

# Achieving efficiencies the right way

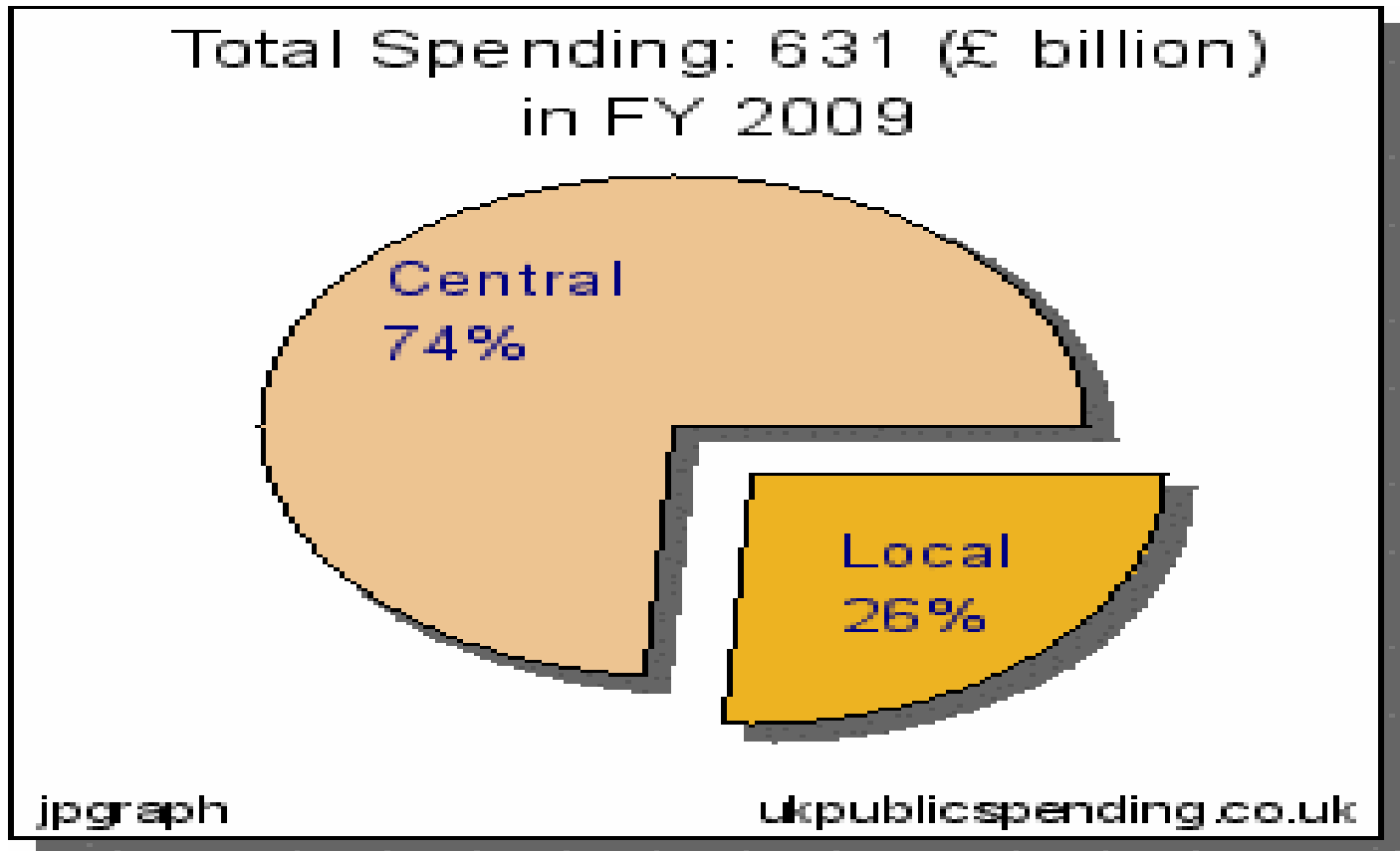


Mark Bramah, Assistant Chief Executive, APSE

# Who is to blame for the state of public finances?



# Local government spending



# Potted history of efficiencies/ spending cuts in the public sector



- 1974 Anthony Crosland, the Environment Minister said “the party’s over” to local government representatives at a conference in Manchester.
- 1976 Oil shock - IMF crisis and cuts in public spending.
- 1981 Chancellor Geoffrey Howe’s 2<sup>nd</sup> budget cut public spending by 2% GDP.
- 1988 Compulsory Competitive Tendering (CCT).
- 1990 Introduction of the Community Charge “Poll Tax” followed by cuts in local government spending – the gearing effect.
- 1992 “Black Wednesday” withdrawal from the EMF followed by recession.
- 1997 New Labour Government stuck to the previous Conservative Government’s spending plans – “The golden rule” public sector debt below 40% of GDP.
- 2002 – 2007 Major increases in public spending – health and education.
