



House of Commons
Public Administration Select
Committee

On Target? Government By Measurement

Fifth Report of Session 2002–03

Volume I



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Government By
Measurement**

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Report, together with formal minutes

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The Public Administration Select Committee

The Public Administration Select Committee is appointed by the House of Commons to examine the reports of the Parliamentary Commissioner for Administration, of the Health Service Commissioners for England, Scotland and Wales and of the Parliamentary Ombudsman for Northern Ireland, which are laid before this House, and matters in connection therewith and to consider matters relating to the quality and standards of administration provided by civil service departments, and other matters relating to the civil service; and the committee shall consist of eleven members.

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Summary

This report assesses the measurement culture, an increasingly important feature of public services over the past twenty years. Such measurement has become especially important since the first Comprehensive Spending Review and the original publication of the Public Service Agreements (PSAs) in 1998. The Report concentrates in particular on performance targets, including the PSAs, and league tables.

The Report recognises that every organisation needs to have a means for measuring its own performance internally and in comparison with others, if it is to learn, develop and motivate its staff. None of our witnesses seriously advocated that performance measurement should be swept away, and we recognise that much has been achieved by means of it. The increase in accountability and transparency which targets have brought with them has been valuable. Taxpayers and users of public services have a right to know how well their services are being delivered and who is accountable for them. We also acknowledge that where necessary the system has been adapted to changing circumstances.

The Government's five aspirations for its targets are that they should provide:

- a clear statement of what the Government is trying to achieve;
- a clear sense of direction and ambition;
- a focus on delivering results;
- a basis for what is and is not working; and
- better accountability.

What we found, however, is that these very laudable aims are in many cases not being fulfilled nor widely recognised as such by those on the front line whose job it is to deliver them. This is not least because of the lack of proper integration between the building of an organisation's capacity through what we call 'the performance culture' and tracking quantitative achievement in the public services through the 'measurement culture'. The result has been tension between those charged with centralised responsibility and those who are responsible for dispersed delivery of public services.

We therefore make a number of recommendations which propose that the Government comes forward with a White Paper on targets in good time for the Spending Review 2004. This would better integrate the performance and measurement cultures by:

- ensuring greater local autonomy to construct more meaningful and relevant targets, and making sure they are as few as possible, and focus on key outcomes;
- widening the targets consultation process to involve professionals, service users and, as part of the Spending Review process, select committees and Parliament; and
- reforming the way in which targets are set, to move away from a simplistic hit or miss approach towards measures of progress which will enable better and more intelligent

comparisons by managers and users alike.

We believe all this should be underpinned by:

- common reporting standards on PSA targets;
- independent assessment by the National Audit Office (NAO) of whether and how far targets have been met;
- annual reporting on performance by Government on the model of the Scottish Executive with the information independently validated by the NAO, National Statistics and the Audit Commission as appropriate; and
- an action plan to enhance performance management skills locally and at the centre.

Inevitably such reforms have implications for greater, decentralised, political accountability which will need to be faced up to if the 'new localism', recently proclaimed by the Government, is to become a reality. We also call for a more mature political debate about the measurement culture, based on a better understanding of targets as tools to improve performance.

1 Introduction

1. This report examines the current policy of government by measurement. Our inquiry has concentrated in particular on the performance targets now set for public services. We have tried to assess how well targets meet the Government's objectives, and have considered some proposals for reform.

Our approach

2. We start from a number of basic assumptions:

- That the public wants and expects sustained improvements in the delivery of public services, which is also a Government priority;
- That service providers in receipt of public funds ought to be publicly accountable for their performance; and
- That setting targets can be one means of stimulating better performance by those who deliver services.

3. We recognise that there is much more to the operation of public services than targets. But they have become a talisman in the debate on public service reform, and we are keen to ensure that they support and do not hinder that reform.

4. The Government has a number of different approaches to gauging service performance. As an aid to clarity, we set out in Box A definitions of the most common features of the measurement culture.

BOX A

The Language of the Measurement Culture—A Glossary

- **Inputs:** the resources used by an organisation.
- **Outputs:** the services, goods or products provided by the organisation with the inputs.
- **Outcomes:** the benefits or value generated by the organisation's activities.
- **Performance indicators (PIs):** quantifiable measures used to monitor performance and report on it to the public.
- **Management information**, which usually includes both numerical and non-numerical ways of monitoring and understanding performance.
- **Performance management**, which is used in a wide variety of ways and usually at least includes:
 - identifying objectives;

- allocating them to individuals or teams; and
- monitoring progress.
- **Targets:** usually desired or promised levels of performance based on performance indicators. They may specify a minimum level of performance, or define aspirations for improvement.
- **League tables:** intended to enable comparisons of performance between different service providers to be made.
- **Public Service Agreements:** (PSAs), first introduced in the 1998 Comprehensive Spending Review as an integral part of the Government's spending plans. Each major department has a PSA, setting out the department's objectives and the targets for achieving these.
- **Service Delivery Agreements:** (SDAs), introduced in the 2000 Spending Review, set out lower level output targets and milestones underpinning delivery of the PSA.
- **Standards:** may be used for a variety of purposes, including indicating to the public the minimum standard of service they can expect from a public body, or to a service provider the standard which should be achieved (and against which they may be assessed for compliance). Targets can be based upon standards—for example to achieve a minimum standard consistently, or to improve over time so that the standard is achieved.
- **Benchmark:** normally involves a detailed analysis of comparative performance to help identify what underlies differences between two similar bodies.¹

5. This report examines the role of targets across the public services, but much of our evidence relates to targets set in health, education, local government and the police and criminal justice system. We refer often to the system of public service agreements (PSAs), concluded between the Treasury and other departments, and their influence at all levels of public service. (This Report covers some of the same ground as a 1999 Treasury Select Committee report on PSAs).² We touch on performance league tables, another prominent feature of the measurement culture. We also identify an increasingly important role for benchmarking in the improvement of services.

