

Public sector productivity

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Contents

Introduction	2
<i>Reform overview and commentary</i>	2
Reducing public sector labour costs	4
Poor productivity growth	4
Expanding public sector payroll	5
Proportion of labour costs on the front line	6
Health	7
Police	8
Education	9
Local government	9
Terms and conditions	10
Pay	10
Pensions	11
Retirement age	11
Working hours	12
Sickness and absenteeism	12
Job security and redundancy	13
Transparency	14
Unionisation	14
Proposals for reform	14
Structural reform of public services	15
Whitehall	15
Systemic weaknesses	15
Accountability	16
Competition	17
Successful examples of public service reform	18
Proposals for reform	19
Summary of <i>Reform</i> recommendations	20
Further reading	20

Introduction

Reform overview and commentary

Labour costs

The majority of the costs of public services are in their workforces – about two thirds.

Looking at all government spending, including benefits, the public sector workforce is about a third of the total – around £200 billion out of £675 billion.

Poor productivity in the workforce is the main reason why the productivity of the whole public sector has fallen over the last ten years (while that of the private sector has increased). Some public sector managers have taken brave decisions to reform services and increase productivity, but they are the exception that proves the rule.

It is easy to see why the productivity gap between private and public sectors has widened. The public sector enjoys higher pay, pensions and redundancy terms while working shorter hours and taking more sickness absence. Management is worse in the public sector, both in Whitehall and in individual public services.

Structural reform

The root cause of poor management is poor accountability. Generally speaking public sector workers are accountable only to themselves, explaining their lukewarm commitment to performance and value for money.

Making public services accountable will need structural reform. The basic idea is that the role of government should change from being the funder and manager of services to the funder alone. In services such as health and education where choice and competition apply, public sector workers should be accountable to service users in charge of their own funds. In services such as policing, workers should be accountable to local electorates. Senior civil servants should be accountable to Ministers.

Reducing headcount

A more accountable and a more competitive public sector will have lower costs. At the end of 2009, *Reform* research estimated that the elimination of the structural deficit would mean cutting the costs of the public sector workforce by 15 per cent. That is the equivalent of a reduction in the headcount of one million public sector jobs – from 6 million to 5 million.

A more efficient public sector will inevitably have lower costs on the front line. The majority of the costs of public services are in the front line; the NHS and schools will not become more efficient if the way that doctors or teachers are employed does not change radically. The national contracts agreed with doctors and teachers over the last decade are a key reason why pay increased while working hours fell.

Minimising strike disruption

The TUC, PCS and NUT are wrong to commit to strikes if there are public spending cuts in the new Parliament. The poor productivity performance of public sector workers means that reductions in the public sector workforce are justifiable. Policy makers should amend the current legislation so that scrutineers oversee union membership lists as well as strike ballots themselves, and so that workers face penalties for strike action that reflect the cost of strikes rather than their length.

The other heavily indebted European countries are already reforming their public sector workforces, reducing headcount and reducing pay. In March 2010 the Irish government and unions agreed a deal by which workforce numbers will fall, pay will be linked to performance, public sector pensions will be closed to new entrants and unions will commit not to strike for four years.

Reducing public sector labour costs

Poor productivity growth

Productivity is broadly defined as output per unit of input. It is an important indicator of the efficiency with which resources are being used, so it is important to measure in the public sector in order to analyse the value for money that taxpayers are getting. While the statistics available are not perfect, estimates from the Office for National Statistics suggest that between 1997 and 2007 public service productivity fell by 0.3 per cent per year on average, while productivity in the private sector grew by an average of 2.3 per cent a year.

