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Bonus culture? Public sector needs it

Consultants and interim managers are in the firing line once again, as are public sector bonuses. No wonder organisations are leaping to the defence of its members, but will they be saved from the chancellor's axe?

Jane Dudman

Public, Wednesday 16 June 2010 11.43 BST



The banking crisis may have given the bonus culture bad press, but some argue that performance-related pay is essential for delivering new policies. Photograph: AFP

Two reports out today provide signs of a fightback against some of the government's most cherished efficiency policies - cutting public sector pay and cutting the use of consultants.

The Chartered Institute of Personnel and Development (CIPD) has **launched** what it describes as a "robust defence" of performance-related pay in the public sector, which includes a call for more, not fewer, bonuses for public managers.

The organisation argues that a "pathological fear" of the word bonus, in the wake of the banking crisis, has led to a "misplaced objection" to



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public sector bonuses, and that properly managed performance-related pay could help boost both change in the sector and delivery of the new government's policy commitments.

At the same time, the Management Consultancies Association has also launched a [report](#) that defends the use of consultants in the public sector.

The MCA acknowledges that there has been poor use of consultants in the past, but shifts the blame for this over to public buyers of consultancy services, who have, it says, failed to improve their understanding of the market.

Controversial

The MCA says "it makes economic as well as practical sense to draw on outside expertise whenever it is cost-effective to do so", but Alan Leaman, chief executive of the association, acknowledges that the use of management consultants by central government remains controversial.

"Our industry must therefore explain what consultancy does," he writes. "It is particularly important for us to help policy-makers to distinguish genuine consultancy from interim management or staff substitution."

This appears to be a warning shot over the bows of the increasing use of interim managers across the public sector. Interim managers, says the report, "don't come with the oversight and quality control of someone who works for a consulting firm".

Not surprisingly, this view is refuted by the Institute of Interim Management. In an [article](#) today, Hilary Husbands, a director of the institute, says "Interim managers are senior, experienced and can turn their hand to a wide range of tasks."

As discussion intensifies ahead of next Tuesday's budget about where the chancellor's axe will fall on public spending, and the impact of deep public sector cuts on the wider economy, public managers are preparing themselves for cuts across the board.

The budget is expected to include details on the government's plans to cut the use of consultancy across the public sector.

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Mcperson

16 Jun 2010, 3:13PM

A colleague of mine use to refer to management consultants as people who borrowed your watch to tell you the time. But then he was an old cynic! Blair Mcperson author of People management in a harsh financial climate.

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CrispinWhite

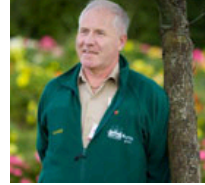
16 Jun 2010, 6:00PM

It's high time the debate about consultants, interims, freelancers or whatever

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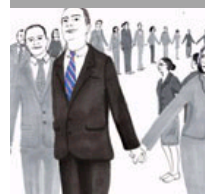
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external resources are used moved away from the single issue of cost and onto more important points. If the public sector cannot attract the best people for the job, we should be asking ourselves what can be done about that. Until such time that things improve, there will remain many resourcing gaps that have to be filled by outsiders.

There are occasions when it is absolutely the right choice to hire a consultant, an interim manager or some other outside resource. But there is a big challenge to improve public sector understanding of when to use that option and how best to go about it, set against clearly defined, measurable objectives.

Crispin White, [BIE Interim Executive Ltd.](#)

JDudman

17 Jun 2010, 8:25AM



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I'm sure many public managers would agree with you, Crispin, that there are indeed occasions when it is the right choice to hire an outside resource.

My feeling is, however, that the real issue here may be less about understanding how to use that option and more about public managers not always having the flexibility they need to deploy resources, whether internal or external, rapidly.

Jane Dudman
Editor
Public

annegoodman

21 Jun 2010, 6:26AM

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Are you seriously suggesting that the work of a well-paid senior public servant is geared towards a bonus? If that were true, they shouldn't be in the job. What is a bigger concern is the use of performance pay for public servants on lower salaries. Everyone knows it's just a way to manipulate the wages bill and to exert control. It's also the biggest waste of time and money ever devised.

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