

POLICY THUMBNAIL

A New Public Productivity Act

**Stronger & Fairer Accountability, So
Public Services Improve Every Year**



**OCTOBER
2025**



THE PROBLEM

Government & public sector productivity is lower than other parts of the UK economy & grows more slowly, so taxpayers are steadily paying more for less. The efficiency gap has emerged because most public bodies face less (or no) competitive pressures from rivals offering a choice of better or cheaper alternative services, but political accountability mechanisms are too weak & scattergun to create an equally-strong alternative force to drive consistent, systematic, modernising performance improvements instead.

The result is inertia, where changes & improvements are often blocked, blunted or slowed by stakeholders with vested interests in maintaining inefficient or outdated parts of the status quo, rather than consistent upgrades to give taxpayers & citizens better value for money every year. Examples of weak accountability that don't drive continuous & systematic performance improvements include:

- 1) Procurement and other public grants or contracts are not automatically evaluated to see if they achieved the outcomes they were supposed to deliver, before they are extended or renewed. So poor performance can continue indefinitely without being noticed or fixed.
- 2) The goals & duties of many Regulators, Quangos and Arm's Length Bodies (ALBs) have multiplied (some now have 15, 20 or more) impairing their performance & productivity because:
 - the mandates they are trying to deliver have become blurred, diluting their focus & making success or failure harder for citizens, stakeholders or democratic politicians to identify clearly and transparently too.
 - where multiple legal duties overlap, compete or even run contrary to each other they create tensions and complexity which make decisions more difficult & slow, harming performance & leaving officials vulnerable to criticisms of politicisation whenever they choose between equally-important but competing goals.
 - where legal duties specify outputs (what must be done) rather than outcomes (results which must be achieved) they incentivise box-ticking process compliance rather than finding better ways of delivering the intended results every year.
- 3) Many public services have Government-imposed restrictions which limit their operational freedoms (for example by imposing nationally-negotiated preferred suppliers, or requiring further pre-approvals for in-budget operational decisions) which mean that – even where a public body's formal Governance technically qualifies as 'arms length' – in practice many performance-improving changes require political signoff by Government as well as by the Management and Governance Board of the public body itself. This harms productivity in three key ways:
 - Performance-improving operational decisions become politicised, making them more complex, harder to finance, slower & more prone to delays, and less likely to happen at all.
 - An extra, expensive Governance layer of liaison with each Public Body's political sponsors has to be built & maintained. This is partly defensive, because every additional political signoff creates more opportunities for political opponents to pin blame for failures directly on Ministers & their officials, and partly politically-attractive because central approvals create opportunities for Ministers to claim credit for successes too.
 - Many of the operational restrictions are enforced by regulators (some public bodies face regular inspections from over a dozen) which impose high red tape costs, burdens & delays, and which currently face few pressures to limit or reduce those costs either.
- 4) Post-Implementation Reviews to check whether new rules, regulations, red tape and taxes have delivered the

intended results are either not done at all, or are box-ticking processes which aren't independent or rigorous. This means problems can persist for years without being fixed.

- 5) Normal democratic scrutiny processes rarely apply consistent focus to the politically-undramatic task of systematically tracking incremental technocratic performance changes in public bodies. And one-off public enquiries are slow, expensive, blame-seeking exercises where everyone has legal representation, rather than rapid performance improvement systems where lessons are learned and applied through constructive, nimble, no-blame, iterative processes instead.



THE SOLUTION

Other policy papers will outline how to improve the efficiency & performance of public services by giving citizens more power to choose from a wider range of potential providers where possible. But where public bodies can't or shouldn't face pressures from rivals we need an equally-strong alternative force to drive consistent, systematic, modernising performance improvements instead. To achieve this we will pass a new Public Sector Productivity Act which will include the following changes:

1. All public grants, subsidies and procurement contracts will have to state the outcomes (not outputs) they are supposed to achieve in advance, followed by a prompt, independent & public post-completion evaluation of whether they have delivered them, including a one-word recommendation whether they should be renewed or repeated in future. Any public body (including local authorities & devolved Governments) intending to ignore a negative recommendation would have to publish its reasons before signing similar deals.
2. The statutory duties which every Regulator, Quango and ALB must achieve will be reviewed & updated where necessary, so each one has no more than four outcome-based goals & the priorities of all 4 are ranked.
 - For every regulator, one of the 4 goals must be to reduce the red tape costs and burdens the organisation imposes in delivering the other 3 every year (there are more details on this in the Slashing Red Tape & the Sound Money policy papers elsewhere) without diluting or eroding the regulatory standards & outcomes which it is required to deliver. For every economic regulator (Ofgem, Ofwat etc) their 1st duty will be to drive economic growth by increasing competition for the benefit of consumers wherever possible.
 - Each organisation's performance in delivering its revised statutory outcomes will be assessed in a regular independent & public evaluation of whether & how well they have achieved them, including a one-word summary judgement of overall success or failure.
 - The sponsoring Minister or public body which is responsible for any organisation that gets a below-par evaluation will be required to publish a performance improvement plan within 3 months to fix the problem.
 - The legal power to change these statutory duties will be temporary, with a sunset clause requiring all the changes are complete within 4 years, and each revised set of objectives will require Parliamentary approval.
3. Modernising the Governance & powers of every Regulator, Quango and ALB to give them stronger operational freedoms (for example by scrapping Whitehall pre-approvals for in-budget operational decisions) to deliver their tough & democratically-approved new goals & duties successfully.
4. Requiring an independent Post-Implementation Review to be completed and published within 5 years on each piece of new legislation (both primary and secondary), tax measures, and regulations or other requirements

