductive process of analysis (Alvesson and Skoldberg, 2000) to go back and forth between the dimensions of our sensitizing model and study data. Following discussion between authors we identified
several illustrations of model elements and dimensions that were novel. The preliminary outcomes of our analysis were then discussed with study participants.\(^4\)

4. Findings

In the introduction to our case study, we reported that the primary approach to problem-solving within ACE’s public value model of strategic management is co-creation; a collaborative process through which two or more public and private actors try to enhance public value through a constructive exchange of knowledges and resources. To advance understanding of how the public value model of strategic public management can support co-creation, we earlier presented a sensitising model that comprises three activities: defining public value, mobilizing support, and building capacity. The following section elaborates that model empirically, using data from our study of ACE.

a. Defining Co-Created Public Value at ACE

According to two of the founders of ACE, the community development organization developed from a conversation with a small team of staff within the CF team who recognized that the Programme: (a) would end before its goals of eradicating inequality and poverty were resolved, and (b) had been “blown off course” to some extent by Government-imposed (NPM style) outcomes measurement. In response, they decided to establish a PSO to co-create public value through community development. Our sensitizing model suggests that to achieve this, it would be necessary to gain acceptance for both ACE’s articulation of the local form of public value, and its approach to problem-solving (Moore and Khargram, 2004).

\(^4\) One of the study participants is listed as a co-author of this paper. This recognises their contribution to the paper’s development, and it reflects the authors’ commitment to co-created research and publication.
From its founding in 2011, ACE has clearly articulated its ideological commitment to using co-creation as the primary problem-solving approach within its distinctive public value strategy to enhance community well-being through improved confidence, lowered education barriers, and reduced stigma. The goal is to create “vibrant, equal and resilient communities for all, where people have pride in themselves and the place where they live.” (ACE, 2021:3). Whilst ACE is clear that its focus is on the area in which they are placed, it also aims to create both a template for the City, and for other community organisations across Wales (Elliott et al., 2021).

ACE’s definition of co-creation builds on ideas that are deeply entrenched in the field of community development. Here, in common with other areas of public service such as adult social care, there is a long-standing commitment to citizen involvement in problem-solving. More distinctively in community development, asset-based frameworks (viewing citizens and communities as assets) are advocated for the full range of public service activity (Woodward et al., 2021). ACE’s definition of co-creation explicitly draws from these lines of thinking (Boyle and Harris, 2009) to state:

“Co-production is an asset-based approach to public services that enables people providing and people receiving services to share power and responsibility, and to work together in equal, reciprocal, and caring relationships. It creates opportunities for people to access support when they need it, and to contribute to social change.” (ACE, 2021: 3)

As a direct consequence of ACE’s use of co-creation as its primary mode of problem-solving, a wide range of stakeholders are routinely scripted into the definition and resolution of issues concerning governance, staffing, design and delivery of services and activities. These stakeholders include mental health and primary health care services, education, social housing, museums, Cardiff University, and other third sector organisations. The organisations
themselves are listed as partners on their website confirming formal buy-in to the way in which ACE works with local residents. In addition, they have good working relationships with a number of officers in the local authority which, as in this case study, can be crucial for enabling decisions and actions. This approach to co-creation is referred to locally as “part of ACE’s DNA” and a practice by which participants “live and breathe”. The organisation holds annual training for staff and volunteers on their approach. Staff from ACE maintain that their approach to co-created public value harnesses local human and physical assets in a way that the State cannot achieve through ‘traditional’ approaches to problem-solving, such as administrative bureaucracy (Woodward et al., 2021, McMullin, 2021). In 2013, ACE became the ‘grant recipient body’ for CF meaning they could directly employ staff on the Programme. This was reported as a critical moment when the leadership of the CF programme recognised ACE’s conception of co-created public value to be a legitimate recipient of public funding.

b. Mobilizing Political Support for Co-Created Public Value

The second element of our sensitizing model follows Moore’s prescription that the leaders of PSOs must mobilise support for their co-creative public value strategies from their complex authorising environments. Throughout its history, ACE has actively sought to mobilise support for its co-created public value by linking its activity to aligned legislation, policies, networks, and actors. ACE’s (2021: 9) latest public strategy document provides a good illustration of the approach to linking strategy with aligned legislation and policy:

“With the CF programme ending in 2018 and with a new focus within the Welsh Government on key strategies such as Well-being of Future Generations (Wales) Act 2015, Social Services and Well-being (Wales) Act 2014, Prosperity for All (2017) Wales Economic Action Plan, Resilient Communities and Families First we feel that
ACE is perfectly situated to influence this agenda positively by offering a working model that places local action at its heart. We are excited to move on from Communities First and are well on our way to sustaining ACE through a mixed funding model”.

