

The magic extra million is a public sector constant quest

If the state is spending £100 million on providing a service the debate will be about providing an additional £1m to make it better. The possible extra £1m is endowed with magic powers by the service providers and often by the political opposition. The extra one million we are told would make all the difference to the quality and performance. A government that refuses it is mean, is cutting the service. A government which votes it is caring.

The trouble is it is simply not true that the extra million will tip a service from poor to good, or will make all the difference to the quality and quantity delivered. All the energy that goes into debating the extra million diverts the energy that should be going into debating how we spend the £100 million. It would be an odd programme where all £100 million was well spent, an odd service where you could find no ways of being more efficient and delivering higher quality.

Sometimes if you ask how would the extra £1m be spent it becomes obvious that it is not the answer. Of course some services need more people to deliver them well, or higher pay to motivate and retain good people, or more capital equipment to make the task of provision better. Sometimes extra money is part of the answer. The danger is that politicians will see extra money as the sole answer, when if you vote more money you still need to supervise how it is spent, and how the rest of the money is spent which it is topping up.

The private sector concentrates more on outputs than inputs. If I go to a shop they do not tell me how much it costs them to run and staff the shop. Shop A does not claim to be better than Shop B because it spends more on wages, computers and lighting. The shops compete on service and appearance without saying which is the low cost and which is the high cost store. Those running the shops are always trying to get the costs of running the shop lower, whilst preserving or improving quality. Sensible employers also know you do not have a good quality service if you treat staff badly and pay them too little.

The public sector needs to concentrate more on outputs, service volumes and quality. Some of the services will need more money to make them better, but we need to start with an honest analysis of what needs doing to expand or improve them, which includes working out how well we are spending the large sums already committed.

The public sector has an approach that adds in something called "efficiencies". Some of these are sensible improvements in purchasing, staff use and service delivery. Some are cuts in service dressed up as efficiency improvements. What we need is a management process based on continuous improvement, and implemented by using talent well within the organisation. Good public service providers need to be good employers, training and mentoring staff and helping staff to worthwhile careers based on pursuing

service excellence.