imposed by UK & devolved Government Departments or Regulators. The Reviews should include clear conclusions of whether the original intended outcomes, budgeted costs and administrative burdens ('red tape costs') have been delivered or not, and figures showing the ongoing annual costs of any shortfalls or failures too.

5. An improved Public Enquiries process, to include a prompt, quick, cheap, constructive, no-blame 'stage 1' process which aims to improve performance rapidly, without prejudicing or pre-judging any later stages of the Enquiry or other formal legal processes which may be required to decide fault or guilt after that. In some circumstances this new process could also be triggered automatically whenever there is a 'near miss' problem, rather than only by Ministers after a full-scale disaster has happened.

The Government's existing Evaluation Standards will be upgraded to make sure the quality of the improved Reviews and Enquiries is high. Any measure where the Evaluation or Review is not delivered on time or to the required and independently-checked standard will be presumed to have failed. Evaluations of some National Security procurement contracts may need to be scrutinised in secret by the House of Commons Security and Intelligence Committee where needed. There will be a proportionate 'de minimis' exemption for evaluations of small-scale contracts. The longstanding requirements for all public bodies and officials to obey the law will remain unchanged.

THE BENEFITS

Publishing independent performance outcome evaluations with 1-word summary ratings for all public contracts and bodies will:

- create much stronger & more transparent accountability, creating sustained long-term public & democratic pressure for each public body to phase out their least-effective programmes and inadequate leaders, and replace them with ones that work better instead.
- cut red tape costs (regulatory burdens) by replacing current expensive, complicated & intrusive box-ticking output reporting processes with a cheaper, simpler and more powerful alternative instead.
- transform Government spending reviews by reliably & consistently identifying well-meaning but ineffective & wasteful programmes for the first time, so they can be closed & the money redeployed into improved services or tax cuts instead.
- refocus political debate away from the amount of taxpayer £££ being spent on each public service, with its inherent big-Government assumption that more must be better, towards whether the desired outcomes are being achieved efficiently & effectively instead.

Requiring sponsoring Ministers or public bodies to publish performance improvement plans for organisations with below-par ratings will give the process much sharper teeth as well. Overall these changes will create a systematic, evidence-based improvement ratchet in public sector efficiency, productivity and value-for-money.

Democratically amending and prioritising the outcomes which each Regulator, Quango and ALB is expected to deliver will create clearer operational focus for each one, improving performance and making success or failure easier to assess transparently in each case, as well as reducing the risks of compromising civil servant political neutrality by stopping them having to choose between overlapping or contradictory statutory goals.

Ensuring that one of every regulator's 4 revised legal goals must be to reduce the red tape costs and regulatory burdens which they impose, without diluting the standards which they are enforcing in their other 3, will improve the nimbleness, productivity & efficiency of not only the regulators themselves, but of every organisation which they regulate too.



Modernising the governance of Regulators, Quangos and ALBs to give them improved operational freedoms to deliver their tough & transparent new democratically-approved goals & duties will depoliticise day-to-day performance-improving decisions, making them simpler, quicker, cheaper, more likely to happen & more likely to be based on operational effectiveness & efficiency rather than political priorities too. Plus it will cut red tape costs (regulatory burdens) by replacing current expensive, complicated & intrusive box-ticking output reporting processes with a cheaper, simpler and more powerful alternative instead

Stronger, more independent & rigorous post-implementation reviews of new rules & regulations will identify problems promptly, transparently & objectively, reducing the risk they will persist for years without being fixed. And the prompt, quick, cheap, constructive, no-blame 'stage 1' Public Enquiry process will ensure lessons are learnt & performance improves rapidly, without prejudicing or pre-judging any later Enquiry stages which may be required to decide fault or guilt after that (it may well reduce how often those expensive & time-consuming later stages are required too).

