

**Paper Title:** The Challenges of Reconciling Efficiency and Equity in Information Age Government Agendas: Lessons from the United Kingdom

**Presenter:** John Hudson

**Affiliations:** University of York, UK  
Vice-Chair of UK Joint University Council Social Policy Committee

**Postal Address:** Department of Social Policy & Social Work,  
University of York,  
York,  
YO10 5DD  
United Kingdom.

**e-mail:** [jr10@york.ac.uk](mailto:jrh10@york.ac.uk)

**Web address:** [www.york.ac.uk/depts/spsw/staff/hudson.html](http://www.york.ac.uk/depts/spsw/staff/hudson.html)  
[www.johnhudson.me.uk](http://www.johnhudson.me.uk)  
[www.juc.ac.uk](http://www.juc.ac.uk)

**Telephone:** +44 7931 317194

**Logistic Support Requirements:** Data projector for PowerPoint presentation

# The Challenges of Reconciling Efficiency and Equity in Information Age Government Agendas: Lessons from the United Kingdom <sup>±</sup>

John Hudson, Department of Social Policy & Social Work, University of York, UK.

Email: [jrh10@york.ac.uk](mailto:jrh10@york.ac.uk)

Paper prepared for the third international conference on 'Public Management  
in 21st century: Opportunities and Challenges' Macau, China, Oct 14-15, 2008.

## Abstract

Since the dot.com boom of the late 1990s, governments around the world have developed often extensive plans to use information and communication technologies (ICTs) to deliver public services. Much of the focus of these information age agendas has been on the potential for electronic service delivery to boost the efficiency of public services. Inspired by e-commerce models in which the substitution of virtual networks for physical ones enabled commercial enterprises to substantially reduce overhead costs while maintaining close contact with customers, e-government agendas have been implemented in practically every country in the world, often with strong policy input from major multi-national IT corporations. However, while the roll-out of e-government services has undoubtedly brought great benefits, some social policy commentators have suggested that the distinct nature of public services prevents a simple mimicking of e-commerce models by government agencies. In particular, there are strong equity concerns that governments need to account for in the transition to electronic service delivery in the public sector, not least because differential access to internet technologies (the so-called 'digital divide') means that those most likely to need access to key public services are often those least likely to have access to the latest technology. Drawing on the experiences of the United Kingdom – whose government committed itself to ensuring the transition to an information age would be 'an occasion for increasing social – this paper explores the challenges policy makers face when attempting to reconcile efficiency and equity agendas in their information age government plans. Utilising ideas from both the public management and social policy literature, it highlights significant tensions between equity and efficiency that present policy makers with some deep challenges, but also points to considerable opportunities for providing more targeted and responsive services that can meet dual goals of boosting efficiency and equity.

## Key Words:

e-government; digital divide; equity; e-galitarianism

---

<sup>±</sup> Draft paper – please do not quote without permission

## 1. Introduction

The challenges and opportunities for public management in the 21st century are manifold. How many are new to the 21<sup>st</sup> century, however, is a moot point. There is a growing acceptance that, on the one hand, social policy institutions are stubborn creatures, constrained by strong 'path dependent' tendencies (Hudson & Lowe, 2004) and, on the other, that many public services deal with equally stubborn 'wicked issues' that defy resolution (Hudson, 2008b). Many of the intellectual frameworks for policy analysis that are gathering pace are likely to highlight the commonality of the challenges for public management in the pre- and post-millennial eras.

Yet, against, this, it is evident that at the macro-level there are significant new challenges for public policy that have emerged in recent years. Chief amongst these perhaps, and arguably a challenge that only really began to emerge in the very final years of the 20<sup>th</sup> century, is the rising importance of information and communication technologies (ICTs) and the internet in particular. Christopher Hood, writing in 1996, identified 'informatization' as one of five key 'putative trends' likely to feature prominently in future public administration debates (Hood, 1996; cf. Rhodes, 1996). From the moment the dot.com boom fired public interest in the internet it was all but inevitable that public policy makers would want to mimic e-commerce trends by rolling out e-government services. Indeed, virtually every country in the world has developed an e-government agenda of sorts over the course of the past decade or so (West, 2007) and major international organisations such as the OECD (OECD, 2003), UN (United Nations, 2008), EU (EU, 2007) and ADBI (ADBI, 2005) have been keen to transfer best practice in this field as, indeed, have global ICT and management consulting firms (e.g. Accenture, 2004; IBM, 2007; Microsoft, 2006).

However, while many proponents of e-government have been keen to sell the possibilities for radical reform, there are good reasons for us to be sceptical of many claims made about the potential of ICTs to deliver policy change, not least because so many of the key proponents have a vested (business) interest in increasing the scale of e-government agenda (Pleace, 2005). Indeed, because the case for e-government *per se* has been well made, with some early e-government programmes having already

begun to reach maturity, it is time for the debate to shift towards thinking through more deeply the ways in which information age government agendas interact with broader public and social policy agendas. Too often debates about the use of ICTs in public services have been left to the technicians: sometimes because politicians find ICTs perplexing, oftentimes because they feel that it is a 'technical' area that does not require political judgement. It would be difficult to imagine politicians handing education or health policy to professionals in those fields in the way in which they have done with e-government (Hudson, 2009).