Table 1: Annual growth in productivity in the UK

Sources: Phelps, M. (2009), *Total Public Service Output and Productivity*, UK Centre for the Measurement of Government Activity, Office for National Statistics; Office for National Statistics (2009), *Statistical Bulletin: Productivity Q2 2009*; Office for National Statistics (2009), *Output per worker: whole economy: percentage change per annum, seasonally adjusted, UK, Time Series Data*.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average annual growth
Public sector	0.2	-0.7	-0.9	0.4	-1.2	-1.4	-0.3	-0.6	0.6	0.6	-0.3
Private sector	3.4	2.6	3.3	1.7	1.2	2.1	2.8	1.6	2.2	2.4	2.3
Whole economy	2.7	2.2	2.7	1.4	1	1.9	1.8	1.3	2.1	1.9	1.9

Expanding public sector payroll

The public sector accounts for around a fifth of total employment in the UK, with 6.1 million workers employed by the state. After dropping in the late 1980s and early 1990s, public sector employment has been rising every year since 1999. This trend has continued during the recession. In 2009 employment in the private sector decreased by 527,000 (2.2 per cent), while employment in the public sector increased by 46,000 (0.8 per cent). The biggest increase was in health, with NHS headcount rising by 4 per cent in 2009, or 62,000 new employees. Certain sectors have, however, already frozen workforce numbers or started reducing headcount in response to the constrained fiscal and economic position.

Table 2: UK public sector employment by industry, headcount, seasonally adjusted
 Source: Office for National Statistics (2010), *Statistical Bulletin: Public sector employment Q4 2009*.

	1999	2004	2008	2009	Growth 1999-2009
NHS	1,212,000	1,475,000	1,510,000	1,621,000	34%
Education	1,151,000	1,337,000	1,393,000	1,418,000	23%
Police	227,000	264,000	289,000	297,000	31%
Civil service	503,000	568,000	522,000	532,000	6%
Local government	2,722,000	2,874,000	2,932,000	2,921,000	7%
Total public sector headcount	5,190,000	5,745,000	6,052,000	6,098,000	16%

Proportion of labour costs on the front line

The expanding public sector payroll means that in each of the major public services – health, education and the police – well over half of the costs of services are taken up by workforce costs. *Reform's* 2009 report, *The front line*, estimated that looking across the board, around a third of everything the government spends is on workforce costs.

Table 3: Public sector labour costs as a proportion of total costs

Sources: Penalzoza, M.-C. *et al.* (2010), *Public Service Output, Input and Productivity: Healthcare*; Wild, R. *et al.* (2009), *Public Service Output, Input and Productivity: Education*, UK Centre for the Measurement of Government Activity, Office for National Statistics; UK Centre for the Measurement of Government Activity (2009), *Public Service Output, Input and Productivity: Measuring Police Inputs*, Office for National Statistics.

Service	Labour costs as a proportion of total costs, per cent	Labour costs, billions
Healthcare (2008)	57	£58
Education (2008)	64	£41
Police (2007)	76	£13

Looking at all government spending, including benefits, the public sector workforce is about a third of the total – around £200 billion out of £675 billion.

Table 4: Accounting for public spending, *Reform* estimate

Source: Haldenby, A. *et al.* (2009), *The front line, Reform*.

	Proportion of total government spending
Benefits	42%
Capital	7%
Workforce	29%
Other resource spending	22%
Total	100%

Health

Budget 2010 confirmed that the NHS would deliver annual efficiency savings of £3.5 billion through raising staff productivity.¹ More than half of all health costs are now on staff, with labour costs in health care rising faster than those in the whole economy over last ten years, particularly since 2003. The NHS has seen the biggest rise in staff numbers in the last decade of all public services, with headcount growing by nearly a third between 1999 and 2009. This increase in workforce has partly been driven by Government targets. Pay rises have also driven up the wage bill. Pay growth in the NHS outstripped pay growth in the whole economy by around 15 per cent between 2002 and 2007. Higher paid members of staff – including registrars, consultants, GPs and managers – have seen pay increases that are least in line with productivity gains.

Table 5: NHS headcount, England

Source: The Information Centre for health and social care (2010), *NHS Staff 1999 – 2009 Overview*.

