

## **Developments in public sector management: what worked and what didn't work in the UK?**

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The development of public service delivery in the UK over the last 50-60 years can be in terms of three main phases.

The period from 1945 until the mid 1970s witnessed the creation of comprehensive welfare provision based on a 'state-centric' model of service delivery. The next 20 years saw attempts to promote a more mixed economy of provision, a more 'market-based' approach. Finally, from 1997 onwards, the focus has been upon approaches designed to ensure providers meet the needs of service users, i.e. a 'customer' or 'citizen-centred' model of public services management.

The state-centric model enjoyed strong support from all the major political parties in the 1940s, 1950s and 1960s. Successive governments funded major programmes of new investment in schools, public sector housing and the newly created National Health Service. But, by the mid 1970s, public spending was outstripping economic growth and governments turned to privatisation, market testing, out-sourcing, efficiency reviews, the use of internal markets and the introduction of new performance measurement regimes in an attempt to bring expenditure under control.

These reforms scored some successes. Significant savings were identified in some areas and whilst public spending continued to increase in real terms it decreased as proportion of GDP. But some reforms proved difficult to implement (notably compulsory competitive tendering of local authorities) and others were seen as having adverse impacts on service quality and/or the pay and conditions of frontline staff. The introduction of market mechanisms and associated client-contractor splits tended to fragment service providers leading to new transaction costs and dysfunctional behaviour.

The New Labour government has been more concerned with raising service standards than with achieving efficiency savings. But it too has sought to encourage private sector involvement, particularly through service delivery partnerships. It has set a plethora of targets to be achieved by delivery agents and sought to encourage more corporate and strategic approaches to service planning, backed by comprehensive audit, inspection and performance measurement regimes. The government has allowed top performing local councils, hospitals and schools some autonomy from central control but agencies judged to be failing to meet basic standards have been subject to direct intervention, often involving wholesale changes at senior management level. Not all of the government's targets have been met. However, the early signs are that the current approach has helped to focus attention on the need for improvement, particularly in the worst performing areas. The increase in external regulation has though brought substantial extra costs and is seen by some as having imposed unnecessary 'bureaucratic burdens' on service providers. Over the last two years there has therefore been a move towards 'risk based' inspection and more attention has been given to the need to build up local capacity and encourage the dissemination of 'good practice'. There is also an on-going search for ways of increasing user involvement in service design and delivery.