Capita

Unlocking productivity in public services

Releasing capacity through cost visibility, control and operational redesign

Executive summary

Why most productivity programmes fail – and what actually works

Public services face rising demand, constrained budgets and intense scrutiny. Yet despite sustained effort, productivity has stalled. Too often, initiatives focus on automation, restructuring or asking people to do more, without addressing how work actually operates day to day.

The issue is not resistance to change or lack of technology. It is a lack of control. When leaders do not have a clear, decision ready view of how work flows end to end, where effort is absorbed, and what activities cost, productivity programmes struggle to deliver lasting impact.

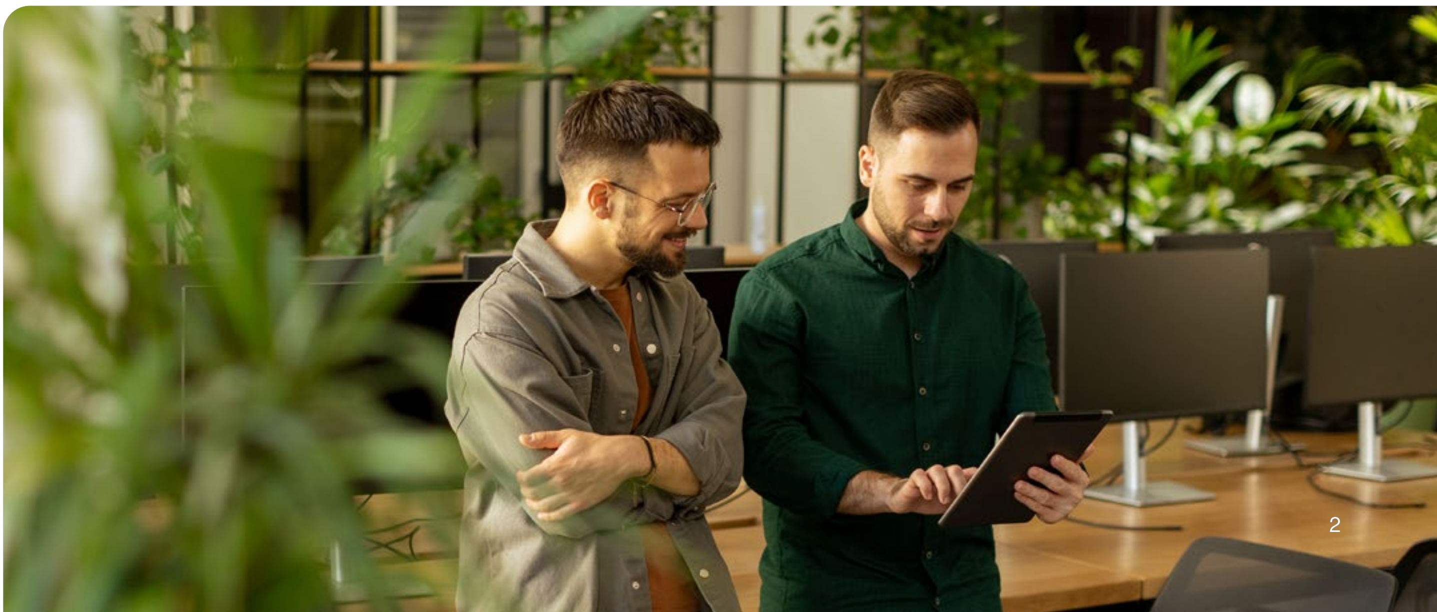
From our experience operating complex public services, productivity loss consistently shows up in three areas.

- **Flow,** where queues, hand offs and rework slow delivery and create backlogs.
- **Friction,** where duplication, manual handling and administrative burden consume capacity without improving outcomes.
- **Control,** where weak cost visibility and fragmented reporting limit confident decision making.

Sustainable productivity improvement starts by strengthening control. When cost visibility and record to report are connected directly to operational flow, leaders gain a shared, trusted foundation for prioritising action. This makes it possible to remove friction before automating, improve flow, and release capacity in a way that stabilises services rather than increasing pressure.

This paper sets out a practical route to improving productivity in public services, focused on strengthening control first to deliver more reliable services, better use of capacity and improved outcomes for citizens.