	1999	2009	Growth, headcount	Growth, per cent
Doctors	94,953	140,897	45,944	48%
Nurses	329,637	417,164	87,527	27%
Scientific, therapeutic & technical staff	102,391	149,596	47,205	46%
Ambulance staff	14,783	17,922	3,139	21%
Clinical support	296,619	377,617	80,998	27%
Infrastructure staff	171,205	236,103	64,898	38%
Other GP Staff	86,333	92,333	6,000	7%
Other	2,427	364	-2,063	-85%
Total	1,098,348	1,431,996	333,648	30%

¹ HM Treasury (2010), *Budget 2010: Securing the recovery*.

Police

The police has seen an overall increase in headcount of nearly 30 per cent over the last decade. The number of police officers has grown by 12 per cent since 1999 and the number of civilian police staff has risen by 46 per cent. There are now over 16,000 Police Community Support Officers. This expanding workforce has absorbed the bulk of the £4.5 billion real increase (equivalent to a 43 per cent rise) in central police funding in the last ten years. More than three quarters of the total policing budget is spent on staff costs. The 2008 government commissioned review by Sir Ronnie Flanagan found this proportion to be even higher and as such warned that “maintaining police numbers at their current level is not sustainable”.²

Table 6: Police workforce, England and Wales, full-time equivalent
 Source: Home Office (2010), *Statistical Bulletin 03/10: Police Service Strength England and Wales, 30 September 2009*.

	1999	2009	Growth, headcount	Growth, percentage
Police officers	126,096	142,209	16,113	13%
Civilian police staff	53,031	78,631	25,600	48%
Police Community Support Officers	-	16,814	16,814	-
Special constables*	16,484	14,516	-1,968	-12%
Designated officers	3,342	3,507	165	5%
Total police strength	198,953	255,677	56,724	29%

* Headcount numbers.

Note: Police Community Support Officers introduced in 2002.

Education

Staff costs make up the greatest proportion (over 68 per cent) of the education budget. Headcount has increased by nearly a quarter since 1999, while labour costs have seen a 5.5 per cent average yearly rise. The biggest rise has been in the number of teaching assistants – a growth of over 200 per cent in the ten years since 1999 – while the number of other support staff has doubled. The Treasury is in the process of reviewing the value for money of teaching assistants.

Table 7: Education workforce, England, full-time equivalent

Source: Department for Children, Schools and Families (2009), *School Workforce in England*; Department for Education and Skills (2006), *School Workforce in England*.

	Workforce numbers		Cost, billions	
	1999	2009	1999	2009
Teachers	401,200	442,700	£11.7	£17.2
Teaching assistants	69,600	183,700	£1.4*	£1.7
Other support staff	79,100	162,200		£2.0
Total	549,900	788,600	£13.1	£20.9

* Breakdown of cost between teaching assistants and other support staff not available for 1999.

Local government

Compared to the large increases in health, education and police employment, local government has seen less than a 7 per cent rise in employment in the last ten years. Many local authorities have also already started preparing for the years of restraint to come by cutting numbers. As such, the total number of employees in the local government sector fell between 2008 and 2009. However, the size of the local government workforce – almost half of all public sector employment – means that significant reductions will be needed.

Terms and conditions

While the national statistics comparing public and private sector productivity are not perfect, there is other evidence to suggest that the public sector delivers lower productivity.

Pay

Public sector salaries have been growing faster than private sector salaries since 2001. Observed annual gross pay for full time employee jobs is higher in the public sector than the private sector at most levels of pay, except for at the highest pay levels. Job-for-job type comparisons of pay are difficult to make, but the evidence suggests that women and low-skilled male workers are paid relatively more on average in the public than the private sector, while high-skilled male workers are paid more in the private than the public sector.

Table 8: Mean gross hourly rate of pay, nominal terms

Source: Office for National Statistics (1998-2009), *Annual Survey of Hours and Earnings*.

	1998	2002	2006	2009	Growth 1998-2009
Public	£9.67	£11.53	£13.85	£15.55	61%
Private	£9.14	£11.29	£12.62	£13.88	52%
Not classified	£9.50	£11.26	£13.23	£14.86	56%

The recession has had a greater impact on remuneration of private sector workers. In the year to January 2010, pay growth (including bonuses) in the private sector stood at 0.0 per cent compared to 3.8 per cent in the public sector.

