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TWO-THIRDS OF EACH WORKER'S DAY IS "LOST" IN LOCAL GOVERNMENT, NEW RESEARCH REVEALS

Better management practice would spare frontline services from cuts

New research from management consultants Knox D'Arcy (www.knoxdarcy.com) reveals that local government substantially lags the private sector in how efficiently its staff are utilised, indicating the potential for big cost savings without frontline services needing to be cut.

The research, which included the detailed shadowing and minute-by-minute recording of the activity of managers in the private and local government sectors, reveals that the level of qualitative or 'active' management of staff is extremely low, averaging just 3 per cent each day.

The research also showed that over two-thirds (68 per cent) of the working day of junior staff in local government was 'lost' on average – typically through poor supervision.¹

The research included assessing whether managers were effective in ensuring the employees in their teams were well utilised. It found that while the average private sector manager had only slightly higher levels of active management than their public sector counterpart, private businesses typically had more robust systems which generated more personal accountability for performance, allowing them to achieve better staff utilisation rates (44 per cent utilised compared to 32 per cent in local government).

Paul Weekes, the report's author and Principal Consultant at Knox D'Arcy, said: "In the UK private sector staff are productive on average 44 per cent of the time. While this is pretty low compared to the better performing countries or the best UK businesses, it is still much higher than the 32 per cent we observed in local government. Put simply, by matching average private sector staff utilisation levels, local government could increase its productivity by roughly a third. This sort of dramatic increase would help significantly offset the cuts that are on the agenda as part of the Government's austerity package.

"More worryingly, our research indicates that councils and other public sector bodies lack the skills within their management teams to drive the scale of efficiencies being requested by the Treasury. Unless things change dramatically while the cuts should deliver savings, they are just as likely to deliver chaos and reduced services."

¹ Lost time breaks down into obvious lost time (such as waiting for work, information or instruction, arriving late, leaving early, social chatting, taking informal breaks) and also time spent on activity which is ineffective, such as work which is done incorrectly and has to be reworked.

To put these into hypothetical examples:

- In a 30,000 person county council, if utilisation rates went from 32 per cent to 44 per cent the same work could be done by approximately 22,000 staff (8,000 fewer), a staff reduction of 27%;
- The UK's 410 local authorities spend over £113 billion on day-to-day services - over a quarter of all public expenditure. They employ over 2.1 million people and deliver 700 different services². In theory, if the utilisation rate of all employees went from 32 per cent to a modest 44 per cent, the same services could be provided by 1.53 million staff (more than half-a-million fewer).

Other findings from the research (which is to be published in September) include:

- Workers in the private sector were, on average, a third more utilised. While average lost time in the private sector was still relatively high, at 56 per cent, Knox D'Arcy's report calculated that if local government departments were to match the private sector companies researched they would in theory be able to operate with 27 per cent fewer people.
- Managers and supervisors in local government were found to be spending less than 15 minutes per day (only 3 per cent of their time on average) engaged in "active" management such as following up work assigned to their team. However, at about 25 minutes per day (5 per cent of their time) the average private sector manager was not much better.

Paul Weekes added: "Changing the management style in councils is going to be vital to improving performance if cuts to frontline services are to be avoided, given the inevitable redundancies over the coming two years. This means a significant cultural change, with a much more active management style needed, combined with better management control systems and more individual accountability for performance.

"For instance, during our observations most managers were found to be uncomfortable confronting the poor performance of staff or even establishing with staff what good performance meant. Many seemed more comfortable spending time doing hands-on work in the mistaken belief that they were 'helping', rather than managing people and performance levels. Often they were observed busily carrying out administrative tasks, while outside their office their staff were clearly under-utilised; it is crazy to have well-paid managers spending so much time on administration or doing the work of their people when their greatest value would be to spend more time ensuring their staffs' performance is being optimised.

"The results signify a very clear problem for those tasked with delivering change in local government. There was a widespread view amongst local government managers that they and their people were highly utilised and effective. This belief was usually driven by a perception rather than hard evidence. While many in the sector also accepted that big efficiency improvements could be made, they typically associated this with additional spending such as new technology rather than by driving out the existing inefficiencies which

² Source: <http://www.sd-commission.org.uk/pages/local-government.html>

the research identified. Many were also highly sceptical about the ability of their own senior management to deliver improvements.”

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About Knox D'Arcy

Knox D'Arcy (www.knoxdarcy.com) is an international implementation consultancy focusing on performance improvement through change management and working across all sectors including local government. Established in 1986, the firm undertakes work in the UK as well as North and South America, Southern Africa and Europe.

About the research

The research was conducted by Knox D'Arcy whilst undertaking assignments in private and public sectors organisations, and draws on 20 years of data.

The analysis referred to in this press release includes:

- 1,855 surveys of managers and supervisors (173 from local government officers)
- 376 day-long observations, comprised of a minute by minute categorisation of how the manager in question spent his time, of which 36 were from local government.