



Best of the financial columnists

The public sector needs a shake-up

Tim Knox

CapX

Chancellor Jeremy Hunt recently announced the creation of a task force to review the performance of government departments and the NHS, says Tim Knox. The initiative is laudable, given that getting “more bang for our trillions of bucks is the only way that we will ever see meaningful economic growth again”. But will it be useful? Hunt failed to highlight how bad things are. Since 1991, productivity in the private sector has risen 26%, but fallen 16% in government services. The NHS still uses 800 fax machines. A recent report I co-authored with Patrick Barbour identified two main causes: the “mismatch of experience and skills” to ministers’ roles, and the “loss of institutional memory and experience” due to high job turnover. To put this right, each department should have an externally-recruited CEO in charge of all operational management and delivery, not policy. At present, ministers with limited experience have the “impossible task” of managing organisations larger than most FTSE 100 companies and stay in office for less than two years. Additionally, central government should do far less. “Power, accountability and finance should all be pushed down to the lowest possible level” so we know who to blame when anything goes wrong.