Fix the **flow**. Remove the **friction**. Strengthen **control**. That is how productivity improves in practice.



Contents

Introduction

Public services across the UK are under sustained pressure. Demand is rising, cases are more complex, and workforce capacity is constrained.

Yet increased effort is not consistently translating into better outcomes for citizens. The Office for National Statistics (ONS) reports that public sector productivity remained 3.4% below pre-pandemic levels, and performance across many services has plateaued year-on-year.

Productivity is often framed as a route to rapid, cash releasing savings. In practice, this rarely holds. Analysis from the Institute for Fiscal Studies (IFS) shows that productivity gains are typically realised first through reducing backlogs, improving quality and stabilising delivery, with financial benefits following later.

This whitepaper sets out a practical route to addressing the productivity gap. It focuses on strengthening operational control – particularly cost visibility and record to report connected to service flow – to enable measurable capacity release, better decision making and more stable service delivery.

Why productivity matters – and why initiatives stall

UK public sector decision makers are operating in an environment defined by fiscal pressure, rising and more complex demands, workforce constraints, legacy technology, procurement friction and heightened accountability. The Institute for Government (IfG) has described public services as being caught in a "doom loop" of short termism, where organisations struggle to move beyond crisis driven delivery long enough to address the underlying causes of poor performance.

In this environment, transformation is both necessary and difficult to sustain.

Programmes intended to improve productivity often compete with immediate operational priorities. They require time, attention and capability that services cannot easily spare. As a result, change is often layered onto already stretched systems rather than removing pressure from them. This is why many initiatives fail to deliver lasting impact.

Productivity improvement does not come from asking people to work harder or from technology adoption alone. Across public services, these approaches are relied on, but often fall short. Sustainable gains depend on how work is organised, how processes flow end-to-end, and whether people have the capacity, capability and support to adopt new ways of working.

The Chartered Institute of Personnel and Development (CIPD) reinforces this: productivity is shaped by skills, motivation and leadership conditions, not simply by headcount or systems. Efforts that focus narrowly on cost reduction or workforce reduction rarely deliver sustained improvement and can often deepen the problem.

In practice, productivity initiatives typically stall for three connected reasons.

1. **Limited visibility to target improvement**
   Leaders lack reliable, usable insight into cost and performance at activity level. Without this, it is difficult to know where time and money are being lost or where interventions will release the greatest capacity.

2. **A cycle of firefighting**
   Services operate in a continual state of reactive delivery. Manual workarounds, additional approvals and control steps are introduced to manage risk. But over time, these increase friction, slow throughput, and generate more expectations, reinforcing the cycle of reactive delivery.

3. **Failure to embed change**
   Even well-designed changes do not deliver results unless they are sustained in day-to-day operations. Change must reduce operational burden and enable people to work differently. This requires consistent reinforcement through leadership behaviours and embedded operational routines.

Why leaders struggle to improve productivity

Leaders describe a common set of pressures affecting productivity, including fiscal constraint, growing and more complex demand, workforce capacity challenges, legacy technology, procurement friction and increased scrutiny. These factors do not sit in isolation. Together, they compound one another, driving higher levels of effort without a corresponding increase in outcomes. These factors do not operate in isolation. They reinforce each other, creating a system where effort increases but throughput does not.

Limited precision in decision-making

Financial pressure increases the importance of precision. When budgets are constrained, leaders cannot afford to spread efforts across multiple initiatives. They need to target interventions that deliver the greatest capacity gain and risk reduction.

In practice, this is difficult. Many lack reliable, activity-level cost and performance insight, leaving decisions to be made using partial data and professional judgement.

Structural and operational constraints

Workforce challenges deepen the problem. Even well-designed changes can underperform if teams are stretched, change-fatigued or lack the capability and support to adopt new ways of working. Productivity is shaped as much by skills, motivation and leadership conditions as it is by systems or structures.

Legacy technology and fragmented data create a more structural barrier. They generate “hidden work” in the form of reconciliation, checking, chasing, duplicate entries and manual routing – which absorbs capacity and increases cost. Without a granular understanding of service costs, organisations struggle to identify where these workarounds are most expensive or disruptive.