Already, a number of key theorists have challenged the narrow conception of e-government that forms the dominant paradigm in the OECD nations (Chadwick & May, 2003; Thomas & Streib, 2005), largely on the grounds that there is an over emphasis on consumer models of citizenship and too little concern with the important role ICTs might play in enhancing democratic engagement. This is the most common complaint from political scientists. From a social policy perspective, however, it is questions of equity and fairness that come to the fore. In particular, there is a growing concern that greater use of ICTs in the delivery of public services might exclude or alienate key public service users who have no access to, or who are uncomfortable using, new technologies, particularly if e-services are offered on more favourable terms than face-to-face service or, indeed, are used to *replace* traditional services (Hudson, 2002, 2003, 2009; Loader, 1998). This concern with equity is a particularly acute concern when e-government agendas are heavily driven by a desire to make cost savings. As Pleace (2005) suggests, the temptation to trade off equity for (crude cost) efficiency is always likely to be a strong one for policy makers, particularly if new e-government services themselves are likely to incur significant additional expenditures. Moreover, if, as seems increasingly likely, we are entering a new period of fiscal tightness as the global credit crunch begins to bite and oil prices create inflationary pressures, this dilemma is likely to be all the more acute. We should add that even where cost cutting imperatives do not feature prominently, if access the ICTs is not universal then there is still a significant tension between the desire to modernise public services for the 'information age' by using the latest electronic channels to deliver them on the one hand, and the desire to provide high quality services that are accessible to all on a universal basis on the other (Tambini, 2000).

This paper will explore the tensions between information age government agendas and traditional social policy agendas via a case study of the United Kingdom (UK). We focus on the UK here not because it is an exemplar of 'best practice', though it does score well in many of the 'e-government league tables': the Economist Intelligence Unit (2007) ranks it seventh for 'e-intelligence'; the UN (2008) ranks it tenth in its e-government survey; and, West (2007) ranked it fifth in his global analysis of e-government. Instead, the UK is of interest because it is a prime example of country in which there is a mature information age government agenda – with well developed plans in place for a decade – and where there was an explicit commitment to rolling out e-government in a manner that increases, rather than decreases, social inclusion (see: Hudson, 2002). So, because the UK takes the equity and efficiency dilemmas thrown up by e-government seriously, the development and implementation of policy there provides us with a good illustration of how – and how far – these ostensibly competing goals of policy might be embedded in information age government agendas.

## **2. e-government.uk version 1.0**

The UK's e-government agenda kicked off in 1996 when the John Major led Conservative government published a consultation paper – *government.direct* (Central Information Technology Unit, 1996) – that scoped out the possibilities for making greater use of ICTs in the delivery of public services. However, before any real policy reforms could be established, the Major government was replaced by a Labour government led by Tony Blair in May 1997 and, with his finger placed firmly on the internet boom zeitgeist of the moment, Blair announced a whole host information age government initiatives in the early years of his premiership (see: Hudson, 2002).

The broad intent of the Blair government's early vision was outlined in a 1998 discussion paper titled *Our Information Age: The Government's Vision* – the first official policy to be published in electronic form before it was published in print form (Cabinet Office, 1998). The vision was articulated in more detail, and specific policy commitments made, in the 1999 *Modernising Government White Paper* (Cabinet Office, 1999), in which information age government was identified as one of six key strands for

the renewal of public services. It also set strict targets for the roll out of e-government services: 25% of government services to be available electronically by 2002 and 100% by 2008. A detailed plan of action was outlined the following year in *E-government: A Strategic Framework for Public Services in the Information Age* (Cabinet Office, 2000a) and the government also announced its intention to speed up the process of change by promising to make all services available electronically by 2005 rather than 2008 (Cabinet Office, 2000b). These major policy papers were supplemented by a series of complementary papers and policy changes that provided frameworks for the use of specific technologies, guidelines for collaborating with private sector institutions in delivering services and changes to some of the legislative barriers to reform (for example: Central Information Technology Unit, 1999a, 1999b, 2000). On top of this, important institutional changes took place inside government, including the creation of an e-minister, an e-envoy (supported by an office that, at its peak, had over 100 members of staff) and a series of departmental 'information age government champions' responsible for pushing change forward across government (Hudson, 2002).

Taken together, these early reforms represented the first phase of e-government in the UK – or *e-government.uk version 1.0* as we call it here – that lasted from 1999 until the 2005 date set as the target for delivering reform. Aside from a commitment to making all services available electronically, the vision had two significant features that are worth highlighting here.

Firstly, the vision was radical in intent, promising not mere technical improvement but, rather, a *revolution* in service delivery (see: Hudson, 2002). On top of aiming to make all existing services available electronically, the Blair government suggested that e-government services would be of higher quality than traditional face-to-face services: faster, more convenient and available around the clock, from any location and via multiple-platforms (telephone, internet enabled PC, internet enabled mobile phone and digital TV). E-services would be fully transactional, allowing citizens to claim social security benefits, receive health care advice, file taxes or renew library books without having to leave their home. Greater use of the digital information underpinning these new services would also allow them to be more personalised than their traditional counterparts (e.g. by greeting users by name and being aware

of prior transactions), to automatically remember user preferences (e.g. primary language) and to push relevant service information to users on the basis of their electronic profiles (e.g. advice about new services in their locality, warnings about changes to existing services, reminders about duties they promised to fulfil). On top of this, electronic services would be joined-up across different government departments and agencies, offering a more integrated and holistic service than the often fragmented face-to-face services that frequently required citizens to visit two or three different offices in order to register for (say) the services and benefits offered to newly unemployed workers. There was even a suggestion that e-services would be integrated with relevant private and voluntary sector services too, so someone using the government web portal to apply for a fishing licence might be presented with a link to private companies providing fishing equipment for example. Similarly, it was suggested that private and voluntary organisations might be allowed to integrate delivery of public services with their own offerings - so, for example, someone calling a commercial provider to renew their private motor car insurance might, at the same time, be able to renew their annual road tax, with the insurance company collecting payment on behalf of the government. As the Prime Minister's Performance and Innovation Unit (2001, p. 21) put it: 'the vision for electronic delivery of government services is to move to multi-channel, mixed public and private delivery of citizen-focused services'.

