

The UK's public sector productivity problem

In an age of digital investment, artificial intelligence, smart phone activity and other leaps forward in productivity from technology, you would expect the UK public services to have had a good 25 years achieving more from its workforce thanks to investment and modernisation. Instead the Office of National Statistics reports that public sector productivity by the end of last year was lower than 25 years ago, at a time when the private sector had continued to show reasonable annual growth. In the whole period 1997-2019 the one fifth of the UK economy that is public services managed growth of just 3.7% in productivity. In 2020 productivity fell 13.3% thanks to lockdowns. In the following two years when the private sector made a full recovery from covid the public sector showed a rise of 7.3% in productivity in 2021 and of 1.9% in 2022, leaving it 5.2% below 2019 levels, and 1.7% below 1997.

UK public services are very labour intensive. We all want plenty of great teachers, good doctors and nurses and well trained uniformed police and defence personnel to take care of us and protect us. Behind them lie large back offices with people giving the front line professionals support. In these areas more can be done by computer and by organising workloads and shifts well. Back up staff can keep more of the records and handle more of the administration to get the best out of the public facing staff. In too many areas management imposes a wide range of duties, checks and forms on staff which can get in the way of undertaking the day job instead of supporting its better performance.

The Chief Secretary to the Treasury has been put in charge of trying to cut through the complexities and overhead costs to deliver just that amount of administrative support and good planning that a successful service needs. He needs to do a lot to improve management performance especially in the NHS where huge sums of additional spending have been released without a proportionate increase in output. Your thoughts on how this can be achieved would be of interest.