

How Radical is “Radical Efficiency”? Can it still be useful in a time of cuts?

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With some Whitehall departments facing 25 per cent budget cuts over the next five years, there should be a good market in government for the promise of “Radical Efficiency” in a recent report by the Innovation Unit for NESTA. Yet [Jane Tinkler](#) and [Patrick Dunleavy](#) find there are only some good but small ideas (reliant perhaps on more prosperous times) – but no far-reaching response to the problems of innovating in big-scale government that could really cut costs without damaging services.

For the public sector to continue to provide high level services at a time of such severe cuts, the mantra is that government is going to have to make some tough choices. Either they can do less – so that government withdraws from providing some services and hands them on to outside providers – or government continues to do what it is doing now but with less resources. To facilitate this, innovation in service provision will be key. [Previous research](#) has found that Whitehall departments tend to store up innovations in their back pockets and not take action on them, until a ‘rainy day’ crisis turns up and requires that they absolutely make some response. The current conjuncture seems just such a time of crisis – and the promise of five years of cuts seems to presage conditions conducive to departments pushing through serial innovations.

A new report from the Innovation Unit, sponsored by NESTA, proclaims that its “Radical Efficiency” model is a way for government to do more for less, but also do it better. According to the authors the ‘usual innovation methods’ may help government make improvements or cost savings. But the ‘radical efficiencies’ model allows the public sector to make both more significant savings and more significant improvements to services. The core of this RE ‘model’ lists two new perspectives on challenges – new insights and new customers – and two new perspectives on solutions – new suppliers and new resources.

According to the report authors, previous innovations in government have mostly been taken from the new solutions part of the model – looking for new suppliers or renegotiating cost reductions from their current suppliers. The UK government particularly has also used new resources in the form of ICTs that were supposed to cut operating costs, allow staff reductions and speed up processing to raise productivity. Research into [digital era governance](#) has found that these ICT contracts have rarely lived up to these high expectations, and [Jerry Fishenden](#) has recently commented in a similar vein on this blog. So instead of ‘tweaking’ delivery, the NESTA report proclaims that the public sector should aim to *radically* alter how it provides services by focusing on new insights and new customers.

What does this actually involve though? One of the examples covered in the report concerns Patient Hotels that have been developed by Lund University Hospital in Sweden. Here maternity and recuperating cancer patients repeatedly told hospital managers that they didn’t want to be in hospital. Taking advice from a leading hotel firm, the hospital developed Patient Hotels to allow patients to spend time in more comfortable rooms with large communal areas and space for family members to stay. Nurses take more of the role of hotel staff and families are relied on much more heavily. This initiative found that patients recovered quicker and the hospital had a 60% reduction in the cost of each bed. However, some patients are only allowed to stay if family members agree to be available to help patients use the toilet etc.

The model fits well into the ‘Big Society’ framework (but then almost anything at all constructive does!) It expects more from individual members of the public, families and community groups. Other innovations in the report’s case studies often come from dedicated individuals who have the initiative and drive to get their ideas heard with little or no support.

The report also identifies some recommendations for government. The authors call for the establishment of 20 ‘radical efficiency zones’. Here barriers to innovation such as requirements on performance reporting are removed. Instead organisations would be encouraged to publish their own outcome measures. This emphasis mirrors recent speeches by [Philip Blond](#), of ResPublica, who contended at a recent government IT conference that it was regulation and audit responsibilities that were stifling innovation in public services. Provision of services, he contended, should be completed through an e-Bay style auction for carers, tutors etc. Customer reviews would stand in as a way of ensuring quality. What happens when citizen redress is ignored by the newly freed providers is left unexplained.

Clearly it is true that those with the most knowledge of public services are usually those who use them most frequently. And citizens', patients' and users' voices should definitely be heard in designing services. But is it not kidding ourselves to suggest that somehow in austerity conditions we can make great savings or 'radical' efficiencies by loading priority-setting onto often vulnerable service users? Even more deceptive is the suggestion that such process changes, even if they extend into real governance transformation (which they rarely do), constitute some kind of long term strategy to increase innovation in public services.

Especially in conditions of austerity, bodies like NESTA surely need to squarely face up to finding big-scale solutions to the problems of big government, rather than just use 'best-practice research' to collect case studies of what has sometimes worked, somewhere else, in another society, with different politics and policy histories, a different social culture, and in a different fiscal situation. Promising 'radical efficiency' from a few tangential changes that themselves require considerable investment to succeed seems to just take the rhetorical devaluation of language to a new level.