

## CIVIL SERVICE EFFICIENCY: HAS IT REALLY DECLINED IN THE LAST 10 YEARS?

In this article John Harvey of IRIS Consulting reviews the evidence for claims that the civil service has become more inefficient during the last decade and seeks alternative explanations for why Government Departments are seen as having so badly under-performed.

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### PERCEPTIONS OF THE CIVIL SERVICE

According to press reports<sup>1</sup> a survey of Members of Parliament shows that 46% of them think that Whitehall has become less efficient over the past ten years. While this begs the question of what is meant by “efficiency”, it appears that this jaundiced view of the civil service by our Parliamentarians is founded on a number of “high profile blunders”, continuing problems with the NHS and, of course, some issues at the Home Office.

When we speak to civil servants about these “problems” one common theme they all mention is the high degree of “Ministerial interference”. This is perceived to be in not just the underlying policies and approach but also in the day-to-day decisions that have led to the problems that get reported in the press. Of course Ministers have the right and responsibility to run their Departments. It is part of the classic constitutional view that Ministers should give a strong lead and direction.

### TRADITIONAL AND MODERNISING VIEWS

There has always been this tension between Ministers and the civil service about how much information should be fed up the line and when it should occur. For example back in 1964 Richard Crossman was complaining about his Permanent Secretary:

“Dame Evelyn is gradually getting accustomed to my methods. Up till now she has held the traditional civil service view that a Minister mustn’t complain if he doesn’t know about a matter until it is ready for him to digest”<sup>2</sup>.

Imagine John Reid, Tessa Jowell or even Gordon Brown being expected to work according to the traditional view of their role and that of civil servants. Well-run organisations in the public and private sectors depend on flows of relevant information up and down the line. But what has changed in the last ten years is the degree of micro-management that now goes on.

### BUT WHAT IS EFFICIENCY?

In general terms we define efficiency as being the ratio of inputs to outputs. In other words, how to achieve the same output with fewer resources - ‘doing more with less’ in the current buzz phrase. But the pre-requisite has to be making sure that the right decisions and services are being delivered. There is no point in being the most efficient if producing the wrong outputs and services. This can be

depicted as in the diagram below:

Admittedly balancing, or optimising, these factors can be a complex operation. But in practice what has happened in too many instances across the public sector is that the drive for “efficiency” has become all-consuming, driving out considerations of quality or fitness for purpose. Hence we end up with bizarre and perverse outcomes such as the need for hospitals to close wards in order to meet their targets or the need for councils to spend thousands of pounds on housing to bring it up to a centrally imposed standard, only to have it demolished a few years later for lack of demand.

Although the number employed in the public sector has grown tremendously under this Government this has largely been in the NHS, in the mushrooming of non-departmental bodies and in parts of local government. Central government is currently taking the brunt of staff cut-backs. These are being sought across the board but with the biggest cuts in areas such as the Department for Work & Pensions and HM Customs & Revenue. So on one crude measure of efficiency it could be argued that the civil service is far more efficient than 10 or 20 years ago because it is now doing more with fewer resources.

Had it not been for the widely reported mistakes and blunders, people might be thinking that we now have a much improved level of civil service efficiency. But what has let them down is not the efficiency, but the quality of the outputs. In other words the civil service might well be more efficient than a decade ago but it is less effective.

### FACTORS UNDERMINING CIVIL SERVICE EFFECTIVENESS

What are the factors causing this loss of effectiveness? The following list shows those that have been noted by a number of commentators, as well as some of our own observations from working closely with a range of Government Departments in recent years:

- Lack of strategic leadership and direction combined with micro-management of operational details
  - Breakdown in the traditional civil service/ministerial roles to the extent that political considerations tend to override the practical and pragmatic
  - Relative loss of pay parity with other related sectors compared with say local government or quangos
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- An over-focus on short-term goals and monetary or headcount savings to detriment of longer-term effectiveness and capability
- Poorly designed and implemented capability reviews that are resulting in people with the most experience being 'let go' with no plans in place to substitute for the lost know-how/expertise.

Often all these factors are at work in the same organisation.

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<sup>1</sup>The Sunday Times 21 January 2007: page 15 Public Appointments section

<sup>2</sup>Richard Crossman: The Diaries of a Cabinet Minister: Volume One: Hamish Hamilton and Jonathan Cape 1975

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