

No structure to generate efficiencies

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A report has warned that a lack of departmental cooperation could prevent the government from reaching efficiency targets.

The Operational Efficiency Programme (OEP) identified £35bn in efficiency savings that could be created by the government in its current operating model. A large swathe of the recommendations from the OEP insisted on collaboration between government departments, with joint procurements and shared back-office projects as examples.

But a report from the Commons' Treasury Sub-Committee expressed concern over the government's ability to cooperate well enough.

"We have yet to see evidence that the necessary structures are in place to facilitate such cooperation and ask the government in its response to this report to outline the practical steps taken to date," the report said.

The report has criticised the government's measurement of efficiency programmes too. According to the committee, the establishment of data collection systems to validate savings are being initiated after efficiency programmes are launched. The committee called this approach "illogical". It cited an example where the chief finance director of HMRC did not know how much the merger between the Inland Revenue and HM Customs and Excise (HMCE) had saved government.

Michael Fallon, the committee's chairman, said: "Now that the level of public debt has reached such gargantuan proportions, it is important that the government takes steps, not only to improve efficiency in the public sector, but also to account more clearly and accurately for the savings it is making. In the face of ever more job losses in the private sector, the public sector must consider more radical solutions to reducing its burden on the taxpayer."

The Chartered Institute of Public Finance and Accountancy (CIPFA) agreed that public bodies should be systematic about measuring the results of initiatives to improve efficiency and that information about efficiency gains made should be reported publicly.

"Taxpayers are naturally enthusiastic about public service efficiency but they are also sceptical about claims of huge savings," said CIPFA chief executive Steve Freear. "The public need to be able to see clearly not only how much has been saved by a particular initiative, but crucially, how those resources are being used. Are they being used to reduce departmental spending? Are they being redeployed to address a new priority? Are they being reinvested to meet increased demand or to deliver a higher quality service?"

"This fuller explanation is absolutely critical for public understanding and confidence in claimed savings."