In the Welsh authorizing environment, the theme of co-creation is used widely, yet variably, and it has a vibrant interest group called the Co-production Network for Wales⁵. ACE is an established and valued member of that network, and this basis of legitimacy has allowed ACE to mobilize considerable political recognition across the Welsh political landscape. In addition to linking with aligned legislation and networks, ACE has worked hard to mobilize support from senior politicians. A key individual here is Mark Drakeford; the First Minister of Wales who has a long-standing commitment to community-development, collaborative governance, and co-creation. While Secretary for Health and Social Services, he wrote in a forward to a handbook on co-production:

“Our ambition is not for co-production to replace the state, but for it to democratise and animate it – sharing power, recognising reciprocity, realising the contribution that each person is able to make, and creating new expressions of equality as a consequence. A sort of ‘citizens socialism’ if I could put it that way.” (Mark Drakeford in Seeing is Believing, quoted in Dineen, 2015).

In an interview for our study, Drakeford was a bit more cautious in his confidence for the future of co-creation:

⁵ https://copronet.wales/
“Whether it is self-sustaining, whether it becomes a cultural norm in which people just approach things in this way, or whether it is one of those ideas that drags across the sky and is bright for a while and is replaced by the next attractive idea – I’m not sure. We will have to wait a bit longer to see.”

Thus, despite his longstanding commitment to the principles of co-created public value, Drakeford clearly recognises that Government can only do so much to encourage it. It can create legislation which mandates a co-creative approach, but it also requires communities to develop the capacity to organise. Drakeford has been a consistent and strong advocate of ACE’s approach, publicly stating that it is “one of a relatively rare number of organisations that sit at a pivot between development of social policy and the implementation of social policy” (ACE, 2021: 10). ACE has worked skilfully to maintain and mobilize Drakeford’s support by, for example, updating his office on developments and providing an opportunity for him to talk to local residents. At the launch of the heritage centre in September 2021, Drakeford signalled his personal attachment to ACE’s model of co-creative public value when describing the event as “emotional and overwhelming”.

In addition to successfully mobilizing the support of the most senior politician in Wales for co-created public value, ACE has also secured the aid of two local councillors in the ward adjacent to the heritage centre. Both councillors accepted ACE’s invitation to sit on the project management team (PMT) for the development of the centre. From that position, the councillors acted as boundary spanners both horizontally (in terms of working across local authority responsibilities), but also vertically within higher levels of management and political leadership. In terms of political support, the role of the councillors has been crucial in terms of communication with the leadership of the local council and in ‘fire-fighting’ for example, interpreting regulatory issues, particularly concerning land use. ACE’s attempts to mobilize
the support of the local council have not always been smooth. Crucially, when ACE became independent from the local authority, some ACE staff reported to us that “some connections’ with the local authority were lost. However, ACE staff reported that they felt better able to challenge local authority decisions they viewed to be not in the interests of the residents. There is little to suggest that the local council has itself operated co-creation as a problem-solving mechanism. Our research revealed few references to co-production (or co-creation) in the Council’s strategic documents. Whilst it did establish a co-production working group in 2012, it was reportedly disbanded ‘due to budgetary cuts’.

Thus, while ACE attempted to co-create public value through the heritage centre project, it did so in an authorising environment in which the local council maintained more traditional, bureaucratic, approaches to problem solving and risk management. One ex-council worker explained that elements of a shared understanding about the nature and purpose of heritage-led community work had only developed from council staff having known the staff from ACE for a long time:

“[A] lot of it is historical, because we’ve been working with them over, I would say 15 years, so from Communities First to them becoming ACE. So, we’ve had this good relationship... I’ve known [the director] for over 20 odd years. ... So, I’ve had this friendship with them all. So as part of a work colleague and then they’ve known me… it has made it a lot easier.”