- 2008 financial crisis and recession.
- 2009 onwards cuts in public spending.

# APSE survey for the TUC – main issues

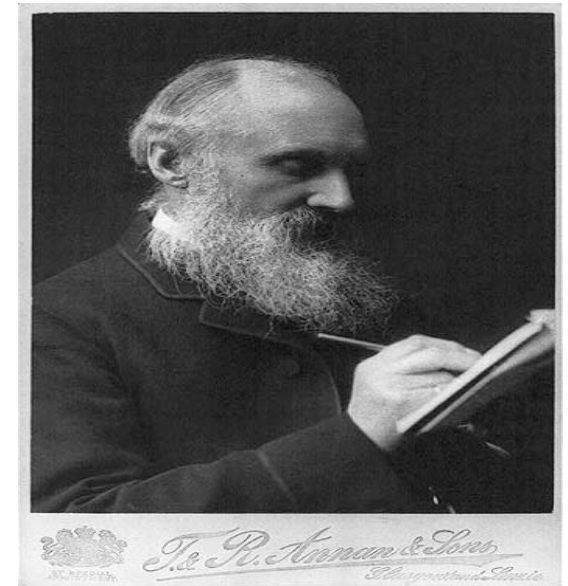


- Survey of over 2000 public sector managers and trade unionists.
- Over 90% think the recession is increasing the demand for public services.
- 92 per cent think pressure on services has increased as a result of the recession.
- 52 per cent expect cuts to their particular service.
- 59 per cent say there is no room to make further efficiency savings without impacting on jobs and services.
- 59 per cent are anxious about security of employment.
- 67 per cent think the way in which they provide services needs to change in response to the recession.

# Why bother?

“If you cannot measure it, you cannot improve it.”

“To measure is to know”.



**William Thompson (Lord Kelvin) 1824 - 1907**

# H.M Treasury – Operational Efficiencies Programme April 2009



Four key themes:

- Consistent and comparable data.
- Incentives.
- Structures and tools.
- Accountability and performance management.

