The implementation of the government productivity programme and its impacts

Prime Minister Matti Vanhanen's first Cabinet launched the government productivity programme in 2003 in the form of an action plan. Reductions in person-years were tentatively decided in 2005, and targets were set for each administrative sector in a framework decision on 23 March 2006. The intention was for the administrative sectors to implement productivity-increasing measures leading to reductions in personnel. The point of departure was that these reductions in personnel should not have negative impacts on the management of tasks and services.

The main question in the audit was whether the productivity programme has been implemented in such a way that agencies' overall performance has been ensured. Performance was examined from the viewpoint of productivity, economy and effectiveness.

The main question was answered primarily on the basis of case studies regarding the National Board of Education and Customs. Productivity statistics were also used to examine the development of productivity as well as different factors, and five agencies that had achieved better than average results were selected for a closer look at their productivity measures.

In the light of productivity statistics, productivity developed positively in about 60 per cent of government agencies in 2006-2009. On the basis of information supplied by the five agencies that had achieved better than average results, the main contributing factor was the systematic development of activities. Although measures had often been planned and initiated before the productivity programme began, the programme offered a means to implement them. Reorganising functions and outsourcing were the most common measures.

In the case of the National Board of Education and Customs, which were studied in greater depth, there was no essential weakening in performance as a result of reductions in personnel, because

they had developed their activities intensely. Both had also implemented the productivity programme in a financially sound manner, since real savings in personnel costs exceeded growth in purchased services. In both cases, however, the audit observed problems resulting from reductions in personnel that may weaken delivery and social effectiveness.

The audit indicated that, thanks to the productivity programme compulsory reductions in personnel and steering with the help of appropriations have spurred development measures aimed at reducing personnel requirements and have generally created pressure to develop activities. Owing to the nature of activities, Customs had greater opportunities to develop new ways of operating and to take advantage of electronic business than the National Board of Education.

The National Board of Education has compensated for the reduction in work performed by its own experts through networking, procurements and work financed with government grants. The risk in these new operating models is that the quality of work may not be up to standard and that adequate attention may not be paid to costs. From the viewpoint of central government finances, another risk with regard to the National Board of Education is that the use of government grants is not supervised adequately and that the information on which government grants are based cannot be checked as thoroughly as before with reduced personnel.

The audit also found that the ability of the National Board of Education to provide support in implementing educational reforms, such as revising degree requirements, has been weakened. This can be reflected in performance later on. The impacts of the reduction of personnel on the National Board of Education's social effectiveness are difficult to track, however, and are likely to come with a delay.

In Customs' activities the development of electronic business has had a key role in preventing a lowering of the service level as personnel has been reduced. In practice Customs nevertheless had to reduce personnel and close operating points before electronic business was in full use, causing a temporary weakening of access to services. Furthermore, delays occurred in electronic customs centres' activities in 2009 and 2010 partly because of insufficient personnel. Service at operating points has mostly been in line with the service time objective.

In customs control and inspection work the number of persons on individual shifts has been reduced, which means that not as many inspections can be made as before. For the most part this has not been a problem, however, since Customs has been able to improve control and the effectiveness of different forms of inspection by developing risk analysis. Nevertheless, the reduction in personnel has meant that expensive X-ray equipment in particular cannot be used efficiently, which is counterproductive. In crime prevention the departure of key personnel has led to a weakening of the ability to solve crimes.

An obvious risk to which attention was drawn in the audit is that with reduced personnel Customs may be unable to prevent threats to internal security adequately. This risk has already materialised in the sense that Customs does not have sufficient personnel to inspect all profiled targets. A more fundamental risk that was identified in the audit is that, if customs control is not credible, operating conditions for the grey economy will improve.

An attempt was also made to determine to what extent the financial and personnel administration's shared service centre has produced savings for client agencies. The audit found that during the transition stage, being a client of a shared service centre has not led to essential reductions in person-years so far, since the reduction in personnel achieved by an agency was roughly offset by the person-years billed by the shared service centre. It should be pointed out, however, that the shared service centre model is still in the transition stage before the gradual introduction of a joint information system beginning in 2011.