Drawing on ACE’s long experience of co-created public value, the heritage centre management team was formed to facilitate boundary spanning activity with aligned councillors. The success of ACE’s co-option of this key element of its authorizing environment was illustrated by Drakeford when interviewed:
“We wouldn’t have had the involvement of the local authority that we have had if it wasn’t for the galvanizing impact of those two members and their ability to mobilise the resources, and commitment, of the local authority. So, there is a picture that needs to be drawn out. Co-production does rely on - as well as its commitment to the assets that people have, and the importance that people have - it does need some catalysts to make it happen. Not to take it over, not to get in the way of it but just to help it get off the ground. And to help to make it happen. I think in the CAER heritage context we are really fortunate to have local councillors who have that catalytic pull”.

Beyond the maintenance of existing political relations, ACE skilfully extended existing relationships with the Local Health Board to embed social prescribing opportunities into Heritage Centre developments. Through the heritage work, ACE was also able to strengthen links with local education providers through initiatives including: the provision of learning materials to local schools, participation in the local university’s adult education and widening access programmes, and a dedicated Hillfort study room at the local secondary school.

c. Building Capacity for Co-Created Public Value

The third element of our sensitizing framework directs attention to the way that ACE builds operational capacity for co-created public value through leadership, structures, and processes.

*Leadership.* In stark contrast to Moore’s (1995) assumption of individual leadership of public value strategy, co-created public value at ACE arises from a distributed/participatory form of leadership that is common in the field of community development. There, many PSOs start with a premiss that people (viewed as assets) will have different skills and qualities and that these need to be structured into how the PSO works and is led (Elliott et al., 2021).
During our study, the director of ACE, reported that although they “steered the ship” leadership was about getting the best out of the team. Leadership at ACE meant that the organization did not depend on one person and that it was robust enough to manage with the collective skills of the senior staff team. The director did, in fact, move out of the role in the summer of 2021 to develop a consultancy role. However, the skill set of the team had been assessed and developed over some time and two people with different skills needed to maintain the existing ethos and direction, took over the role.

**Structures.** Our study of the heritage centre project revealed that before it started in 2016, ACE had already developed formal and informal structures to support co-created public value including: a trustee board comprising nearly 50 percent residents, and participatory approaches to project evaluation (the ‘most significant change’ approach), and a funding portfolio that was developed with support from the Charities Aid Foundation’s Resilience Fund (CAF, 2021). From this base, co-creation was adopted as the primary problem-solving approach in the heritage centre project. It was employed from initial discussions of the project design (including the building, adjacent playground, and heritage trails), through the management of vandalism, to evaluation.

During the initial phase of the heritage centre project, when a bid was co-created for National Lottery Heritage Funding, ACE used several structures to engage partners and residents in the co-creation of ‘The Activity Plan’. These structures included: 5 working groups, interviews with residents to build knowledge of local issues (a technique used in community organising), 7 open days and events (1,172 visitors), a community survey, semi-structured interviews with residents, and a school survey. The composition of the groups included representatives from the project team, heritage organisations, universities, primary and secondary schools, volunteers, and residents (including young people). Some representatives sat on more than one group to help ensure that proposals complemented each
other. Whilst ACE’s experience of convening such events ensured that the tone was generally positive, certain stakeholders (including some council employees) drew on the historic negative perceptions of the area to suggest that any development of the site was a “waste of time and money” because it would soon be “trashed”.

In addition to the five working groups’ formal meetings that had a structure (including SWOT analyses to identify and review challenges and potential opportunities), they also encouraged informal ways of convening conversations to co-create ideas. Reporting that many of the best ideas emerged from informal dialogues, a senior ACE staff member reflected on the social and embodied nature of these encounters:

“It might be as simple as a litter pick on the hillfort or a workshop, but it enabled them to ask them about what they thought of various ideas. Goes back to the idea of the table. You sit round and it does not have to be an office table. It can be just sitting round with a cup of tea.”