As demand rises and service journeys become more complex, these inefficiencies are amplified, pushing organisations further into reactive delivery patterns of escalations, exceptions and crisis responses.

Compliance and governance requirements can add further friction when layered onto already fragmented processes. The issue is not the requirement itself, but how it is implemented. The National Audit Office emphasises ownership, consistency and practical cost analysis when it comes to strengthening governance while reducing “control theatre” by embedding assurance into workflows and improving data foundations.

Procurement complexity compounds this. Long cycles, capacity gaps, and limited spend visibility can slow improvement and reduce the ability to act at pace, reinforcing the need for better management information and tighter integration between commercial and finance data.

Public and political scrutiny raises the bar for credibility. Leaders must demonstrate clear links between investment, performance and outcomes, while maintaining service quality and accessibility. Productivity in public services must be assessed carefully, with a clear emphasis on quality, equity and defensible metrics.

Where time, cost and capacity are being lost

To improve productivity, leaders need a clear and consistent way to understand where time, cost and capacity are being lost across services.

A practical way to do this is to view loss across three categories: flow, friction and control.

Flow losses – where work slows down
Queueing, handoffs, rework and exception management disrupt the movement of work. This extends cycle times, creates backlogs and reduces predictability.

Friction losses – where effort is absorbed
Administrative burden, duplication and manual handling consume capacity without improving outcomes. These activities scale with demand, increasing pressure on already stretched teams.

Control losses – where insight is limited
Weak cost-to-serve visibility, inconsistent reporting and fragmented governance limit leaders' ability to prioritise action and target intervention with confidence.

What is driving the productivity gap

Across the UK public sector, four root causes repeatedly underpin the productivity gap and the barriers identified in wider public sector analysis.

Limited cost-to-serve and activity-level visibility
Leaders often have budget totals, spend reports and month-end outputs, but lack a decision-ready view of what specific activities cost across an end-to-end service. Without this, it is difficult to identify inefficiencies or prioritise interventions with confidence. For finance and procurement leaders, this reduces control and impairs prioritisation. For service and operations leaders, it makes it harder to demonstrate that changes are genuinely releasing capacity rather than simply shifting workload.

Fragmented end-to-end workflows
Work is passed between teams, systems and organisations without clear ownership. In pressured environments, this fragmentation becomes harder to address and more costly to tolerate, often generating avoidable demand in contact centres and back-office functions. It reduces throughput, increases variability and reinforces reactive delivery.

Legacy technology and manual workarounds
Outdated systems and fragmented data drive manual processes – reconciliation, duplicate entry and workarounds – that increase administrative burden and reduce effectiveness. In many cases, organisations lack the visibility to quantify where this effort sits or how much it costs, allowing inefficiency to persist.

Workforce capability and adoption constraints
Productivity improvement depends on whether people can and do work differently. Skills, motivation and leadership conditions shape whether change is adopted and sustained.

Programmes that rely on technology alone, or assume implementation equals impact, frequently underperform unless they reduce day-to-day burden and are supported by consistent leadership and enablement.

Strengthening control to improve productivity

In many organisations, record-to-report is treated primarily as a finance process, focused on closing the books, producing reports and meeting governance requirements.

In a productivity context, it plays a much more critical role. It is the control layer for operational improvement – a shared, trusted view of demand, activity and cost, and enables leaders to prioritise action and demonstrate impact.

When this control layer is weak, decision-making slows down and performance becomes harder to manage. When it is strong, it provides the foundation for sustained productivity improvement.

What effective control looks like
A well-functioning record-to-report and cost visibility layer enables leaders to:

- **Identify inefficiencies**
  Understand cost and effort at activity level across end-to-end services.
- **Prioritise resources with confidence**
  Target the areas where change will deliver the greatest impact.
- **Link operational performance to financial outcomes**
  Connect flow measures (throughput, backlog, exceptions) to cost and value.
- **Make timely, defensible decisions**
  Move from lagging, partial reporting to real-time, decision-ready insight.
- **Sustain improvement and accountability**
  Provide clear, auditable evidence of impact across service, finance and governance.

