More on zombie 'new public management' – solutions to avoid obsolescent governance ideas wrecking the coalition government's programme

Oct 8 2010

Responding to critics of his blog yesterday, **Patrick Dunleavy** *outlines the policy alternatives that are open to the government and that could help ministers to steer clear of the self-created and avoidable problems of 'zombie new public management'.*

In his shrewd comment Greg Fisher concedes that the analysis may be right, but asks what constructive advice does it offer the government? This is a telling point and it is worth a full response in its own right. Yet a problem for all critics of looming policy fiascos is that counter-critics say: "What would *you* do?", when the answer is actually crystal clear: "Don't do that". For a start:

> *1. Don't posit infeasible and unachievable cutbacks, but stick to no more than 20 per cent over four years, across any department group.*
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> *2. Don't launch a two year public sector pay freeze and hint at a third year to come, but recognize that by early 2012 (at the latest) there will be have to be a return to normal bargaining across the government sector, and say that explicitly now.*
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> *3. Don't do zombie NPM stuff at all. For example, scrap plans for more monkeying around with the administrative architecture of the NHS, but instead devote the £3.5 billion saved from pointless reorganization costs to doing some of the hard job of getting telecare and digital solutions to work in GPs and community services, where they could save £billions more a year in areas like diabetes care, asthma monitoring and managing high blood pressure problems.*
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> *4. If you want smarter commissioning in the NHS, stop the Lansley plans to move from local level commissioners to micro-local commissioners that will do no good at all, and think instead about aggregating NHS commissioning units more organically into fewer, larger, more expert and professionally driven, and much less duplicative units. The largest Health Maintenance Organizations in the USA have huge leverage with their hospital suppliers on costs and service quality, because they are big, very expert and very tough in negotiation (like Walmart or Tesco). Micro-local GP commissioning units will be the exact obverse of this – i.e. tiny in market terms, amateurish and easily given the run-around, exactly as happened the last time that NHS quasi-markets were tried.*
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> *5. Above all, exploit the digital-era governance (DEG) revolution that has so far only lapped at the outer limits of the UK public sector, and is a huge agenda with two decades more of changes to run. Helen Margetts (from Oxford University) and I discussed the second wave of digital-era governance in a recent paper given to a large audience at the Treasury this summer, and free to download here. There we list literally dozens of new changes and solutions that offer UK government multiple opportunities to combine major austerity measures with frontline service improvements. Our theme is that new ways of doing business stressing reintegration, holism and digitalization can achieve radical 'disintermediation' in public services (cutting out the middle-men in public service delivery chains who add little value).*

It may be that I'm being too pessimistic about progress inside the coalition government. There are commentators (like Martin Kettle in today's *Guardian*) who argue that the government is in fact much more responsive than people think. 'This government isn't foolish' Kettle proclaims: it has a Plan B to adjust its changes to what is feasible. Yesterday the *Financial Times* reported that the Treasury has cottoned on to the high costs of forcing through dramatic cutbacks that in fact just create huge liabilities in pensions, compensation and broken contractual settlements. They have realized that phasing cutbacks over a longer period can actually produce greater savings for the public purse. And there are elements of the government's plans that break out of the zombie NPM mould, as we have commented already in relation to 'open book government' as promoted by Eric Pickles. I hope that these hopeful signs can multiply.

But other signs are not good. On the macro-scale, yesterday the Halifax house price index fell 3.6 per cent *in a month*. Fears of a sluggish or double-dip recession are largely fuelled by government overdoing of the public spending cuts agenda, and the current likelihood is that the UK economy will not implode but slip towards micro-growth of less than 1 per cent for a long period. The launch of more quantitative easing (QE2) will be a strong sign that cuts-zealotry risks economic disruption, including the onset of deflation.

And on the micro-scale, George Osborne's key announcements this week also showed a government that makes gratuitous mistakes. Linking child benefit withdrawal to higher rate taxpaying in the crude way proposed is just dumb on many levels. It creates a middle class benefits trap and is exceptionally corrosive for any 'fairness' agenda. It also seems to be motivated solely by a pre-digital-era concern to avoid 'means testing' the benefit and an alleged need for 'long, complicated forms'. This is a typical mid 1990s problem that in modern times is a wholly bogus difficulty. It would be easy to craft a simple online self-certification form to be completed by parents receiving child benefit setting out which income band their household was in, allowing a simple phasing of the benefit. It was ironic to see the Chancellor and PM create a major political catastrophe at their own conference, driven only by a spectre from the 1980s (means-tested benefits) that modern technology has long since exorcised. Equally the idea of an overall benefits cap is likely to require a huge IT investment to operationalize, even supposing that it does not fall foul of human rights law, as seems likely. These instances of 'speak before you think' policy-making (let alone consult) are sadly all-too typical of UK governments in a kind of internal crisis.

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