The second, and equally important, strand of the strategy was the Blair government's desire to ensure 'we do not create a society of information haves and have-nots' (Cabinet Office, 1998, p. 10). Indeed, the official framework for e-government stated that social inclusion was one of four key principles underpinning the e-government strategy (Cabinet Office, 2000a, p. 1) and made clear that 'the transformation of the way government and citizens interact must be an occasion for increasing social inclusion' (Cabinet Office, 2000a, p. 10). Similarly, the government's social exclusion unit argued that 'lack of access to ICTs leads to or reinforces disadvantage' (Policy Action Team 15, 2000, p. 2) and, consequently, suggested that the 'government must ensure that all of its actions to promote the use of ICTs and e-commerce are coherent and reduce rather than increase social exclusion' (Policy Action Team 15, 2000, p. 6). To this end, the government promised to ensure that by the end of 2005 there would be universal access to the internet: that all those who want to use the internet would have both

the necessary skills and a place to access the internet by the time the move to e-government would be complete (Hudson, 2002; UK Online, 2000). A wave of policy initiatives was launched to meet the universal internet target, most notably the promise to create a nationwide network of 6,000 UK Online centres where citizens would be able to receive ICT training and gain access to equipment, but many smaller schemes were launched too, including trial schemes in which entire social housing estates were given low cost internet enabled PCs (see: Hudson, 2003). In addition, the concern for social inclusion was embedded into the e-government strategy through a commitment to make e-services an *addition* to existing face-to-face services, the Modernising Government white paper arguing that 'such developments will not limit choice [or] end face-to-face dealings' (Cabinet Office, 1999, p. 53), while the official e-government framework suggested that some of the resources freed up by e-government would need to be used to ensure staff can offer enhanced face-to-face services for those unable or unwilling to use ICTs – perhaps by training staff to act as intermediaries between citizens and the new e-services (Cabinet Office, 2000a, p. 8). Indeed, the e-government vision as a whole was centred around the rhetoric of choice, with citizens being offered multiple channels (physical office, telephone, PC, DTV) managed by multiple-providers (public, private, voluntary sector).

In short, from the outset of the transition to e-services, the UK government was acutely aware of the equity and efficiency dilemma inherent within e-government. Given the egalitarian (or, perhaps, e-egalitarian – see Hudson, 2003) concerns of the Blair government, this is not surprising, but it is worth adding that the think tanks most closely associated with the government had stressed the significance of this issue regularly (see: Hudson, 2002). Most notably, the Institute for Public Policy Research (IPPR) argued that in the absence of universal internet access a two-tier service would emerge: a fast track for those with internet access and a slower one for those without (Tambini, 2000). For Tambini, the key issue was legitimacy: if many had paid for public services they could not use this would hardly be fair. Yet, the crux of the matter was more serious than this (Hudson, 2002, p. 526): given that those without access were more likely to be those already disadvantaged and, furthermore, given that there would be little point in developing e-services if they did not represent an improvement on existing services, there



was a real risk that the e-government agenda may serve to further social inequalities if the government were not serious about tackling the digital divide.

How, then, did e-government.uk version 1 play out? While the government proclaimed that its target of having all services available electronically by the end of 2005 was as good as met – with 96% e-enabled by the target date –the ultimate impact of the first wave of reforms was a long way short of the rhetoric of revolution promised at the height of the dot.com boom (Hudson, 2008a). Indeed, by the end of 2005 it was clear that the agenda had fallen short of its ambitions in three key regards.

Firstly, the vast majority of services lacked fully online transactional capability. While the target of making services available electronically had been formally met, the spirit of the target certainly had not, with call centre based services or web sites providing information about physical services counting as electronic services (Hudson, 2008a). In monitoring the early progress of the e-government agenda, the National Audit Office noted that e-services could vary in complexity from simple online versions of information previously offered in print form (so called brochureware) through to the sophisticated, holistic, transactional services envisioned in the government strategy (National Audit Office, 2002); while, by 2005, departments had developed a wide array of e-services, senior staff still reported that information provision remained their top priority and that brochureware remained common (National Audit Office, 2007). Moreover, where transactional services did exist, using them was often far from straight forward, many requiring users to pre-register for a username and password by post (sometimes sending important documents away to verify identity or eligibility for the services), thus breaking the 'electronic' nature of the service. Worse still, some flagship transactional services were indefinitely suspended shortly after launch due to security concerns (Hudson, 2008a, 2009).