Drawing on academic partners in the heritage centre project, post-graduate students were recruited to collate information and ideas from the formal and informal co-creation structures for incorporation within the Activity Plan. Early drafts of the Plan were then shared with partners and the wider community at open meetings and community events for comment and feedback. With funding secured, the heritage centre project started in April 2019. ACE established a project management team (PMT) to co-ordinate partners and, as noted earlier, skilfully incorporated key members of its’ authorizing environment onto the PMT including representatives from education and heritage as well as local authority representatives, the local councillors, and a community representative (who was also a Trustee of ACE).
Building from ACE’s long experience of co-created public value, it was anticipated that involvement in the heritage centre project would vary among two broad groups: more consistent participants ‘committers’, and those intermittently involved, ‘toe-dippers’. During the Project, (what could be called) a Committer Group emerged to comprise a variety of people who work regularly (paid or voluntarily) at the heritage site, members of the PMT, ACE community development workers, some local housing association staff, the university researchers, site-based heritage workers, and some local authority officers. Recognising the challenge of securing engagement beyond ‘the usual suspects’ and committers (Bransden et al., 2018), ACE ensured that the heritage centre project also included a wide range of informal structures and mechanisms targeted at toe-dippers and people not involved including: community surveys, open days, and litter picks. Particular attention was given to engaging with children and families through local schools. Despite these efforts, one resident ‘committer’ remained concerned about the threat of the project creating a cosy, exclusive group that would be difficult for new people to enter:

“I equate it to like when the children were small and you had the PTA [parent teacher association] and like I, I was a member of the PTA, and we had a group of friends, and our children were all the same age, and we’d organise the events. … it was the same group all the time. We earned a lot of money [for the school], and we had a lot of fun. I find it similar to that, in; that I think people might think it’s a little bit cliquey”.

In addition to the challenges of engaging the wider community, some ACE staff and volunteers reported their perception that it is “not appropriate to co-create everything”. The most common examples cited were grant writing, project budgeting, and construction details, each of which was said to require expertise. A further challenge of co-creation during the heritage project arose from the ‘transaction costs’ of ‘doing’ engagement. While the project
included funding for co-creative activity, there was a strong feeling that it had not covered everything that ACE did. On balance, participants felt that this investment has been worth it in terms of the local partnerships developed and the additional “journeys of empowerment and change that have been transformational for [local people].”

Processes. In addition to ACE’s planned structural supports for co-created public value, this study identified three co-creative approaches to problem solving that ACE developed during heritage centre project. Each of these three interventions employed co-creation as the primary means of addressing unexpected problems that arose during the Project. ACE’s first co-creative intervention was a response to COVID that took the opportunity to rethink its mechanisms for engagement which had been heavily reliant on face-to-face encounters both in their building, The Dusty Forge, and at various community locations across the area. In one example, phone calls were made to residents known to ACE, and the heritage centre project, if they were unable to engage online. This could not have happened without the relationships of trust that had been crafted over the years. Acting innovatively, ACE also responded swiftly to rising food poverty under COVID with food deliveries and crisis support in ways that did not rely on the building as the focus for engagement.

Second, in place of planned community engagement with excavation at the hillfort site during COVID, online workshops and activities were developed for local people and schools involved in the project. In a particularly innovative move, staff from the heritage team organised ‘test pit’ excavations of people’s back gardens involving around 36 families with the help of an online film and illustrated guide.

Whereas ACE’s first two co-creative problem-solving innovations were responses to an unforeseen global problem, the third was a response to a local and feared issue. As noted earlier, there had been concerns that anti-social behaviour around the new heritage centre would generate negative media attention that would reinforce stigmatising narratives of the
area. These were realised shortly after the playground was launched. However, ACE’s response was immediate and co-creative. It brought local community members, ACE staff, councillors, academic partners, school staff, the park ranger and community police together to address the problem, speak to the young people involved and resolve to work together to protect and care for the playground. In this case, the event was a strengthening intervention that delivered public value. It reinforced bridging between groups and linking to public actors in organisations with power social capital in the area.

These three problem-solving responses underscore the centrality of co-creation within the public value strategy at ACE, and they created a form of public value as they directed some positive attention to the heritage project and the area. They also helped to sustain relationships through the pandemic restrictions on face-to-face meetings so that they could be picked up again as buildings reopened and people could start to meet again; first outdoors, then socially-distanced inside.

