

Re-Engineering Public Services Based on ITC Strategy in the UK and its International Influence

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Introduction

Civil servants in the UK are those public servants employed by central government departments. This excludes many groups of public employees that are considered civil servants in some countries, for example local government employees, health service staff, the armed forces, the judiciary, employees of public corporations, and any holders of political office.

The civil service is non-political and is expected to serve any Government, regardless of its political orientation, with equal effectiveness.

There are approximately 500,000 civil servants at present. This compares to approximately 2 million local authority employees, 1 million health service staff, 200,000 armed forces and 300,000 other public servants, mainly in public corporations. Thus civil servants form about 12 per cent of the 4 million public servants.

Since the mid 19th century the civil service has been based on principles of appointment by examination and open competition, and promotion on merit. It has been a respected profession with a reputation for integrity. But by the mid 20th century many considered it bureaucratic, centralised and too divorced from the community. The Fulton Committee produced a report in 1968 recommending a more professional and flexible civil service, enhanced training in modern management and closer interaction with external organisations (including in its recruitment and transfers of staff).

Local government consists of approximately 430 local authorities in the UK. For many years a two-tier system of local government operated across the UK, with responsibilities divided between County Councils and District Councils. In recent years single Unitary Councils covering all functions in their areas have been created in some areas so as to improve efficiency through cutting the number of tiers of government. The single-tier authorities include a number of Metropolitan Authorities in cities. London is uniquely divided into 33 London Boroughs.

Local Authorities provide a wide variety of services. Some of the main services provided by County Councils are education, social services, police, fire, public transport and highways. The main responsibilities of District Councils include the collection of local taxes, housing, local planning, local roads and car parking, refuse collection, street cleaning, parks, leisure centres and tourism.

Local taxes only account for approximately 20% of local government revenue. A central government grant makes up approximately 60% of revenue and the national non-domestic rate (business tax) another 20%. The central government thus retains a strong influence on local government policies and services.

1. Outline of Civil Service Reform in the UK

Civil service reform gathered momentum in the 1980's, transforming the civil service from a centralised and uniform bureaucracy of over 700,000 employees to the present diverse forms of

organisation with less than 500,000 employees. The key factor in achieving reform has been political commitment and leadership, commencing with Mrs Thatcher and continuing with subsequent Prime Ministers.

Early reforms in this period took the form of **Efficiency Scrutinies**, employing methods from the private sector to streamline service delivery and improve the efficiency of units serving the public. Methodologies were developed for measuring inputs, outputs, productivity and operational efficiency of many areas of the public sector. The results of efficiency scrutinies were published and guidance for good practice was disseminated through the public service.

This was followed by the **Financial Management Initiative**, which aimed to improve financial management by devolving management responsibilities, measuring outputs against targets and introducing systems of management accountability. These reforms required significant development of IT systems to support the measurement and monitoring of efficiency.

A major development was the “Next Steps” programme introduced in 1988. This entailed a sharper separation between policy-making and service delivery functions, and establishing **executive agencies** for service delivery. Agencies provide greater autonomy for management and scope for innovation in organisation and human resource management, based on concepts of performance management. Training in public service management and in working with the public is also reformed, with an emphasis on customer focus and responsiveness to the needs of the public and business. A Chief Executive is appointed for each agency, usually on a fixed term contract. The creation of an agency includes an agreed framework document incorporating the agency’s mission, objectives, performance indicators and targets, and an agreed budget built into its corporate and business plan (see Figure 1).

Some agencies are self-funding, whilst others are allocated a fixed budget. In effect, the agency is under contract to the Minister to achieve services delivery targets with the agreed budget. Responsibilities for service delivery are much clearer than previously. Performance related pay often provides bonuses for achieving targets. Poor performance can result in the Chief Executive’s and some Directors’ contracts not being renewed.

Despite the greater autonomy and often the more commercial culture in executive agencies, the staff remain civil servants and the Chief Executive remains responsible to the Minister for delivery of the service within the terms specified in the framework document. There are now well over 100 agencies in the UK, and most civil servants are employed in agencies.

