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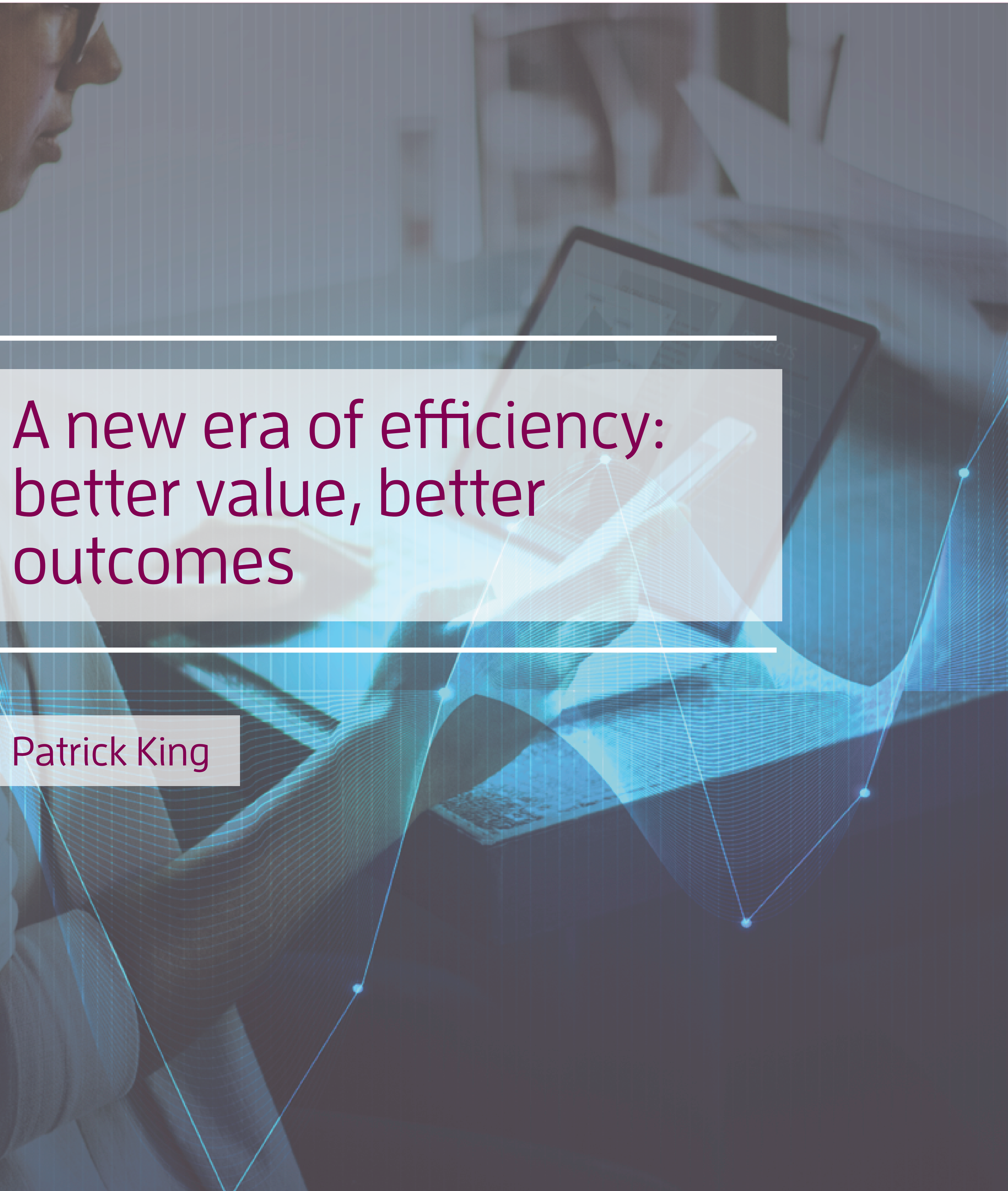

A new era of efficiency: better value, better outcomes

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Reform was delighted to host a policy roundtable on driving public sector efficiency and effectiveness, in partnership with Fujitsu. The discussion was introduced by Rt Hon John Glen MP, Chief Secretary to the Treasury and Christian Benson, Head of Tax & International Customs at Fujitsu.

Achieving public sector efficiency is a vital goal for any government, to ensure that resources are used in a way that maximises outcomes and secures the future sustainability of public finances. Whether in the 2004 Gershon Review, or the efficiency targets set out in the 2021 Spending Review, this has rightly been a priority.

However, with higher inflation placing existing departmental settlements under strain, the imperative of 'doing more for less' is all the more urgent.

In some cases, this will require a long-term approach or more fundamental reform to the way public services are organised and delivered. But given difficult, immediate pressures on the public purse, departments must also identify opportunities to drive efficiency in the short term.

Key to this will be to building on and deepening what is already happening – such as the use of expert functions at the centre of government – as well as focusing on how best to drive value and realise savings in relation to the 'three Ps' of people, procurement and property (collectively, the major proportion of departmental spending).

Alongside this, a laser focus on variations in performance is needed. Some public service providers are achieving significantly better outcomes for their allocated budgets than other providers. Identifying the factors driving high performance and applying those insights across the system can help unlock savings and capacity.

Similarly, evaluation should be hardwired into programmes, with the resultant evidence underpinning spending decisions. Data collection and sharing across government must also be prioritised, enabling that understanding of what works, improving accountability, delivering efficiencies and improving user experience.

