

Public sector productivity

There is renewed interest in productivity. The way to higher pay and better services is to work smarter. Applying new technology and more machine and digital power can help employees achieve more. Improving ways of working to make them easier with more right first time can save money and improve service. As improvements are made so it is possible to share the financial benefits between the service users and the providers.

UK productivity has been disappointing this century. The ONS figures for public service productivity shows that our large public service sector has been particularly poor. Between 1997 and 2019 pre pandemic total public sector productivity rose just 3.7% over the whole period. In the first decade under Labour, 1998-2008, it did not grow at all. In the following period it grew at 0.4% a year. Public service productivity fell over lockdowns and has still not got back to 2019 levels. It was 6.8% below average 2019 levels in the first quarter of 2022, more than wiping out all the gains of the previous two decades.

This should be a matter of grave concern. Productivity of making welfare payments, for example is well down despite the arrival of much smarter computer programmes and automated payment systems. In the case of education some argue there can be a need to lower labour productivity by allowing fewer pupils per teacher or more teaching assistants per class. There are also ways of raising productivity when it comes to support services and use of on line materials.

The private sector has managed a bit better record on productivity, though here too there are service areas where a build up of more regulatory requirements and greater administration has offset gains from more digital processing and record keeping. Factory productivity has continued to advance rapidly in the best cases with the application of more computer control and robotic handling.

It is time the Cinderella of productivity came to the economic ball. There are ways to raise quality and reduce costs at the same time which are much needed in some public service areas.