

Managing the Public Sector – My Article for Conservative Home

Labour lost office in 1979, when it lost control of the public sector. Its own trade Union friends and supporters created a winter of discontent, with rubbish piled in the streets and the dead going unburied. The party had unleashed a rapid inflation it could not control. Workers were fed up with pay controls and with the squeeze on living standards they were experiencing. In those days Ministers were to blame for the price rises and the pay policy.

The government thinks today is different. They say an independent Central Bank and the outbreak of a European war have brought on the inflation. The public services are these days largely run by independent boards with professional management. It is their job to get on with the employees, settle the pay and raise the productivity to help pay for it.

There are two main problems for the government. The first is these independent bodies are handling things badly. The Board of NHS England has received huge increases in funding from Ministers only to deliver the biggest ever backlog and problems for many patients in getting access to a GP or hospital appointment. The six senior managers there earning well over £200,000 each do not appear on the media to make the case for their pay and staffing proposals. What is their plan to recruit and retain the staff they need? Where is the long awaited manpower plan?

The Bank of England created excess money and held interest rates too low for too long, ending with an inflation rate five times its target and five times the level in China, a country also facing high energy prices from the war. The railways effectively nationalised by the need to subsidise empty trains over covid has gone on losing vast sums and now expects a pay rise on the taxpayers. Where are the productivity raising plans and the more popular timetables?

The second problem is the public expects Ministers to sort these things out. After all they appoint the key players that run these bodies. They can take them back under Ministerial control if they are not working. Weak poll ratings are saying to Ministers "Get a grip". Deliver better service for an affordable tax bill. The NHS has received record levels of funding in the last three years and has presided over wasteful PPE contracts, underused contracts to access private hospitals and the cost of setting up and shutting down the Nightingales.

The problem is magnified by the poor performance of lots of branches of central government directly under Ministerial control. There has been a collapse of productivity in processing asylum applications. There are delays in getting probate approvals and in passport renewals. The civil service is good at delaying implementation of Ministerial decisions they do not like. They often offer advice to keep the UK fully aligned with the EU and to give in to the forces of the global soft left.

So what should the government do? There is no simple legislative solution. Wrestling changes of law through to force public sector employees to give up rights to strike may harden disputes. The delay in doing so makes it impossible for this to work for this December's struggles. There was plenty of spare Parliamentary time if Ministers had wanted a new strike law this month. What the government needs to do is to mentor and encourage their chief executives to find ways of raising productivity and negotiating something for something settlements. If they cannot they need to replace chief executives who cannot manage their services.

The revelation of just how few asylum cases Home Office officials process compared to past levels shows how in some cases we are talking about a productivity collapse. What are the figures for probate cases, for issuing passports and the rest where there are backlogs? Do we need incentive pay? More staff? The senior managers should be organising the answers. Ministers clearly want a better service with backlogs cleared and should authorise and switch resources to do so.

Improvement should be easiest on the railways. There is no case for giving train drivers paid well over average pay a large rise without action to improve working practices. Given the collapse of five day a week commuting and rise of on line home working the railway no longer has the same capacity to harm the economy as it once did. The railway management need to get across to their staff that the way to sustain and improve higher wages comes from running more popular services. Serve people better and you have more money to share with staff.

Productivity has stagnated all this century in the UK public sector, despite huge sums spent on digital processing and despite the decline of in person service. More and more highly paid managers paid well in excess of the Prime Minister have added to costs without adding to performance. Whenever a service fails or lets us down Ministers are blamed and left answering the unanswerable questions about what went wrong. There is no substitute for Minister calling in these expensive CEO s and insisting on better plans to recruit and motivate the right staff and start clearing backlogs.