

Public services, inputs and outputs

In the private sector attention is centred on what service or good the company provides. If I go to shop I do not want to be told how much the shop spends on buying and selling things and managing itself. I would not regard a shop that cost £1m to run each year as intrinsically better than one which cost £900,000. I go to the shops that offer the best prices and service quality, concentrating on what I as a customer receive and the value it represents. Shops can win more custom by cutting their costs of managing themselves to lower their prices. Discount food retailers have done well out of stripping down costs of display, property and support staff, When the private sector delivers poor service or bad goods it usually apologises, takes the blame and where necessary offers compensation.

Many people in the public services concentrate on the inputs rather than the outputs. Much of the debate is about how much extra money is put in, about many extra people are appointed to provide the service. To some political parties extra or additional or "new" money is all important and to them has magical powers which the base budget or the "old" money does not possess. This is strange misconception. The base budget is always the dominant part of the money, and more attention needs to be given to how that is spent each year with a constant thirst for improvement. When the public services deliver poor service they normally say they were "underfunded". They say remedy for poor service is more cash and people. Rarely do they say they got it wrong, will do better and misspent or failed to direct the resources they had available.

Of course there are times when we do need more doctors and nurses or more teachers. If we keep expanding the population we need to recruit and retain more qualified people to provide extra service. You can also have too many managers or administrators. You can fail to harness new technology to cut costs. Managers in some public services multiply and impose an increasing burden on the front line workers who get diverted by management from their main task of teaching or nursing.

Good management is about supporting the front line staff. It is about keeping the costs and intrusion of management down. It is best with few layers and clear responsibility for specified and measurable tasks. A well managed organisation has low rates of staff turnover, low rates of absence, high staff morale and unity of purpose in serving the public to a high standard. Some parts of the public services fall down on these criteria. Their senior managers need to be challenged as to why, and asked to improve the way they treat the staff, spend the money and achieve results.