Secondly, and perhaps not unrelated, the *take-up* of e-government services was disappointingly low by 2005. Indeed, despite their limitations the UK's e-government services had reached a level of sophistication that was good enough to see them ranked by the European Commission (2005) as third best in the European Union (EU) in terms of the sophistication of e-government services, but EU statistics still placed the UK towards the bottom of the league for usage of services by citizens (Eurostat,

2005). Moreover, while the 2005 Oxford Internet Survey (OxIS) found that around 4 in 10 internet users had used the e-government services of some sort, it also found that usage was primarily an information gathering activity, with just 6% of internet users having paid a local government tax, fine or service and a similarly small number having done so for a central government service (Dutton, Gennaro, & Millwood Hargrave, 2005). As Margetts (2006) notes, these figures provided a stark contrast with the high usage rates for transactional e-commerce services in Britain identified by the 2005 OxIS survey.

Thirdly, we should note too that there was only limited success in terms of addressing the digital divide by 2005. The above OxIS figures for e-government usage cover internet users only; almost 4 in 10 households, however, did not have access according to the survey (Dutton et al., 2005), meaning the true usage rates for transactional e-government services in 2005 were in the region of a mere 3% of citizens. On top of this, the OxIS found 'a clear relationship between economic status and Internet use': some 84% of households with an annual income of £50,000 or more had internet access compared with just 29% of households with an annual income of £12,500 or less (Dutton et al., 2005, p. 50). More significantly still, the differential in e-government usage between these groups was starker still, as households with an annual income of £50,000 or more were more than ten times more likely to have used transactional e-services than those households with an annual income of £12,500 or less.

In pursuit of its 2005 target the Blair government had invested considerable energy in the e-government agenda. Around 10 million web pages and 2,500 websites were developed – no-one is quite sure of the precise number and there was, from 2000-2005, around £6 billion of new spending on ICT services with at least £1 billion directly channelled through the Office of the e-Envoy (Margetts, 2006; National Audit Office, 2007). Yet, the overall impact, despite the many impressive gains delivered, was a long way short of the initial hopes.

### **3. e-government.uk version 2.0**

Perhaps because of the muted impact of e-government.uk version 1, there was no real fanfare of

publicity as the agenda reached its milestone point at end of 2005 and, despite it being a general election year, the government did not make progress in improving services through the use of technology a major theme in their election campaign; indeed, the term 'e-government' did not feature once in the government's 112-page election manifesto (Labour Party, 2005). In fact, before the 2005 deadline had been reached, plans for e-government.uk version 2 as we call it here were already being developed. To this end, the key agency responsible for driving forward the initial agenda – the Office of E-Envoy – had been scrapped in late 2004, along with position of E-Envoy itself, indicating that a new strategy would be accompanied by new structures. By this time, it was already becoming clear that the second phase of e-government would be based on a more hard-headed approach than the first, with a much greater concern for value for money being at its heart (Hudson, 2008a). Some of the likely key principles of the new strategy were flagged in the Treasury commissioned Gershon Efficiency Review (Gershon, 2004), which concluded that ICTs offer the potential for considerable cost savings only if the automation of manual process is accompanied by the migration of customers to electronic channels and the subsequent closure of face-to-face services. Crucially, the review even talked of forced migration of customers to e-channels being a policy option in some areas. This was a considerable shift from the original approach in the *Modernising Government* strategy in which e-channels represented an additional *choice* for service users.

In 2005, the new strategy for ICTs and public services - *Transformational Government* (Cabinet Office, 2005b) - took this same thinking forward, outlining an agenda for the period 2006-2011. It stressed the need for a firmer grip on the £14 billion devoted annually to government IT spending and, *pace* Gershon, a need to generate firmer efficiency gains from IT investment, with electronic channels playing a larger role and, conversely, face-to-face services playing a smaller one in the future. Indeed, the strategy said (Cabinet Office, 2005b, p. 11) that: 'government should steer citizens and businesses to the lowest cost channels consistent with meeting policy objectives and customer acceptability. At an appropriate time, legacy channels should be closed [...] unless there are compelling policy reasons [...] electronic transactions should be the norm'. As Hudson (2009) puts it: 'while the first phase of e-

government had focused on giving public services an online presence, the second phase was committed to making the presence of public services more of an online one'.

The second phase of e-government also looked to give ICT professionals a more central role in policy making: a Chief Information Officer (CIO) was appointed to head the strategy, an e-Government Unit (e-GU) created within the Cabinet Office and Council of Chief Information Officers created to support the CIO. Whereas phase 1 had stressed the need to sell the e-government vision to departments and agencies, phase 2 stressed the need for a deeper understanding of the role ICTs should play in the core activities of all government department and agencies. In part this shift might be seen as an admission that too much of the early e-government work had developed outside or alongside existing services rather than being centrally embedded within all government activity.

Finally, the strategy also advocated a rationalisation of ICT use across government: there should be fewer websites, more sharing of services, more sharing of data and more sharing of knowledge. Most notably, perhaps, was the commitment to reduce the number of websites so that two key web portals – one for business (Business Link) and one for citizens (Directgov) – could, in the future, act as the focal point for the vast majority of e-government services. This was a tacit admission that too many e-government services had developed in the first phase and, moreover, that despite the rhetoric of joining up government, e-government had actually developed in a tremendously fragmented and pluralistic fashion.