Table 9: Pay growth, year to January 2010, per cent

Source: Office for National Statistics (2010), *Average weekly earnings, 31 March*.

Including bonuses		Excluding bonuses	
Public sector	Private sector	Public sector	Private sector
3.8	0.0	4.0	0.4

Pensions

It is often argued that public sector wages are lower than private sector salaries and hence public sector workers need to be “compensated” with larger pensions. The evidence shows that this is not the case and that these pensions create a serious unfunded liability and barriers to competition in public services.

Over 80 per cent of public sector employees are members of one of the seven main public sector pension schemes (the NHS, local government, teachers, civil service, armed forces, police and fire). These schemes are all unfunded with the exception of the local government scheme.³ Research by PricewaterhouseCoopers estimated that the average annual post-tax income of someone in the public sector was more than two and a half times that of someone in the private sector with an equivalent working life. Estimates of the unfunded public sector pension liability range from £770 billion (using the Government’s measure as at 31 March 2008) to £1.1 trillion (as estimated by the Institute of Economic Affairs).⁴

Table 10: Average annual post-tax income in retirement in the public and private sector

Source: PricewaterhouseCoopers (2009), *The Tortoise and the Hare: A modern fable*; Farrow, P. (2009) “Pensions apartheid gap widens to £17,300”, *The Daily Telegraph*.

	Average annual post-tax income in retirement
Public sector	£28,900
Private sector	£11,600

Research from the Institute for Fiscal Studies analysing the disparity between public and private sector pensions found that “the key drivers of this public sector pension advantage [are]: longer job tenures; the option of claiming pensions earlier; and lifetime earnings profiles that peak in workers’ late 50s rather than their late 40s.”

Retirement age

Public and private employment frameworks differ in the rules around retirement. Some efforts have been made towards reducing the norm of early retirement but the normal retirement age in the public sector remains 60 (it has been raised to 65 for new employees). Some services, such as the police, allow for retirement from as early as age 50.

³ This means that pension benefits are met by current government income as and when they fall due. In contrast, all registered occupational pension schemes in the private sector are funded, which means that scheme members’ pension rights should be covered by assets held under trust.

⁴ HM Treasury (2009), *Long-term public finance report: an analysis of fiscal sustainability*.

Working hours

Average mean working hours are significantly higher in the private sector. In some segments of the public sector, the increase in funding over the last decade has been directly related to a fall in work effort. In the health sector, for example, the more generous consultants' contract has seen a significant fall in hours worked.

Table 11: Mean weekly hours worked

Source: Office for National Statistics (1998-2009), *Annual Survey of Hours and Earnings*.

	1998	2002	2006	2009
Public sector	31.7	31.4	31.6	31.6
Private sector	36.7	36.1	35.3	34.7
Not classified	31.1	31	30	29.7

Sickness and absenteeism

The long term sickness rate is much higher in the public sector than in the private sector, accounting for 50 per cent of working time lost in the public sector compared to 31 per cent in the private sector. This is most pronounced in healthcare which has 10.3 million work days lost every year to sickness and absenteeism, or 10.7 days on average per employee. This compares to an average of 6.4 days a year in the private sector and 9.7 days across all public services. The cost to the UK economy is significant – £784 per employee in the public sector, compared to £666 per employee in the private sector services and £754 for the manufacturing and production sector. Improving the wellbeing of public sector workers, particularly in the NHS, would have substantial gains.

Table 12: Average annual sick days per employee and total cost of absenteeism to the UK economy

Sources: CBI / AXA Absence Surveys (latest published 2008); Chartered Institute of Personnel and Development (2009), "Improvement in private sector workplace absence highlights scope to reduce £4.5 billion annual cost of high public sector absence", Press Office, 20 July.

