

Productivity

The government was able to report a reasonable increase in productivity in the third quarter of 2017 with a 0.9% gain in the three months, with similar advances in both services and industry. The Treasury is keen to advance productivity as a means of promoting higher real incomes and improving UK competitiveness in world markets.

One of the areas of the economy that has struggled to make productivity improvements is the public sector. Whilst there is a good reason to want good staffing ratios for front line services like healthcare and teaching, there are many back office functions and other services where the government can improve quality and lower cost by adopting more productive ways of working. Offering more computing power to perform clerical functions, speeding and cheapening communication with users by going digital, adopting the internet for a wide variety of productivity enhancing improvements are the way forward.

Some of it requires policy change. The introduction of Universal Credit is partially designed to reduce the number of benefits that require separate application and calculation, whilst ensuring decent support for those who need it. The Treasury could reduce the costs of tax collection by streamlining and simplifying taxes.

Some of it requires careful negotiation with staff. The aim should be to help people work smarter and to be better paid as a result. Given the need for more staff in many areas of the public sector, productivity raising improvements do not require reducing the number of jobs overall, but ensuring the jobs are better and achieving more. Some technology will not be popular with workforces, as we have seen with more automation on trains.

Today I am inviting you to write in with your suggestions for ways public service could be improved through the adoption of new technology. Well done it can raise service standards for users, reduce costs for taxpayers, and provide better paid and more worthwhile jobs for those in the public sector adopting the new ways of delivering.