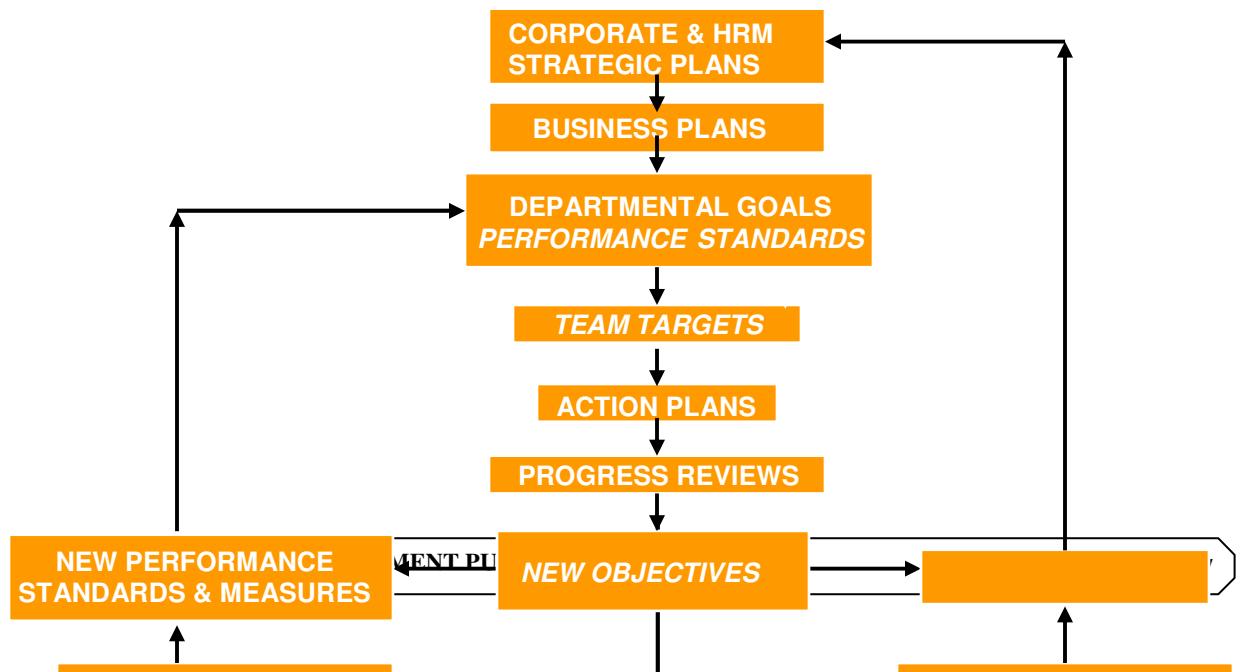


Figure 1: Performance Management Model

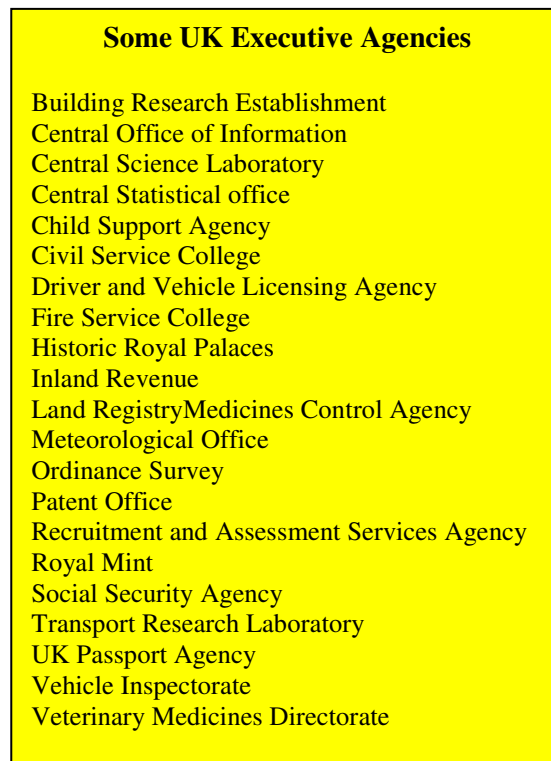


Figure 2. Some UK Executive Agencies

The Citizen's Charter introduced by Mr. Major's Government in 1991 reinforced these developments. Performance measures and standards of performance were established for a wide range of services, e.g. waiting times, processing times, output volumes, number of errors, etc. These standards were published and service providers were required to meet the standards and provide full and accurate information to the public. In some cases penalties were payable for failure to do so. "League tables" of hospitals, schools, etc. comparing their performance are now also published.