	1998	2002	2007	2008
Public sector	9.2	8.9	9.0	9.7
Private sector	7.5	6.5	5.8	6.4
Total estimated cost of sickness and absenteeism to the UK economy (public and private sector)	£10.2 billion	£11.6 billion	£13.2 billion	£17.3 billion

Job security and redundancy

Increased job security for public sector workers is reflected in longer average lengths of job tenure – averaging 10.1 years in the public sector compared to 7.7 years for private sector workers – and higher average redundancy costs.

Table 13: Average redundancy costs, 2007

Source: Chartered Institute of Personnel and Development (2008), “Redundancy fears haunt labour market”, Press Office, 31 October.

	Average redundancy payment
Public sector	£17,926
Private sector	£8,891
Voluntary sector	£7,629

In August 2009, the Cabinet Office published proposals for changes to the civil service compensation scheme. These proposals included a new “cap” for redundancy (voluntary and compulsory) and early retirement pay from January 2010 of two years’ salary (compared with the existing three years). For compulsory redundancy, existing terms would be replaced by cash only payments of a month’s pay for each year of service, doubling after five years service. While a significant change, these proposals would still mean that a civil servant who has worked less than 24 years could expect to receive a severance payment of more than three times the average elsewhere. Moreover, after 18 months of negotiations with the unions, a number of clauses exempting certain groups were added, including those aged over 50, on incomes under £20,000, in service for more than five years and employed before 1987.

Transparency

In its 2009 review of top pay in the public sector, the Public Administration Select Committee urged greater transparency, concluding:

“We do not see how the publication of more exact remuneration figures for senior public sector executives, including separate breakdowns of salary and bonuses, could constitute a genuine breach of their privacy, as long as they were given adequate notice of the intention to do so. This information is after all already required of directors of listed companies in the private sector. We recommend that disclosure of top public sector salaries should be brought more into line with the requirements for listed companies, with the amount received in both salary and bonuses published along with explanations as to why bonuses were paid.”⁵

The review recommended the routine disclosure of the remuneration of all public servants earning above around £100,000.

Unionisation

The TUC, PCS and NUT have committed to strikes if there are public spending cuts in the new Parliament. The poor productivity performance of public sector workers means that reductions in the public sector workforce are justifiable. There are some practical steps that can be taken to minimise strike disruption:

- > Policy makers should amend the current legislation so that scrutineers oversee union membership lists as well as strike ballots themselves.
- > Workers should face penalties for strike action that reflect the cost of strikes rather than their length.
- > Greater transparency about union resources – such as how funds are raised and spent – is also needed.

Proposals for reform

Table 14: Proposals for reform

	Reform recommendation
Salaries	Reduce headcount by one million jobs (15 per cent of costs) Public sector pay and conditions should reflect public finances and performance Abolish national pay bargaining.
Redundancies	Redundancy costs should be reduced, bringing terms in line with private sector practice
Pensions	Radical reform should be implemented immediately Move towards defined contribution scheme by restricting new entrants to defined benefit schemes Increase level of employer and employee contributions to actuarially fully-funded basis
Transparency	Proposals for greater transparency over public sector senior salaries should be extended more widely

⁵ House of Commons (2009), *Sixth Report of the Public Administration Select Committee: Top Pay in the Public Sector*.

Structural reform of public services

Structural reform of public services is needed to reduce costs and improve the quality of services and value for money. Whitehall needs to become properly accountable. The policy frameworks for public services need to be opened up.

Whitehall

Politicians from across the political divides have started to think practically about what needs to change. Remarks by the then Cabinet Office minister Liam Byrne MP at the launch of *Reform's* report on the state of the civil service, *Fit for Purpose*, in March 2009, reflected a growing awareness among senior Labour policymakers of the systemic flaws in the civil service and concerns that the remedies proposed by officials are insufficient to the task. Shadow Cabinet Office Minister, Francis Maude MP, has set out a number of Conservative proposals for reform.

Systemic weaknesses

Systemic weaknesses in Whitehall have built up over the years and are now of critical proportions. The recent series of Capability Reviews of government departments provide compelling evidence of these. The key problems they highlighted are summarised below.