5. Discussion and Conclusion

In the public management literature, there have been renewed calls for PSOs to adopt co-creation (defined here as, a collaborative problem-solving process through which two or more public and private actors try to enhance public value through a constructive exchange of knowledges and resources) to achieve goals including citizen involvement, enhanced social cohesion, and service innovation (Ostrom, 1990; Torfing et al., 2021). Despite the advocacy and ‘big dreams’ of co-creation (Van Gestel and Grotenberg, 2021), progress has been limited by the tendency for PSOs to adopt co-creation within discrete projects, while maintaining administrative bureaucracy as the primary means of problem-solving within rational planning model of strategic management (Ongaro et al., 2021; Sørensen et al., 2021). This situation has prompted calls to examine how (alternative) models of strategic public management can help
PSOs adopt co-creation as their primary approach to problem-solving (Ansell and Torfing, 2021; Ferlie and Ongaro, 2022).

This paper presented the first ‘theoretical elaboration’ (Vaughan, 1992) of the way that co-creation can be used as the primary problem-solving approach within PSOs that operate a public value model of strategic management (co-created public value). The main aim was to refine, specify, update and extend general theory and empirical understanding of co-created public value through a case study. We began by drawing from previous conceptual scholarship (Moore, 1995), and empirical work (Ongaro et al., 2021), to introduce a preliminary model of three activities required to co-create public value: defining public value, mobilizing support, and building capacity. After introducing the context of our empirical case (ACE) and the research methods, we presented our research findings as an elaborated model that illustrates each of the three activities. Our elaborated model is summarised in Table 1 and discussed below.

Table 1 here

Our analysis reports that since ACE was founded in 2011 - and in contrast to Ongaro et al.’s (2022), study of co-creation in a discrete project at a PSO (Welsh Water) that operates a hybrid strategic model - co-creation has been used as the primary approach to problem-solving within a public value model of strategic management. Our detailed case study of ACE’s heritage centre project revealed that even before it started in 2016, ACE had developed formal and informal structures to support co-created public value including: a trustee board comprising nearly 50 percent residents, and participatory approaches to project evaluation (the ‘most significant change’ approach). From this base, co-creation was maintained as the primary problem-solving approach in the heritage centre project. It was employed from initial discussions of the project design (including the building, adjacent playground, and heritage trails), through the management of anti-social behaviour, to evaluation.
Defining Co-created Public Value. Our study identified an approach to defining co-created public value that was very different to the one described in Ongaro and colleagues’ (2021) study of Welsh Water. In that case, the articulation of a local form of public value was co-created from a ‘deep place’ study of stakeholder views, consultations with customers, and a series of citizen assemblies. During ACE’s heritage centre project, co-created public value was defined as the latest application of the organisation’s strategy to use co-creation as the primary problem-solving approach to create public value in the form of enhanced community well-being through improved confidence, lowered education barriers, and reduced stigma. Again in contrast to the Welsh Water case, ACE’s articulation drew explicitly from the tradition of asset-based frameworks of citizen involvement and advocacy in community-development (Boyle and Harris, 2009; Woodward et al., 2021).

Mobilizing Political Support for Co-Created Public Value. In common with the Welsh Water study, our study illustrates how a PSO can mobilize political support for its co-creative activity by aligning it with supportive legislation. For Welsh Water and ACE, the touchstone is the Well-being of Future Generations (Wales) Act which requires all public bodies to employ five ‘ways of working’ that include citizen involvement (Welsh Government, 2015). In an extension, ACE mobilized political support for its co-created public value by linking activity to influential networks (e.g., Co-Production Network Wales), senior national politicians (including the First Minister of Wales), local councillors, the National Health Service, local schools, and university. The boundary spanning role performed by the local councillors who sat on the Project’s management team was shown to be important in a context where the local council combines a rational planning model of strategy with a reliance on bureaucratic administration as the primary mode of problem-solving.