# VFM and In-house services - Origins



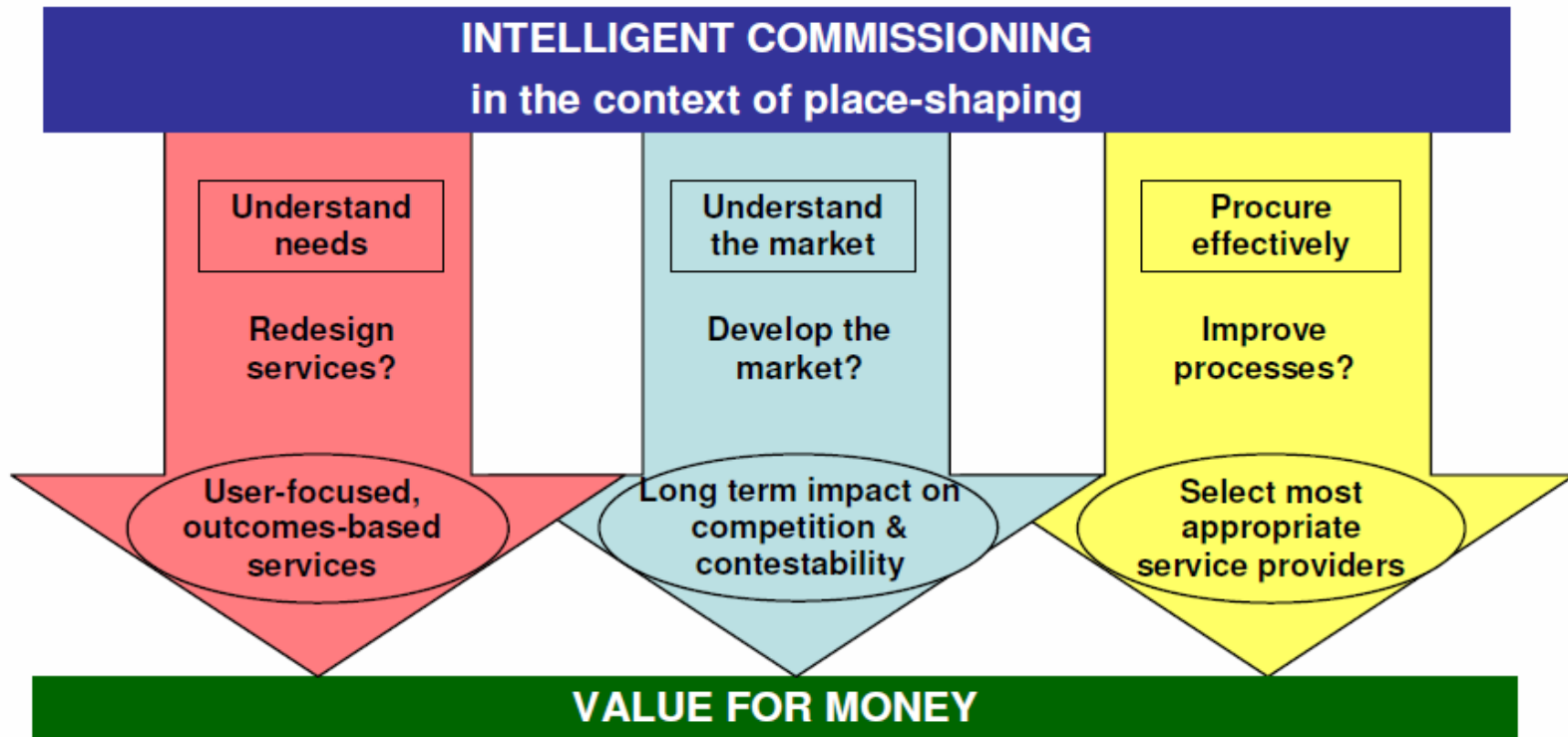
- Market failure – price fixing/cartels
- Public policy – housing and school meals
- Political and managerial control
- Skills and training
- Competition – Local Government (planning and land) Act 1980
- Flexibility – managing resources better.