Table 15: Summary of main areas of weakness in the UK civil service

Source: Haldenby, A. *et al.* (2009), *Fit for purpose, Reform*; Haldenby, A. *et al.* (2009), *The front line, Reform*.

Weakness	Problem
Inability to prioritise	Current structures and processes give Ministers insufficient opportunity to make decisions. This is partly because performance and financial management data are often poor (for example, value for money upon which to base individual decisions) and partly due to poor leadership.
Poor performance management	People management is not a routine part of effective line management and staff do not have confidence that the skills and systems required to manage performance effectively are in place. Further, while many central government organisations have made significant progress in developing and implementing effective performance measurement frameworks, significant challenges remain if government is to get a full return on the investment in those frameworks in the form of better performance and clearer accountability.
Inadequate skills development	Most departments lack a clear skills baseline to build on and an understanding of their future workforce and its skills needs. This means that skills development programmes are often short term and focused on technical skills such as programme management and finance.
Weak human resources	These functions are not yet capable of making a strategic input to change or the design of the future workforce. They are seen as transactional and not providing the support required by the business.
Absence of financial management	Substantial evidence from the National Audit Office and the Audit Commission showing the lack of effective financial management in the big public services. Often unable to determine value for money due to lack of basic information. Financial planning in some cases, but often ignored in practice by senior management.

Accountability

Management is worse in the public sector, both in Whitehall and in individual public services. The root cause of poor management is poor accountability, whether to consumers (in health and education) or to citizens (in police and fire services).

The myth of “independence” of the British civil service has become an excuse for the absence of accountability. The governments of other countries such as Australia, France and Canada have recognised that independence is no longer a valid concept and that transparency and accountability are key to successful organisations.

Table 16: Examples of international civil service systems

Source: Haldenby, A. *et al.* (2009), *Fit for purpose, Reform.*

	System of appointment
Australia	Permanent Secretaries appointed by the prime Minister on consultation with the relevant departmental Minister
New Zealand	Permanent Secretaries are employed by the state under a fixed term contractual system to deliver according to manifesto commitments
Canada	Hybrid system: Permanent Secretaries appointed by Prime Minister on advice of Cabinet Secretary
France	Hybrid system: appointment of top ranks subject to government discretion

In the UK, the civil service is already politicised in a hidden and unsatisfactory way. What is needed is to replace this imperfect politicisation with a transparent system that makes explicit where responsibilities lie. For senior civil servants, this means putting appointments in the hands of Ministers. For all public sector workers, it means an end to the culture of a job for life through transparent fixed term contracts and the end of generalised recruitment, such as the civil service faststream. It means greater transparency over salaries, contracts and performance for every public sector worker and an end to the civil service monopoly of advice to Ministers.

Competition

Aspects of the current public sector policy framework protect public services from competition.

Table 17: Barriers to competition in the UK's public services

Source: Haldenby, A. *et al.* (2009), *The front line, Reform.*

	Problem	Outcome
Outsourcing regulations	Under EC regulations and Cabinet Office best practice workers on outsourced programmes must enjoy equivalent terms and conditions to their public sector counterparts	Given the more generous working practices enjoyed by most public sector workers, TUPE can prevent private sector companies creating efficiencies
Unfunded occupational pensions	Reduces flexibility in labour markets by creating barriers for workers to move from public into private sectors Continuing to provide generous pensions in the public sector while similar schemes are closed in the private sector is unfair (breaching horizontal equality)	Reduces the diversity of supply of public services and weakens incentives for improved service provision (due to the fall in competitive pressures from greater barriers to entry) Harms productivity and economic growth – as workers in the private sector will feel the burden of economic adjustment while those in the public would not
Politicians say that competition has been introduced	Internal markets may have been introduced but lopsided	Consumer choice and independent sector provision of public services have not increased
Claims that transition costs are too high	Presumption that cost savings from reform will take several years	Obstacle to reforms being introduced

Successful examples of public service reform

Despite all of the above, a minority of successful public sector managers manage to achieve change. This suggests two basic conclusions: that the problems of public sector management lie in incentives and structure rather than a separate legal framework; and that those incentives need to be reformed.