Building Capacity for Co-Created Public Value. To help build operational capacity for co-creation, the Welsh Water case illustrated how it can be incorporated in participatory
leadership, formal structures such as strategy formulation, and informal structures such as ad-hoc committees. In contrast, our study of ACE illustrates how co-created public value can be embedded throughout a PSO’s formal governance arrangements including: the participatory leadership approach that is common in the field of community development, the trustee board, project development (the heritage centre activity plan), and project evaluation (e.g., ‘most significant change’ approach). Within the focal heritage centre project, our study also illustrated the incorporation of co-created public value within informal structures such as litter picks and informal dialogues. Building from ACE’s long experience of co-created public value, a mixture of formal and informal structures was designed to engage with both more consistent participants ‘committers’, and those intermittently involved, ‘toe-dippers’.

While many of our findings pointed to the positive potential of co-created public value, they also address some of the concerns of those who warn of challenges and the darker side of co-production (Bransden et al., 2018). Recognising the challenge of securing co-creative activity beyond ‘the usual suspects’ and committers, ACE gave particular attention to engaging with children and families through innovative engagements with local schools. In addition to the challenges of engaging harder to reach groups, our study reported that even at ACE, some areas of operation did not incorporate co-creative public value including grant writing, project budgeting, and construction details. It was interesting to note that the main explanation given (the need for expertise) is similar to the rhetoric used is rational planning models of strategic public management to exclude citizens from problem-solving (Ferlie and Ongaro, 2022).

In addition to ACE’s planned structural supports for co-created public value, this study identified three co-creative problem-solving processes that ACE developed during heritage centre project. Each of these three interventions (calls replacing face to face meetings, back garden excavations, anti-social behaviour response) employed co-creation as the primary
means of solving unscheduled problems (arising from COVID and anti-social behaviour at the site).

Following the emphasis placed on context in theoretical elaboration (Vaughan, 1992), this analysis considered both ACE’s model of strategic management (public value), and the Welsh system of political metagovernance (McMullin, 2021). Here, despite the Welsh Government’s long-standing commitment to co-creation, state provision of services has been hollowed-out by the UK government’s NPM approach to metagovernance. As with other important public services such as social care, our focal area of community development is increasingly conducted by not-for-profit PSOs, sometimes comprising specialists who used to work for state agencies. While systems of metagovernance were not the primary concern of this analysis, we noted that in contrast to the UK Government’s prevailing NPM approach, Welsh Government’s orientation towards co-creation may suggest more of an NPG approach, rather than NPM, or traditional public administration.

Towards our goal of elaborating general theory (Vaughan, 1992), the model presented here conceptualises three activities required to co-create public value: defining public value, mobilizing support, and building capacity. In pursuit of our aim to elaborate empirical knowledge of those activities, our model blends illustrations from the Welsh Water case (Ongaro et al., 2002) with more detailed examples from our focussed study of co-creation at ACE. Recognising that our theory elaboration shares all of the implications of highly contextual case study research (Vaughan, 1992), we view our model as presenting a useful basis for further studies of public value co-creation.

There are two main ways in which our model of co-created public value could be elaborated in subsequent work in differing contexts. First, it could be used as the sensitizing framework for studies of co-created public value in PSOs that operate in sectors other than community development. Recognition the long-standing concern for citizen involvement in
adult social care, that may provide an fruitful line of elaboration. Second, while our case was located in the Welsh context of NPG metagovernance, it would be instructive to explore cases of co-created public value under conditions of NPM and traditional public administration. Both of these approaches present valuable opportunities for addressing the pressing need for greater understanding of the ways that co-creation can be managed strategically as the primary mode of decision-making in PSOs. Without that knowledge, the ‘big dreams’ of co-creation (Van Gestel and Grotenberg, 2021) may remain elusive.

References

ACE. (2021) ACE Strategic Plan 2021-2023. Available on request from authors.


### Table 1. An Elaborated Model of Co-Created Public Value

<table>
<thead>
<tr>
<th>Strategic Goal (Moore, 1995)</th>
<th>Enabling Practices</th>
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<tbody>
<tr>
<td>Mobilize Political Support</td>
<td>Link co-created public value to legislation, networks, national politicians, local councillors, the health providers, schools, and university.</td>
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<tr>
<td>Build Capacity</td>
<td>Leadership: participatory. Structures: Formal e.g., board of trustees, ad hoc committees, strategy development, project development, evaluation; Informal, litter picks, coffee mornings.</td>
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