When control is weak
Where cost visibility and record-to-report are slow, inconsistent or disconnected from operations:

- **Decisions rely on partial or lagging data.**
- **Improvement efforts are harder to prioritise and defend.**
- **Different functions operate with conflicting views of performance.**
- **Programmes stall due to lack of shared evidence and alignment.**

A shared language for leadership
For service directors, operations, transformation, procurement and finance leaders, this control layer becomes the common language for decision-making.

It connects the realities of frontline delivery – flow, exceptions and backlogs – with the constraints of enabling functions such as procurement cycles, finance controls and workforce capacity. Without it, alignment is difficult. With it, organisations can prioritise action, demonstrate impact and sustain improvement.

A practical route to releasing capacity

The challenge for most organisations is not recognising the need to improve productivity, but knowing where to start and how to sequence change in already stretched systems.

Given public sector constraints, the most effective approach is staged. It builds visibility first, then uses that insight to simplify, prioritise and sustain processes.

At its core, the model, moves organisations from limited visibility to measurable capacity release.

1

Establish minimum viable cost-to-serve
Start with usable, not perfect, insight.

Focus on one high-volume or high-friction service or workflow and define a simple view of cost-to-serve – activities, channels and case types and demand. Where data is incomplete, use transparent assumptions and proxies to build an initial baseline that is sufficient to guide decisions.

2

Make reporting decision-ready
Strengthen record-to-report so it supports action, not just reporting.

Standardise coding and definitions, reduce reporting latency, and connect finance insight to operational flow indicators such as throughput, exception rates and backlog age. The shift is from “what happened” to “what needs to happen next”.

3

Simplify and standardise before automating
Use insight to remove friction first.

Eliminate non-value adding steps, reduce unnecessary approvals, and standardise processes to reduce variation and rework. Only then digitise and automate, targeting the highest-cost, highest-delay activities to ensure automation reduces effort rather than embedding inefficiency.

4

Sustain through workforce enablement
Ensure changes are adopted and maintained.

Build capability, support teams to work differently, and embed consistent leadership routines. Without this, improvements will not stick, and workarounds will re-emerge.

Case studies: Productivity in practice

At Capita, we work with public sector organisations to release capacity by improving control, visibility and workflow design.

These examples demonstrate how improved control, workflow design and automation translate into measurable productivity gains across cost, output and service quality.

PIP assessments:

Read more

Quality-protecting productivity at scale

We have supported the Department of Work and Pensions (DWP) and Department for Communities (DfC) for over a decade, **delivering more than 2.7 million PIP assessments and over 200,000 annually.** Transforming communications and adapting to remote delivery improved accessibility, ensured continuity and maintained a high-quality claimant experience.

Outcomes:

- **90 minutes faster** inbound post processing per item.
- **25,500** inbound mail items digitised and routed each year.
- **Over 6,000** health professionals trained.
- **Over 1.1 million** letters and packs processed annually.
- **98%** claimant satisfaction maintained.

Policing:

Read more

Enabling earlier intervention through connected data

In partnership with a North of England police force and a ministerial department, we built a secure, cloud-based multi-agency data sharing capability – giving officers a unified view of vulnerable individuals across disconnected systems to support earlier, more informed intervention.

Outcomes:

- Secure, scalable multi-agency data sharing capability built on Microsoft Azure.
- Robust data governance with encryption and role-based access controls.
- Real-time dashboards give officers a unified view across agencies.
- Deployable without major infrastructure change, proven and ready to scale.

Case studies: Productivity in practice

At Capita, we work with public sector organisations to release capacity by improving control, visibility and workflow design.

London Borough of Bexley:

Read more

From backlog to control: Transforming finance operations at pace

Following a system migration, the Accounts Payable function faced mounting backlogs, delayed payments and declining supplier confidence. As Emma Johnson, Head of Exchequer Services, said, **"Partnering with Capita has transformed our Accounts Payable function, improving efficiency and delivering an 87% faster invoice-to-payment process. This has enhanced supplier payments and boosted revenue through early payment rebates."**

Outcomes:

- Invoice processing time reduced from 8.9 days to 1.2 days **(87% reduction)**.
- PO compliance increased from **63% to 93%**.
- **98.9%** of invoices paid within 30 days.
- Target of **25%** FTE reduction achieved, with service quality improved.