Clarity of imperative

As the pandemic demonstrated, clarity of imperative can be decisive in rapidly mobilising the government machine towards a shared set of outcomes. To drive efficiency gains, government must reassert this sense of imperative across departments and in local public service delivery.

Accompanied by a small number of well-defined performance indicators, this would also make it easier to allocate resources, including staff, to these priorities, and to hold them accountable for efficient delivery.

Excelling at implementation

Too often, attendees noted, there is a gap between highly ambitious policy initiatives, that could transform outcomes and drive greater efficiency, and the impact felt 'on the ground'. Between these lie the operational challenges of effective delivery.

In central government, further progress could be made embedding the technical skills and capabilities needed to identify and act on opportunities to do things more efficiently. In some instances, this will mean bringing in external experts, including people who have led major transformation and delivery projects elsewhere.

In others, it could mean upskilling civil servants beyond the central units with deeper finance and data skills. It could also mean forming effective public-private partnerships that can disrupt, as the Vaccines Taskforce did, the status quo way of working.

At a local level, the quality and efficiency of implementation can vary significantly from place to place. As a result, attendees reflected that to tackle the underlying causes of variation, and reduce waste, we also need to understand and address local barriers to implementation.

At both a central government and provider level, boosting productivity requires an efficiency mindset and an understanding of best practice. This includes through effectively using local pilots, gathering and analysing data on what works and what doesn't – and deploying this throughout the system.

Earning autonomy

Attendees recognised that there is legitimate tension between the Treasury's need to constrain cost and the need to empower individual service providers and local areas to deliver for local need. Striking the right balance between giving departments, providers and areas the autonomy and discretion they desire, while holding them to account for efficient spending, is therefore key.

This requires a developed understanding of risk. Too often, time and resources are spent implementing complicated and unnecessarily burdensome processes which are not warranted based on the risk involved – for example renewing essential software licences. Likewise, too little time is spent on defining and then interrogating the outcomes of spending, and instead the focus is on ticking boxes.

There is no 'one size fits all' approach. A top-performing hospital trust, delivering against patient-related targets and to budget, should be granted more flexibility than a failing academy chain, which consistently overspends. The former should be afforded significant discretion, while the latter should be closely managed: a model of 'earned autonomy' should be implemented which allows for this, rooted in transparent data on performance.

The same is true in central government. Treasury spending controls can be a vital way of managing spending, and holding departments to account for wasteful practices. However, used excessively, or applied to departments with a clear track record of success, and they become stifling, demotivating, or lead to false economies.

Data-powered analysis

To truly shift the dial on public sector efficiency, attendees reflected that some of the greatest gains will come though embracing data and digital technology. One aspect of this is using data for analysis – to evaluate specific interventions and support decision-making, for example. Here, mechanisms for relaying information back to a capable, analytical core in Whitehall and aggregating disparate forms of data, will be all important.

Meanwhile, more transformational, cross-government applications of data may require us to rethink the way data is shared and accessed by departments and other bodies.

In the future, this could mean going from a status quo in which departments regularly have to to justify – and in some cases even pay for – access to data in the possession of different parts of government, to one in which data is shared by default. Fundamentally, that means questioning the idea that a single department 'owns' the data, and instead seeing the data as collected by government and therefore shareable across departments.

Crucially, this does not mean overriding the principle of consent, but rather, being better at communicating the enormous benefits of data-sharing to citizens – and identifying where thoughtfully designed 'nudges' could support this.

Attendees pointed to examples internationally of where countries have used opt-outs to incentivise citizens to share data with the whole of government and the savings this realised by allowing almost all official communications to occur digitally.

In the UK, existing digital identifiers could be used to accelerate progress in this area. Doing so will not only enhance the experience of the end-user, but also reduce the waste associated with unnecessary duplication that occurs when data is too fragmented.

A digital bedrock for growth

In addition to these efficiency gains, attendees suggested that high-quality, interconnected data can help secure the conditions that facilitate economic growth and prosperity. For example trade is being enabled by the digital sharing of supply chain data, meaning goods are able to flow more quickly through borders, processing times are reduced, and costly delays are eliminated.

To enable these changes, the size of many digital teams in central government has understandably grown rapidly in recent years. Given the savings they can unlock, this is not at odds with public sector efficiency. However, having the flexibility to expand or contract the size of these teams over time – and embed external experts in departments according to the demands of projects – is arguably the best of both worlds. The Office of the Public Guardian was cited as an exemplar due to the remarkable transformation achieved, with a small, dynamic and highly competent digital core.

Investing to save

Even with the public finances under acute pressure, it is crucial we do not overlook where targeted capital investments, to remove bottlenecks to higher performance and efficiency, can go a long way. In this context, though, making sure that upfront investments maximise value for money is pivotal.

Even relatively small amounts, of up to £10 million, can deliver major improvements in performance, so long as the correct blockages are identified from the outset.

At times, this could mean investing in analytical capability, to ensure that money is being spent in the right areas. One example cited was a hospital trust that invested in modular bed capacity and patient flow technology, which enabled them to rapidly increase the efficiency with which patients could be seen and treated.

It is precisely initiatives like these that, if adopted by lower-performing providers, could quickly shift the dial on public sector efficiency and effectiveness.