In parallel with the Executive Agency programme a major privatisation drive was launched by Mrs Thatcher's Government. Many of the largest public corporations were privatised, with shares sometimes being offered to the public at discount prices, e.g. telecommunications (BT), the national airline (BA), steel, gas, electricity, and more controversially, water and railways.

Central government departments and agencies were also required to assess the scope for inviting tenders for certain functions from the private sector. Under a "market testing" programme appropriate units were obliged to develop bids to compete with external providers for services that they had previously provided internally. In many cases this resulted in services being contracted out ,

with public servants either losing their jobs or being re-employed by the winning company, e.g. in information technology, estate management, cleaning, catering, transport.

The culture in the public service has changed from one of public administration (with a process orientation) to a management culture based on results and performance. From uniformity and centralisation, public services providers have become differentiated and diverse.

The latest phase of reforms under the present Government features modernisation of services and “joined up” government. This includes more use of information technology, 24-hour services, easier access by the public and closer integration of services so that citizens do not have to contact so many offices to obtain a service or related services.

2. Examples of Information Services

Throughout the above reforms ITC support was an essential part of the process, enabling ministries, agencies and other organisations to provide full information to the public on the services provided, how to access services, eligibility for services and benefits, citizens’ rights, benefits, charges, waiting times, etc.

Websites and enquiry centres were established, with linkages between them. Some of the websites are interactive, allowing citizens and businesses to record comments and views, or to access application forms, register for given services, etc. Some local government provide Internet forums. An increasing number of services are available on line, e.g. payment of taxes and purchase of licenses.

Some examples of information services are the following:

- All government departments, agencies, local governments, private sector providers and NGOs have websites.
- Most have help lines or enquiry centres.
- NHS Direct gives free health care advice by telephone.
- Individuals and businesses can calculate and pay their tax on line. There is a discount for on line tax returns.
- Learning resources and materials are available to universities and businesses on line.
- Citizens can register for services and newsletters, and can provide comments and views on line through interactive websites and in some cases Internet forums.
- Driving tests can be booked, passport applications made and some licenses can be purchased on line.
- Jobs available in the public service are advertised and can be applied for on line.

Some UK Government Websites

Cabinet Office: www.cabinet-office.gov.uk

Prime Minister’s Office: www.number-10.gov.uk

Audit Commission: www.audit.commission.gov.uk

Charter Mark: www.servicefirst.gov.uk

UK Treasury: www.hm-treasury.gov.uk

Public Records Office: www.pro.gov.uk

Public Appointments Unit: www.open.gov.uk/pau

3. Example of an Executive Agency – UK Passport Service

As outlined above, executive agencies operate within an agreed framework of objectives, performance targets and budget. The remuneration of directors, managers and staff, their training, promotion, contract renewal, etc. are all linked to performance. They have wide scope to manage the service in innovative ways, and with their own systems for staff grading, pay and motivation.

The **UK Passport Service (UKPS)** is one example. It was previously a department within the Home Office, and had been notorious for its long delays in issuing passports, taking many weeks to process postal applications and with long queues for many hours for visitors to the London office.

It was established as an executive agency in 1991 with a mission to improve customer service and efficiency. The agency approached this through technology upgrading and the outsourcing of non-core functions (e.g. call-centre and high security printing services). It has implemented an IT strategy to deliver new and modern systems providing sophisticated management information including a person centric database and the use of biometrics.

UKPS has developed a new business model, with business process mapping and worldwide benchmarking. It produces a Corporate and Business Plan annually and publishes results in its Annual Report and weekly to ministers. HRM has also been modernised through learning and development schemes, a transformational leadership programme, performance management reviews, performance-related bonuses and flexible working hours.

The customer focus has led to a substantial reduction in complaints (to about 0.1% of applicants) and a high level of customer satisfaction (see below). This has been achieved through:

- Improved service standards.
- Customer surveys and mystery shopping for customer input.
- An electronic application route.
- Application form improvement.
- Extended opening hours.
- A Passport Consultative Panel.

UKPS now issues about 7 million passports per year to demanding turnaround times and with advanced methods of combating identity fraud. It has 3,250 staff and is fully self-financed, with turnover of £292. The standard fee charged for a passport is £42. The current operational performance against key targets is shown in figure 3.