However, while efficiency featured prominently in *Transformational Government*, equity did not. There was only one passing reference to digital inclusion and access concerns were largely pushed into the background. Moreover, as noted above, the old commitment to running e-channels alongside face-to-face ones was replaced with a firm desire to use them as *replacement* for more costly physical channels. Yet, the commitment to tackling the digital divide did not disappear from government policy; indeed, in the same month that *Transformational Government* was published, the Social Exclusion Unit (2005) published *Inclusion Through Innovation: Tackling Social Exclusion Through New Technologies*. It renewed the commitment to addressing the digital divide and, indeed, utilising ICTs more generally in

the government's efforts to address social exclusion. Amongst its core ideas were a commitment to greater sharing of information about excluded groups across government, the creation of an independent body to monitor and share information and knowledge about using ICTs to tackle exclusion and an expansion of community ICT facilities and internet access initiatives. In order to showcase some of the potential of such policies it also established a *Digital Challenge* that would allocate significant additional funding to one city to support a medium term plan for utilising ICTs to address social exclusion. 79 cities submitted plans to this competition and Sunderland was chosen as the winner in 2007 (see: BBC News, 2007).

While ostensibly two connected components of the government's new *Digital Strategy* (Cabinet Office, 2005a) that was launched early in 2005, *Transformational Government* and *Inclusion Through Innovation* seemed, in practice, to speak to rather different audiences, with links between the two appearing relatively weak and, crucially, the two strategies being co-ordinated by different parts of government (the Cabinet Office and Office of the Deputy Prime Minister respectively). Whereas a commitment to social inclusion was a central part of e-government.uk version 1, in version 2 it appeared very much to be a separate issue – someone else's responsibility rather than a central principle of the e-government strategy. Moreover, a clear contrast in the prominence of the two strategies in the government's overall agenda soon became clear too. So, for example, *Transformational Government's* strong backing from the Treasury was indicated in its 2006 *Varney Review on Service Transformations* (Varney, 2006) and the subsequent inclusion of *Service Transformation Agreements* (STAs) in the 2007 Spending Review; these STAs committed all government departments to making significant ICT enabled efficiency savings by 2011 including significant reductions in 'avoidable' customer contact (HM Treasury, 2007). The digital inclusion strategy, meanwhile, lacked equivalent political backing and, following the abolition of the Office of the Deputy Prime Minister in 2006 became the responsibility of the newly formed Department of Communities and Local Government; at this point, the strategy appeared to becoming increasingly centred around localities too, with the emphasis being placed on community initiatives rather central government strategies.

#### 4. Example: Social Security Services

While *e-government.uk version 2* is still playing out – it is due for completion in 2011 – a brief example of how e-services have developed in the social security sector can still help us to see how the *efficiency v equity* dilemmas have been addressed. We have chosen this sector because it represents the largest spending area of the UK government, has the highest volume of customer transactions and the lead department in the sector – the Department of Work and Pensions (DWP) – is being asked to take an increasingly prominent role in the overall delivery of e-government in the UK (see: Hudson, 2009).

The most popular of all e-services provided in the sector is the website of Jobcentre Plus (the UK's main employment agency). For the most part, visitors are attracted by the site's job search facility, which allows users to undertake tailored searches for employment opportunities (restricting search findings by criteria including employment sector, job location, travel to work time, hours of work).

Registered users can create personal profiles, store job search queries and save the details of jobs of interest to them. Vacancy listings provide details of how to apply for openings and carry links to other relevant information about public services (e.g. information on in-work benefits). Employers can advertise vacancies free of charge and upload vacancies to the site themselves. Employees can search the entire database of vacancies (usually around 400,000) and employers can reach a wide audience too with more than a million visitors to the site each week (Hudson, 2009). Yet, despite the substantial innovation behind the Jobcentre Plus job search site, in essence it is still an information provision service, albeit considerably enhanced by intelligent search technologies; in order to apply for a job users almost always have to make a phone call during working hours to Jobcentre Plus. What the service lacks is deep transactional capability: users cannot initiate and complete their dealings online. In large part this is because the government has felt a need to retain a strong degree of control over job seekers: regular contact between those looking for work and their personal advisors is a central part of the government's employment strategy and, consequently, rules out a purely online strategy.

The Tax Credits web portal, launched in 2004, was designed as a flagship example of a transactional service in the sector, allowing those in work to claim income top ups ('tax credits') if, for instance, they were deemed to be low paid or have additional responsibilities (such as caring for a child) that the government makes a contribution towards the costs of. Two key innovations were at the heart of the portal. Firstly, it had an intelligent expert inquiry form whereby users could enter details about their circumstances (e.g family size, household income and hours worked) in order to discover whether or not they are entitled tax credits and, if so, how much they could expect to receive. Given the complexity of the tax credits system, this service itself was an important innovation, but the website also allowed people who had identified an entitlement to make a claim online. Unlike many other e-services this was a fully online transaction and not simply a procedure centred around printing off an online form, filling it in by hand and posting it (the case for many of the UK's e-services). However, while initially an apparent e-government success story, the service soon faced considerable operational difficulties, with the stolen identities of 1,500 government employees being used to make fraudulent online claims totalling in excess of £30 million (McCue, 2005). On discovery of the fraud, the online tax credit application service was shut down; in 2007, the government conceded it would reopen no sooner than two-and-half-years after its closure and, possibly, would not reopen at all (House of Commons Treasury Select Committee, 2007: Q88-91) This was a considerable blow and has injected a huge level of caution into the e-government agenda; indeed, truly paperless services are essentially non-existent in the social security at the time of writing, the government having prioritised protecting against risks of financial fraud over the potential service gains likely to be delivered by the e-delivery of income protection services.