**Value for Money**

# Intelligent Commissioning

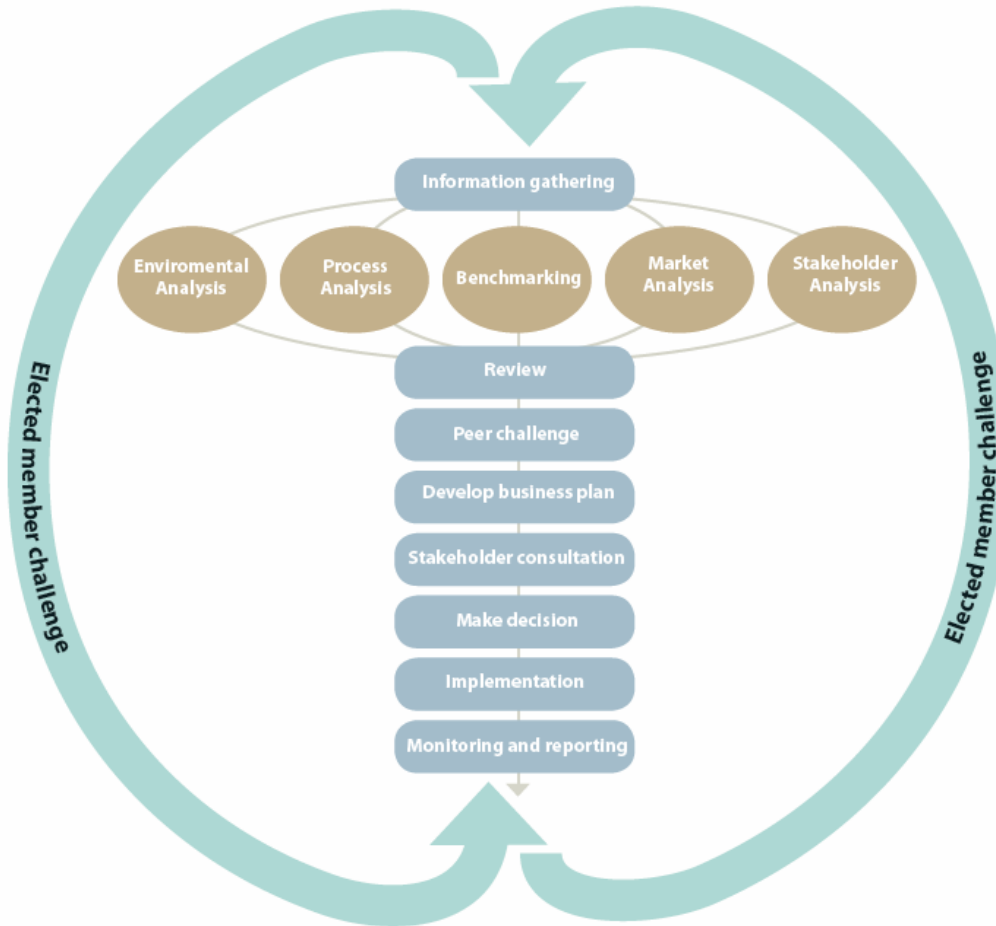


Figure 3: Simplified description of strategic commissioning



Source: Audit Commission<sup>2</sup>

# Competitiveness Continuum



# Where is APSE coming from?



- Trustworthy, secure and reliable source of Performance Information.
- 11 years in the making – trends, direction of travel.
- Recognition in national performance frameworks.
- An important component of local performance management.
- Assessing the competitiveness of services – value for money.
- A resource, learning tool, an improvement network.

# Lean and public sector management



“ Lean within the public sector can be considered to be a philosophy, which aims to develop good practice of process/operations improvement that allows a reduction of waste, improvement of flow and better concept of customer and process view through a culture of continuous improvement involving everyone.”

**Scottish Government report 2006**

# APSE and the “Lean” management agenda



- Best value.
- Process benchmarking.
- Continuous improvement
- Service reviews.
- Options appraisal.
- Efficiencies.
- Competitiveness.
- Value from the customer perspective.
- Identifying steps across the whole value stream
- Incremental improvement over time - pragmatic.
- Empirical – evidence based.
- Kaizen blitz – “bite sized chunks”
- Elimination of waste.

# Repetition is the key



- Putting the case for service providers – campaigning and lobbying.
- Working with partners to develop the service.
- Understanding processes in order to become more effective organisations.
- Managing scarce resources.
- Demonstrating value for money.
- Building on the improvement agenda – ‘LEAN’.

**LOCAL SERVICES**

**LOCAL SOLUTIONS**



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**Performance networks seminar 2009**

# **More for less: Managing performance in challenging times**

**Hilton Hotel, Blackpool,  
3-4 December 2009**

[www.apse.org.uk](http://www.apse.org.uk)