UKPS Key Operational Targets	
Target	Result
99.5% standard applications processed in 10 days	98.1%
90% calling customers seen within 20 minutes	94.2%
90% of all telephone calls answered within 20 seconds	85.4%
Accuracy rate of passports at least 99.75%	99.75%
Customer satisfaction score at least 95%	97.0%

Figure 3. UKPS Key Operational Targets

For more information see www.passport.gov.uk

4. Example of Benchmarking - Local Government

The Audit Commission in the UK oversees a benchmarking system for local government known as “Comprehensive Performance Assessment” or CPA. Service levels and costs are compared across local governments for a range of services, e.g. education, social services, housing, rubbish collection, etc. Established sets of performance indicators are used in this process. The performance information is used to reach an overall assessment of whether each administration is rated as excellent, good, fair, weak or poor. The system was introduced in 2002 as a support to local administrations in improving local services.

Information from CPA is used to:

- Report to local people how their local government is performing.
- Help local officials to improve services.
- Provide a basis for central government to allow additional freedoms and flexibility for high performing local governments.
- Help central government identify cases where support or intervention is required to protect local services.

Reports are issued each year. Top performers, top service improvers, and main changes since last year are highlighted. The individual services are scored on a scale from 1 to 4 (4 being the best score). These are weighted, e.g. with education and social services having the highest weighting, and added to give an overall service score.

Previously a system of ‘league tables’ was used for comparative purposes. As the areas vary considerable by demographics, economy and size, they were grouped into families with similar socio-economic characteristics. Comparisons within groups could then reflect performance more than differences in the service areas.

The current system is illustrated in Table 1:

Illustration of CPA Scoring

Table 1

Local Authority	Overall CPA category			Overall Score	Education	Social Care	Housing	Environment	Libraries
	2003	2004	2005						
Suffolk	good	exc.	exc.	4	4	3	3	3	4
Brent	fair	good	good	3	3	3	2	4	3
Essex	good	good	good	3	3	2	3	3	3
Wirral	fair	fair	fair	3	3	2	2	2	2
Ealing	fair	weak	fair	3	3	2	2	2	3

For more information see www.audit-commission.gov.uk/cpa

5. Impact of Reforms In The UK and Internationally

There can be no doubt that public services have been substantially enhanced in the UK by reforms based on improved information systems, performance management and benchmarking systems, all of which are dependent on ITC.

Information services and e-government have made some services faster and simpler, and eliminated paperwork and bureaucracy. But one criticism is that these facilities tend to have less impact in poor communities and with the elderly – two of the main target groups for many services.

Executive agencies are regarded as a success in the UK in improving public services and introducing management approaches from the private sector, especially performance management. Almost all executive agencies have demonstrated improvements in service levels since becoming an agency.

Similar approaches have been used in numerous other countries. Some (e.g. Australia and New Zealand) have also given executive agencies a leading role in the re-engineering of public services. In other cases agencies have been created for particular services but without the performance management framework, i.e. placing performance measurement at the heart of the corporate planning process and linking it to human resource management and remuneration. Some of the main impediments in these countries have been:

- The poor quality of data relating to the standard of public services.
- Lack of ITC capability to support performance management.
- The cost of systems development and related staff training.
- Persistence of corruption in the public service and the fear that bonus payments would be abused.

Benchmarking of local governments and health services is also regarded as a success in the UK, and significant improvements in services are attributed to these approaches, and the published ranking of local governments, schools, hospitals, etc. The data and assessments of the Audit Commission are widely respected and are influential in focusing attention on where improvements are necessary.

However, some of the management and staff involved in service delivery feel that the process has gone too far, that there are too many performance indicators, targets, forms and reporting procedures, and that the system takes too much time. Some complain that it entails too much central intervention in local services, and that the public often misinterpret the rankings, which can reflect a complex range of factors. There are also cases where managers have been accused of manipulating the figures, e.g. placing emergency patients on trolleys in hospital corridors to meet targets for admission waiting times, or relaxing examination standards for high school students to increase pass rates. Thus there are some questions about how far benchmarking can be taken.

Other countries have taken up the concept of benchmarking, usually at a basic level. Again, the process has been limited by data quality, ITC capacity and cost.

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