Arguably the most prominent e-government development has been the increased use of call centres (or: contact centres as they are often termed to reflect the fact that they handle e-mail, fax and postal queries too). The number of contact centres maintained by the DWP has increased considerably in the past decade, from just 10 in 1998 to a peak of more than 80 by 2004 (National Audit Office, 2006a), as part of a deliberate shift towards telephone based contact in the sector. Indeed, one of the DWP's key agencies - the Pension Service - is essentially a virtual organisation for contact is overwhelmingly

telephone based and 'local' pension centres can often be hundreds of miles away. The approach has allowed the Pension Service to keep its overall costs down – by, for example, basing more staff in areas of the country where costs are lower – and to free up locally based staff for more intensive home visits for those with more complex needs or queries, thus maintaining a face-to-face service when e-channels are inappropriate. This represents a major shift in the *modus operandi* of government for this large client group and the nature of the service provided to pensioners contrasts with that provided to job seekers: though both are the responsibility of the DWP, the latter have been provided with an increasingly intensive face-to-face service, while the former have been provided with an increasingly electronic service.

The importance of contact centres for the work of the Pension Service can also be illustrated in an example of how ICTs have been innovatively used to address social exclusion. With the social security system in the UK being increasingly based around means tested benefits and tax credits, (non) take-up of entitlements is becoming an increasingly important issue with billions of pounds of potential payments remaining unclaimed each year (Dornan & Hudson, 2003). When one such benefit - the Pension Credit - was launched in 2003, the Pension Service utilised detailed customer information to implement the most sophisticated take-up campaign ever carried out in place in the UK social security system, utilising market segmentation techniques based on the analysis of customer data alongside detailed geo-demographic data held by marketing companies in order to send targeted mailings carrying different information to different groups of pensioners. The campaign was successful in so far as it helped the Pension Service exceed its targets for generating claims for the Pension Credit (National Audit Office, 2006b). In addition, the increased accuracy of the targeting of information was demonstrated by the fact that 30% fewer people who were in fact ineligible for the benefit attempted to make a claim after receiving marketing material when compared to a less sophisticated take-up campaign for the Pension Credit's predecessor, the Minimum Income Guarantee (National Audit Office, 2006c, p. 64). Contact centres were central to the Pension Credit Take-Up campaign: all queries generated by the postal campaign were routed through them, with mailings distributed in pre-planned phases and in carefully managed numbers that varied from place-to-place so that call volumes to each



contact centre could be effectively managed and response times reasonably swift (National Audit Office, 2006b). This was a significant behind-the-scenes innovation and, since 2005, Jobcentre Plus have developed their own in-house GIS in order to allow for similar localised campaigns for those of working age (Hudson, 2009). However, the overall impact of such developments is constrained by the sporadic and ad hoc nature of initiatives for increasing benefit take-up levels.

In short, there has been considerable innovation in the sector. However, the internet has not played a prominent role in customer facing transactions, acting mainly as information provision tool and then as a supplement to core face-to-face services. Instead, the most significant developments have revolved around ICT enabled call centre activity, with private sector style customer relationship management and direct marketing campaigns representing important new developments. Significantly, concerns about customer choice have been placed in the background, with the government making clear choices about preferred channels for delivery and implementing these even when they represent a break with past modes of delivery. Yet, the internet has not emerged as an option for first choice for delivery in this sector, held back by an acknowledgement that the digital divide makes it an unviable choice for many social security services and because security concerns are worry for both services users and providers (Coleman, Jeeawody, & Wapshott, 2002; Hudson, 2009).

## 5. Conclusion

The UK's experience demonstrates the very real difficulties in balancing equity and efficiency concerns in e-government agendas. While *e-government.uk version 1* had a very firm commitment to developing e-services in a manner that balanced both concerns, in practice a number of key factors sowed the seeds of its downfall from the start: the high financial costs of maintaining a multiple channel environment; the low levels of usage that are likely to occur when customers are given few incentives to move to new e-services or are not compelled to do so; the minimal incentives for providers to seriously rethink service provision when e-government is allowed to exist as an addition to the existing way of

doing things; and, perhaps too, the inevitable disappointments that are likely to follow from a short term programme of reform that promises revolution.

The *e-government.uk version 2* agenda has responded to these disappointments with a greater concern for efficiency savings. Perhaps this was inevitable given the rather modest gains delivered following substantial expenditure over the 1999-2005 period. Certainly once the Treasury began to show an increased concern with the ICT agenda it was highly likely it would ask to see measurable efficiency gains in return its substantial financial input into ICT projects (a pattern that has been seen before in government computing projects).

The digital inclusion agenda, meanwhile, has apparently diminished in importance, receiving less prominent coverage and seemingly divorced from the e-government agenda itself. That said, equity concerns still remain an important part of the picture, with ICTs being used in innovative ways to support inclusion strategies. Digital inclusion no longer appears to be a central plank of the e-government reform agenda and, where there is a clear business case, government now seems very prepared to replace physical channels with e-channels even if this disadvantages some. However, the slow progress in delivering truly e-services – held back by security concerns and a desire to keep key client groups in close contact – has meant that the digital divide has had little significance in the context of the delivery of social security services and fears of a two-tier service have not been realised. Indeed, call centres rather than the internet have become the preferred mode of delivery in this sector.

