

The productivity and output problems in the public sector

I have pointed out before that the UK uses a different statistical presentation of public sector health and education to comparable countries. The UK attempts to proxy output of these services, rather than just including their costs. This led to a faster decline in UK GDP when the lockdowns occurred, as both services cut back on the measured outputs which included numbers of pupils attending schools and numbers of doctors consultations. This same scoring system is now losing us GDP because these core services have not got back up to pre covid levels of output despite big increases in spending. Indeed, the latest poor figure for GDP with a 0.5% fall in the last month had as its largest negative a further decline in health output thanks to strikes in the NHS.

The quirky presentation is telling us something real and of importance. It would not be right to bump up our output figures for all that extra public spending when it is not delivering gains in output. There has been a large decline in public sector productivity in the last three years which has coincided and maybe resulted from the excessive increases in spending committed to the services. This productivity problem now lies behind some of the big political rows going on, though there is still a reluctance by the opposition parties to discuss what you should do about the way putting more money in does not necessarily result in more service coming out.

The one row where productivity has been openly discussed is over the backlog of illegal migration cases. The Opposition accepts there was a bad decline in the number of cases dealt with by each employee in the service. Their answer to the problem is to recommend more staff, and to propose better paid and more senior staff. Ministers have committed more money to the budget and have recruited more people to try to shift the backlogs and report that more cases are now being decided per employee after a period of very low output.

We live in a world where Ministers are responsible for the productivity but rarely have the powers to directly hire, fire, and manage the staff. The case seems to raise the issue should Ministers have removed senior managers when output fell off? Should they take more powers to reward, offer incentives and become more involved in recruitment? Why did productivity fall off so far? Why didn't senior managers in the department take action to tackle it, or alert Ministers and ask for assistance and resource to do so? I cannot believe any recent Minister wanted there to be a collapse in productivity or who would have blocked moves to tackle it if it had been accurately reported early enough. Ministers were setting targets to get more done and had as a policy reducing the backlog.

The bigger one that is similar is the target to get NHS waiting lists down. The Ministerial wish to cut these has been clear throughout. Ministers have provided large general increases in money to the NHS, and have offered additional specific sums to get waiting lists down. Why hasn't that worked? I

will develop these issues in future blogs.