Table 18: Gains from competition in public services – home and abroad

Source: Haldenby, A. *et al.* (2009), *The front line, Reform.*

	Change	Outcome
Southend University Hospital Foundation Trust – rejecting national pay bargaining	95% of staff voted in favour of a new locally administered pay agreement More performance related incentives, better basic pay, management full control over future changes	Implemented successfully and Southend is one of the best performing trusts in the country
Outsourcing welfare services	Private and third sector organisations have been delivering welfare services for decades and now represent 80 per cent of the market The Flexible New Deal introduced a new commissioning agenda, with large private organisations acting as prime contractors in 14 geographic areas, responsible for subcontracting from smaller providers Payment by results is currently being piloted	A diverse and competitive market of welfare services that have succeeded in delivering innovative and specialised active labour market polices However unemployment has been rising since 2005 and there have been calls for greater use of payment by results, longer contracts, “differential pricing” and an AME-DEL switch
General practice – modernising the workforce	The greater scope for local initiative in staffing in primary care has led to more sensible decisions	General practice has developed a better workforce mix than hospitals – with fewer doctors and more practice and support staff
Fire services – changing workforce to reduce costs	Merseyside Fire and Rescue Service changed inefficient fire shift patterns in Merseyside	Saved a third of costs without any danger to safety
Denmark, Belgium, Spain, Australia – health service reforms	Strong use of incentives and pluralism in health services	Practically eliminated waiting times with far less cost than the reductions to waiting times achieved in the UK

Proposals for reform

Table 19: Proposals for reform

	Reform recommendation
Health	<p>Commit to greater plurality of supply and ensure rules for competition are clear, consistent and enforceable</p> <p>Commission the service not the facility, focusing on health outcomes not increasing inputs</p> <p>Clarification of the ability of PCTs to retain savings</p> <p>Give patients choice of Primary Care Trust as well as hospitals</p> <p>Make clinicians accountable for spending decisions and introduce competition within existing settings through “service line management”</p>
Education	<p>Voucher system with genuine choice of school and incentive for cost reduction</p> <p>Scrap Building Schools for the Future</p> <p>Lift tuition fee cap; real rate of interest on loans</p> <p>Phase out teaching assistants</p> <p>Scrap deprivation funding that doesn’t go to schools</p> <p>Universities to take charge of curriculum</p>
Crime	<p>Elected criminal justice commissioners with full budgetary and strategic control</p> <p>Smaller local police forces that are locally accountable</p> <p>A national police network to fight serious organised crime</p>
Whitehall	<p>Make the civil service accountable by giving ministers power over the appointment of senior civil servants</p> <p>All civil service vacancies advertised openly and discrimination in favour of “internal” over “external” candidates abolished</p> <p>Greater flow of personnel between the public, private and voluntary sectors throughout the system</p> <p>Greater range of civil servants called on to give evidence by select committees</p>

Summary of Reform recommendations

Table 20: Summary of Reform recommendations for improving public sector productivity

	Principles of reform	Recommendations
Public sector workforce	Reduce costs Transformation from low paid, low productivity employment to high productivity and sustainable higher wages in long term	Reduce headcount by 1 million to take out approximately 15 per cent of costs Abolish national terms and conditions Immediate reform of pensions
Civil service	Make Whitehall accountable for value for money and performance Reduce costs of workforce	Give Ministers control over appointment of senior civil servants End job for life culture through transparent fixed term contracts
Public services	Increase choice and competition Remove political constraints	In the NHS, commit to greater plurality of supply; give patients choice of Primary Care Trust as well as hospitals; commission services not facilities In education, introduce voucher system with full choice of school and incentives for schools to reduce costs; lift tuition fee cap In crime, elected criminal justice commissioners with full budgetary and strategic control; smaller locally accountable forces

Further reading

Haldenby, A. *et al.* (2009), *Fit for purpose, Reform*.

Haldenby, A. *et al.* (2009), *The front line, Reform*.

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