Ultimately, though, there has been a clear shift in emphasis of e-government in the UK that should not be underplayed. With government finances tightening and the search for cost savings intensifying, both the costs of e-government and its record of delivery have come under tighter scrutiny. The upshot has been a narrowing of the agenda with a tighter focus on delivering ICT enabled savings. In the fight between equity and efficiency in the e-government agenda, the latter appears to have won the day.

## 6. References

Accenture. (2004). *eGovernment Leadership: High Performance, Maximum Value*. London: Accenture.

- ADBI. (2005). *Conducive Policy Environment for E-Government*. from <http://www.adbi.org/cd-roms/2005/10/03/1401.policy.environment.egovernment/>.
- BBC News. (2007). Sunderland Wins Digital Challenge. Retrieved March 14th, 2007, from <http://news.bbc.co.uk/1/hi/technology/6447527.stm>
- Cabinet Office. (1998). *Our Information Age: the Government's Vision*. London: Cabinet Office.
- Cabinet Office. (1999). *Modernising Government*. London: Cabinet Office.
- Cabinet Office. (2000a). *E-government: A Strategic Framework for Public Services in the Information Age*. London: Cabinet Office.
- Cabinet Office. (2000b). Government to Speed Up Introduction of Online Services. CAB 140/00: 30th March 2000.
- Cabinet Office. (2005a). *Connecting the UK: the Digital Strategy*. London: Prime Minister's Strategy Unit/Cabinet Office.
- Cabinet Office. (2005b). *Transformational Government: Enabled by Technology*. London: Cabinet Office.
- Central Information Technology Unit. (1996). *Government.Direct: A Prospectus for the Electronic Delivery of Government Services*. London: Central Information Technology Unit.
- Central Information Technology Unit. (1999a). *Channels for Electronic Service Delivery: an Outline of the Policy*. London: CITU.
- Central Information Technology Unit. (1999b). *Framework for Information Age Government: Digital TV*. London: CITU.
- Central Information Technology Unit. (2000). *Framework for Information Age Government: Websites*. London: CITU.
- Chadwick, A., & May, C. (2003). Interaction between states and citizens in the age of the internet: "e-government" in the United States, Britain, and the European Union. *Governance*, 16, 271-300.
- Coleman, N., Jeeawody, F., & Wapshott, J. (2002). *Electronic Government at the Department for Work and Pensions: Attitudes to Electronic Methods of Conducting Benefit Business*. DWP Research Report No 176. London: DWP/HMSO.
- Dornan, P., & Hudson, J. (2003). Welfare Governance in the Surveillance Society: a Positive-Realistic Cybercriticalist View. *Social Policy & Administration*, 37(5), 468-482.
- Dutton, W., Gennaro, C., & Millwood Hargrave, A. (2005). *The Internet in Britain: the Oxford Internet Survey (OxIS)*. Oxford: OII.
- Economist Intelligence Unit. (2007). *The 2007 e-readiness Rankings: Raising the bar*. London: The Economist Intelligence Unit/IBM.
- EU. (2007). *The User Challenge: Benchmarking the Supply of Online Public Services*. Brussels: EU Directorate General for Information Society and Media/Capgemini.
- European Commission. (2005). *Online availability of Public Services: How is Europe Progressing?* Brussels: European Commission Directorate General for Information Society and Media.

- Eurostat. (2005). *e-Government: Internet based interaction with European business and citizens*. Brussels: Eurostat.
- Gershon, P. (2004). *Releasing Resources to the Front Line: Independent Review of Public Sector Efficiency*. London: HM Treasury/HMSO.
- HM Treasury. (2007). *Service Transformation Agreement*. London: HM Treasury/HMSO.
- Hood, C. (1996). Emerging Issues in Public Administration. *Public Administration*, 73, 165-173.
- House of Commons Treasury Select Committee. (2007). *The Administration of Tax Credits, Minutes of Evidence, 14th March 2007, Session 2006-7*. London: HC 382-i.
- Hudson, J. (2002). Digitising the Structures of Government: the UK's Information Age Government Agenda. *Policy & Politics*, 30, 515-531.
- Hudson, J. (2003). e-galitarianism? The Information Society and New Labour's Repositioning of Welfare. *Critical Social Policy*, 23, 268-290.
- Hudson, J. (2008a). e-Government in the United Kingdom. In A. Anttiroiko (Ed.), *Electronic Government: Concepts, Methodologies, Tools, and Applications* (pp. 172-178). London: Information Science Reference.
- Hudson, J. (2008b). Learns Lessons. In H. Bochel & S. Duncan (Eds.), *Making Policy in Theory and Practice*. Bristol: The Policy Press.
- Hudson, J. (2009). Information Technology and Social Security. In J. Millar (Ed.), *Understanding Social Security* (pp. tbc). Bristol: The Policy Press.
- Hudson, J., & Lowe, S. (2004). *Understanding the Policy Process: Analysing Welfare Policy and Practice*. Bristol: The Policy Press.
- IBM. (2007). *How Rapidly Advancing Nations Can Prosper in the Information Age: Leveraging Information and Communication Technologies for National Economic Development*. New York: IBM Institute for Business Value.
- Labour Party. (2005). *Britain: Forward Not Back - The Labour Party Manifesto 2005*. London: The Labour Party.
- Loader, B. (1998). Welfare Direct: Informatics and the Emergence of Self-Service Welfare? In J. Carter (Ed.), *Postmodernity and the Fragmentation of Welfare*. London: Routledge.
- Margetts, H. (2006). E-Government in Britain - A Decade On. *Parliamentary Affairs*, 59(2), 250-265.
- McCue, A. (2005). 1,500 civil servants victims of tax credit ID theft'. Retrieved December 2nd, 2005, from <http://www.silicon.com/publicsector/0,3800010403,39154779,00.htm?r=5>
- Microsoft. (2006). *Achieving Better Government Outcomes Efficiently and Effectively via eGovernment*. Redmond: Microsoft.
- National Audit Office. (2002). *Government on the Web II: Report by the Comptroller and Auditor General, HC764 Session 2001-2002*. London: NAO.
- National Audit Office. (2006a). *Department for Work and Pensions: Delivering effective services through contact centres*. London: NAO.