THE SOUNDBITES

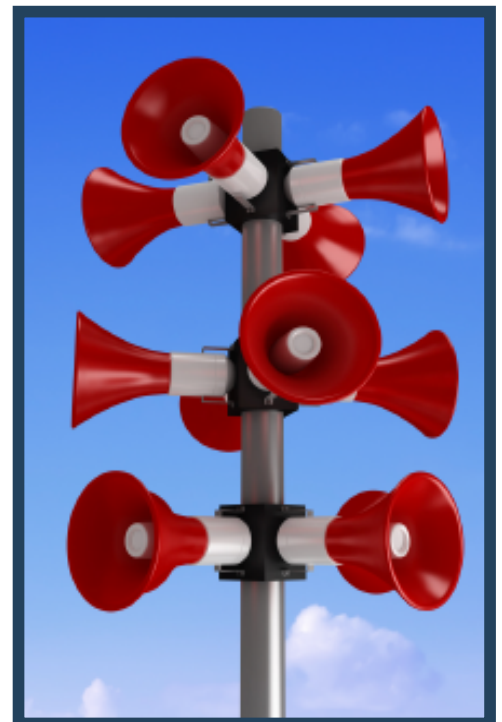
"Even the best bureaucracies & quangos get fat & make mistakes, unless someone keeps a close eye on what they're doing & whether they're doing it well."

"We're going to empty Keir Starmer's 'tepid bath of managed decline' by giving quangos much clearer, tougher goals to achieve, along with the extra freedoms they'll need to deliver them, but leave them nowhere to hide if they fail."

"How can it be right to sign taxpayer-funded contracts without checking first to make sure they're delivering the public services we all need?"

"Every pound of red tape costs has the same effect on our economic growth, jobs and exports as a pound taken through tax. But Governments behave as though it is free."

"Public enquiries take too long, cost the earth and often lock the door after the horse has bolted. We need a new, nimble, no-blame process like the ones that have made air travel so much safer, so our public services can learn lessons and start performing better as soon as possible instead."



THE REBUTTALS



- 1. Isn't 'arms length' just a fiction? If Ministers are going to be held accountable for successes & failures anyway, why not just admit it & give them direct control instead?*

Not at all. There are lots of examples – like academy schools until recently – where arms-length public bodies have been given operational freedom in exchange for having to hit tough public targets, which have been incredibly successful. Can anyone think of a question where 'let's have more political meddling' is the right answer?

- 2. Haven't we got too many unaccountable & poor-performing arms length bodies already? Why would we want more of them?*

These proposals won't create any new arms-length bodies at all. But for the ones that already exist, these reforms will identify poor-performers faster & improve

them more rigorously, while giving well-run ones the space & scope to keep getting better every year.

- 3. Doesn't giving management more operational freedom mean taking an axe to national pay-bargaining for hardworking public servants like doctors, nurses & teachers? Isn't this the same old Tories going after the Unions?*

Good organisations in every walk of life offer better pay or conditions to attract, motivate and retain the best talent and it makes no sense to stop public bodies from doing the same. Our public services will never improve if we tie their hands behind their backs by banning changes to some of the biggest & most important elements of any organisation's performance.

- 4. The only thing wrong with our public services is long term austerity & Tory cuts. We are a rich country – why are you ignoring the real problem?*

High quality teams in every walk of life get more efficient every year & of course we should expect no less from our public services too, so citizens get good services and taxpayers' money goes as far as possible. Anyone listening to public servants will know how frustrated they feel when there's waste or mistakes that no-one is fixing.

- 5. Why are you introducing 1-word summary performance ratings just when Ofsted is abandoning them? Aren't you worried that hardworking public servants might become demoralised or worse?*

Good organisations support their staff without compromising on performance or standards, and so should we. Strong performance and high staff morale aren't opposites and it is wrong to assume one can only be achieved at the expense of the other. We can and should expect both throughout the public sector.

6. Why are you ignoring the problem of lazy public sector workers swinging the lead by pretending to work from home?

Public sector efficiency & productivity was in trouble long before the pandemic so it's wrong to blame all the problems on homeworking. Most public services are delivered by people who want to do a good job, and of course we should expect public sector managers to get the best out of their teams (including dealing with any bad apples) in the same way as their opposite numbers elsewhere.

7. Everyone knows that Enquiries, Evaluations & Post-Implementation Reviews are a pointless, box-ticking waste of time. Won't this just add to red tape rather than changing anything?

They're definitely pointless if they aren't done right. But if they're done independently, using rigorous standards so politicians and mandarins aren't marking their own homework, they can slash the amount of box-ticking, and be incredibly effective at making sure organisations learn the right lessons quickly so they get better every year.

8. Why are you gutting Public Enquiries like this? How will Ministers or public servants be held properly responsible for disasters like Infected Blood or Grenfell in future?

They still will. Nothing in this new 'stage 1' process will prejudice or pre-judge any later stages of an Enquiry or other legal proceedings which may be needed to decide fault or guilt later. The new approach will be prompt and quick so the later stages aren't delayed, and will mean public services can start improving straight away, rather than having to wait until there's a disaster before anything changes. And it may well reduce how often those expensive & time-consuming later stages are needed in future too

