

## **Public Sector Productivity**

### **Driver – Economic**

Related Drivers – Recession, Reducing Bureaucracy, Collaborative Working, Efficiency, Police Funding, Mobile Technology, Conservative Party Reform, Police Mergers

### **Background**

The Office for National Statistics (ONS) published the '*Total Public Service Output and Productivity*' statistics looking at total public service output, inputs and productivity from 1998-2007. The ONS calculates the productivity of public services as a way of measuring what taxpayers get for their money. Key findings include:

- Over the period 1997 to 2007, the total public services productivity index fell 3.2 per cent, an average of 0.3 per cent a year
- Productivity fell most in 2002 and 2003, by 1.3 and 1.5 per cent respectively
- In 2006 productivity grew by 0.8 per cent and in 2007 by 0.6 per cent.<sup>1</sup>

According to the ONS figures, productivity in public service fell in most of the years after Labour came to power in 1997. The falls were at their worst in 2002 and 2003, but the last two years of the survey - 2006 and 2007 - show improvements in productivity. This suggests that spending increases take time to bed down and produce results.

The ONS admits that calculating productivity in the public sector is a 'very complex task'.<sup>2</sup> Measuring public service output presents special difficulties, particularly in taking adequate account of quality change. The methods are still being developed, so the estimates presented by ONS in this work are classed as 'experimental statistics'.

For police services it is hard to place a value on services supplied when there are no market transactions. Data are available on the volume and cost of crimes but there is no robust information on non-crime incidents and their associated costs. In the absence of broad and robust data on non-crime incidents for example police prevention work, the output of police services has been measured by the volume of inputs in above productivity measures.<sup>3</sup>

An ideal measure of police service costs, for the use in productivity analysis, would relate all input costs to the output produced. Flanagan recommended that the old Activity Based Costing (ABC) system which did not adequately capture non-crime incidents should be replaced by a system of 'force profiles' that would collect data on the performance on individual forces comparable with 'Most Similar Forces'.<sup>4</sup> This may enable productivity analysis of individual forces comparable with areas that have similar characteristics for example crime rates.

Key to the success lies of force profiles is in the creation of data which is comparable and transparent. High level data should include information on staff numbers, objective costs and key management ratios.

The productivity of public services will be an important battleground in the run-up to the next general election.

## **Potential Skill Needs**

**Change management skills** – manage change at both an organisational and personal level effectively

**Customer service skills** – delivering a consistent high quality service

**Data collection and management skills** – recording and collecting data in line with a particular system

**Financial awareness skills** – managing police budgets in time of cuts to ensure continuation of priority areas

**Financial management skills** – managing finances in line with maximising productivity

**People Management skills** – to empower and develop staff

**Performance management skills** – manage performance and effectiveness against targets

**Resource management skills** - effectively manage resources

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<sup>1</sup> [Phelps, Mike \(2009\) \*Total Public Service Output and Productivity\*. London: Office for National Statistics.](#)

<sup>2</sup> [BBC News Online, 9 June 2009 'Public Sector Productivity Falls'.](#)

<sup>3</sup> [Rowlinson, A. & Wild, R. \(2009\) \*Public Service Output, Input, and Productivity: Measuring Police Inputs\*. London: Office for National Statistics.](#)

<sup>4</sup> [Sunday Mirror Online, 14 June 2009 'Gordon Brown: David's Cameron's cuts will make the recession worse'.](#)