Lambeth Council:

Read more

Reducing demand through intelligent communications and workflow

Communication processes were fragmented across services, with returned mail, manual handling and limited visibility creating avoidable pressure on contact centres and back-office teams. To address this, we redesigned workflows using AI-enabled communications, centralised print and real-time management information to improve control and reduce rework.

Outcomes:

- **70% reduction** in returned mail.
- **3,000 staff enabled** to access, print and send communications digitally.
- **Over 50% cost savings** through central print vs in-house.
- Real-time management information improved operational visibility and budget control.

How to measure productivity improvement

Productivity in public services cannot be captured through a single measure. Leaders need a small set of indicators that show how work is performing, where effort is being used, and whether capacity is being released.

This can be understood across four areas:

1 **Flow** – how work moves
- Cycle time
- Backlog volume and age
- First-time-right rate
- Exception rate

2 **Friction** – where time is lost
- Time spent on reconciliation, chasing and duplication
- Manual handling and rework

3 **Control** – how well performance is understood
- Reporting latency
- Unit cost by service, channel or case type
- Forecast accuracy

4 **Workforce enablement** – whether change is sustained
- Adoption of new processes
- Reduction in workarounds
- Capacity released to frontline activity

Taken together, these measures provide a clear and reliable view of productivity. This provides a clear, real-time line of sight between operational performance, workforce impact, and financial outcomes. The result is more stable services, stronger control and capacity returned to frontline delivery.

A 90-day action plan

A credible productivity programme needs momentum without overreach. The focus should be on one priority service or workflow, with clear evidence of where time, cost and capacity are being lost.

Days 1 – 30:
Establish a clear baseline

- Select a high-volume or high-friction service or workflow. Map the end-to-end flow and establish a simple baseline covering demand, throughput, backlog and exceptions.
- Build an initial minimum viable cost-to-serve view using available data and transparent assumptions. The aim is not perfection, but a usable baseline that can guide decisions.

Days 31 – 60:
Identify where to act

- Define a clear activity and cost structure and identify the main drivers of delay, cost and rework.
- Connect cost insight to operational flow measures so that performance and cost can be understood together.
- Establish a regular cross-functional cadence bringing together operations, finance, procurement and transformation to align priorities and actions.

Days 61 – 90:
Remove friction and prepare to scale

- Implement targeted simplification and standardisation to remove unnecessary steps, reduce exceptions and improve flow.
- Define an automation backlog based on validated problem areas, not assumptions. Prioritise changes that reduce administrative burden and improve visibility.
- Build in workforce enablement through clear roles, support and leadership routines to ensure changes are adopted and sustained.

Closing the productivity gap

The productivity challenge in UK public services is structural, not cultural. Too much time and expertise are lost in the way work moves, decisions are taken, and services are organised – meaning increased effort does not automatically result in better outcomes for citizens.

The most credible response is not short-term savings but releasing capacity back into frontline delivery. That means stabilising performance, reducing avoidable work and improving predictability at scale.

The organisations making progress are those that strengthen control first. By connecting cost, activity and operational flow, they can see where to act, remove friction, and prioritise change with confidence.

This is how productivity improves in practice. Services become more reliable, staff spend less time on rework, and leaders gain clearer control over performance. The result is better outcomes for citizens, delivered more consistently and with less strain on the system.

How we can help

At Capita, we support public sector organisations to release capacity by improving how services operate end-to-end.

This includes:

- Improving cost visibility to support better prioritisation and decision-making.
- Simplifying and standardising processes to reduce delay, rework and exceptions.
- Integrating systems and data to remove duplication and improve insight.
- Applying automation where it reduces administrative burden and increases throughput.
- Supporting workforce adoption so changes are sustained in practice.

From faster processing and reduced backlogs to stronger compliance and more predictable delivery, our solutions **deliver better outcomes across public services**.

Take the next step

Productivity improves when capacity is released, not when pressure increases.
If you are ready to take a more practical approach to improving productivity, let's discuss how this can be applied in your organisation.

Contact our team today