National Audit Office. (2006b). *Progress in tackling pensioner poverty: Encouraging take-up of entitlements*. London: NAO.

National Audit Office. (2006c). *Progress in tackling pensioner poverty: Encouraging take-up of entitlements – Technical Report*. London: NAO.

National Audit Office. (2007). *Government on the Internet: Progress in Delivering Information and Services Online. Report by the Comptroller and Auditor General. HC 529 Sesion 2006-7*. London: NSA.

OECD. (2003). *The e-Government Imperative*. Paris: OECD.

Performance Innovation Unit. (2001). *E.gov. Electronic Government Services for the 21st Century*. London: Performance Innovation Unit/Cabinet Office.

Pleace, N. (2005). The Shaping of Electronic Service Delivery: Introducing Online Services in British Social Housing. *Information, Communication & Society*, 8, 524-541.

Policy Action Team 15. (2000). *Closing the Digital Divide: Information and Communication Technologies in Deprived Areas: a Report by Policy Action Team 15*. London: Department for Trade and Industry/Social Exclusion Unit.

Rhodes, R. A. W. (1996). From Institutions to Dogma: Tradition, Eclecticism, and Ideology in the Study of British Public Administration. *Public Administration Review*, 56, 507-516.

Social Exclusion Unit. (2005). *Inclusion Through Innovation: Tackling Social Exclusion Through New Technologies, A Social Exclusion Unit Final Report*. London: Office of the Deputy Prime Minister.

Tambini, D. (2000). *Universal Internet Access: A Realistic View*. London: IPPR.

Thomas, J., & Streib, G. (2005). E-Democracy, E-Commerce, and E-Research. *Administration & Society*, 37, 259-280.

UK Online. (2000). Brown Sets out Multi-Million Pound Programme to Bridge the Digital Divide. 2000, from [http://archive.treasury.gov.uk/press/2000/p111\\_00.html](http://archive.treasury.gov.uk/press/2000/p111_00.html)

United Nations. (2008). *United Nations e-Government Survey 2008: From e-Government to Connected Governance*. New York: United Nations Division for Public Administration and Development Management.

Varney, D. (2006). *Service Transformations: a Better Service for Citizens and Business, a Better Deal for the Taxpayer*. London: HM Treasury/HMSO.

West, D. (2007). *Global E-Government 2007*. Providence, Rhode Island: Brown University Centre for Public Policy.

The Challenge of Local Government Financing in Developing Countries First published in Nairobi in 2015 by UN-HABITAT. Copyright © United Nations Human Settlements Programme 2015 All rights reserved United Nations Human Settlements Programme (UN-HABITAT) P. O. Box 30030, 00100 Nairobi GPO KENYA Tel: 254-020-7623120 (Central Office) www.unhabitat.org. HS Number: HS/031/15E ISBN Number:(Volume) 978-92-1-132653-6. Disclaimer: The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the ... United Kingdom Government Budget - values, historical data and charts - was last updated on March of 2021. Government Budget in the United Kingdom is expected to reach -10.00 percent of GDP by the end of 2021, according to Trading Economics global macro models and analysts expectations. In the long-term, the United Kingdom Government Budget is projected to trend around -4.40 percent of GDP in 2022 and -3.80 percent of GDP in 2023, according to our econometric models. 10Y. 25Y. UAE Government Efficiency in International Perspective The Public Sector's Commitment and Experience with Efficiency Programs The State of Government Efficiency The Characteristics of Inefficiency. Four Key Drivers of Government Efficiency. Innovate Scale Measure Incent. Selected literature and publicly available information on public sector reforms designed to improve efficiency. Publicly available data on government spending and effectiveness. Lessons learned from recent Deloitte experience with government efficiency improvement projects. Some governments have set up efficiency and reform units to drive efficiency savings from the center of government while others have undertaken large scale spending review programs. Systems for sharing information about individual children were mostly in place but were still underused. Health services were generally less involved in joint work than were local authorities' education and social care services, with notable exceptions. Areas where local authorities and health authorities shared geographical boundaries made most progress. British' is often used in connection with policy in the United Kingdom, in fact educational policy is the responsibility of the constituent countries. Although. Concepts of School Finance Equity: 1970 to Present Equity and Adequacy in School Finance: Issues and Perspectives. Jan 1999. 7-33.