

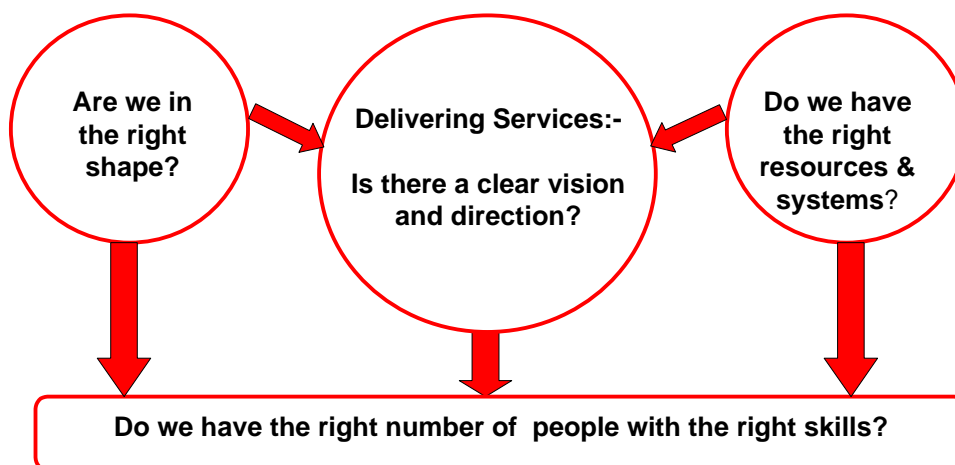
The “Efficiency” Agenda in the Public Sector

In this brief overview John Harvey, Managing Director of IRIS Consulting, highlights some issues facing managers in today’s public service environment.

While central government has boosted the funding available to the major public sector service deliverers (the NHS, the schools and local authorities) concerns about their capability in delivering a better service to the end users remain. Managers in the health sector especially are feeling under intense pressure. Faced with the dilemma *what can be done to improve efficiency while not creating worsening services to the public* they often tend to carry out partial assessments that drive down costs, but worsen efficiency overall.

What is efficiency? In classic production terms it can be defined as a way of measuring the ratio of inputs to outputs. In other words getting the same, or improved, results with the same, or less, resources. In practice it is a complex equation involving a number of distinct (and sometimes contradictory) factors – as summarised in the diagram below:

Model for Conducting Efficiency Reviews



Unless efficiency embraces all these dimensions there is strong likelihood that those responsible for delivering it will focus simply on those factors that drive costs (mainly staff and office resources). They tend to neglect the other key elements of the equation about what are the type of services they should be delivering, have they got priorities right and are they organised along the right lines.

Proper efficiency reviews need to address all these inter-related aspects that affect an organisation’s performance. Many bodies in the NHS still have a long way to go in adopting such systematic approaches to delivering efficiency.