Our inquiry and this report

6. This has been a comprehensive inquiry. We had 11 evidence sessions with 39 witnesses, and received 63 memoranda. We also took evidence on two visits, one to Bristol on 9 and 10 December 2002 and one to Canada (Ottawa, Montreal and Toronto) from 8 to 13 June 2003. We are grateful to all those who have given evidence.

¹ based partly on Audit Commission submission PST 31A

² Seventh Report 1998–99 HC 378

7. We are particularly grateful to our specialist advisers: Professor Richard Rose of the University of Strathclyde, Professor Colin Talbot of the University of Nottingham, Tony Travers, Director of the Greater London Group, London School of Economics and Sir Nicholas Monck, formerly Permanent Secretary at the Department of Employment. They have made a major contribution to the inquiry, as has Pauline Ngan, who prepared the annex on the Government’s achievements against targets.

8. The first part of this Report largely describes the measurement culture as seen from Whitehall and Westminster. We outline, first, the Government’s aspirations for targets and league tables. The second part of the report examines the landscape from closer to the ‘front line’ where most services are delivered.

The two cultures of public service reform

9. There seem to be two cultures at work in the Government’s approach to public service reform. The first approach emphasises capacity-building in organisations, with attention to leadership and management issues. As such, the focus is on the organic ingredients of durable change and improvement. This is a central task for the Prime Minister’s Office of Public Services Reform, which has responsibility for “working with departments to embed reform and identify best practice”. The second approach is typified by targets, its time frame is shorter and its techniques are more mechanistic. Among other things, the Prime Minister’s Delivery Unit “assesses and supports delivery in each of the departments, in particular, ensuring that there is a Delivery Plan in use for each target”. Both have their place, but it is important that the former is not crowded out by the latter. Durable capacity-building is the key to public service improvement. This means good leadership and effective management. With this in place, target-setting and other performance measures will form a natural part of an organisation’s business planning. This requires a whole-system approach to change and improvement, engaging the knowledge and commitment of all those who work in an organisation.

The Government’s five aspirations for the measurement culture

10. In seeking to assess the measurement culture, we believe it is useful first to set out what the Government is trying to achieve with targets and tables, and to examine what benefits they might bring. We take as our main text a recent Government statement on the issue, a joint memorandum to this Committee from the Treasury and the Delivery Unit of the Cabinet Office.³ In the context of a discussion of PSAs, this asks the question “Why set targets?” and answers by setting out the key aspirations. We now examine each of these statements of Government aspirations in turn, using evidence given to our inquiry to explore their implications.

³ PST 60

“Targets provide a clear statement of what the Government is trying to achieve. They set out the Government’s aims and priorities for improving public services and the specific results Government is aiming to deliver. Targets can also be used to set standards to achieve greater equity”.⁴

11. In 1998 the Government set out its model of an effective target, one that would: “form the heart of the PSA. They are, wherever possible, ‘SMART’—specific, measurable, achievable, relevant and timed”.⁵ In the view of the Government, such targets can help ministers and others give a lead, providing a clear signal to those who deliver services. The former Permanent Secretary at DfEE, Sir Michael Bichard, gave us a vivid description of the logic of targets as seen from Whitehall:

“The point about targets... is that you are never going to have enough money. I used to say to my staff ‘It is very unlikely I will ever get up in front of you and you say ‘Fair cop, gov, we have got far too much money we do not know what to do with it’ It is always going to be ‘We have not got enough money’. You have to use that resource as well as you possibly can... targets are a way of making sure that people will focus their energy on the things which you think generally are the priorities otherwise everyone has got their own view about what they should be doing”.⁶

12. This describes well how central government can use targets to communicate priorities and give direction in a way that makes the most of the commitment and dedication of public servants. The word ‘focus’ was used repeatedly in evidence to us on the role of targets. This also involves something else; the fact that among the Government’s most important arguments for targets is the need to ensure equity in the provision of public services. Targets are one sign of the Government’s belief there is a set of common standards and entitlements which must be met, a form of guarantee that there is fairness in the provision of publicly funded services, wherever they are provided and whoever is receiving them.

“Targets provide a clear sense of direction and ambition. The aim, objectives and targets in each PSA provide a clear statement around which departments can mobilize their resources. This helps in business planning and communicating a clear message to staff and to the various public bodies which contribute to delivering each department’s programme”.⁷

13. This expresses the importance of planning, motivation and communication in public services. We heard much evidence about the effect of targets on motivation, for good or ill. There is no doubt that targeting can at times lead to a clarity about aims which inspires real commitment. The Chief Constable of Thames Valley Police, Mr Peter Neyroud, told us

⁴ PST 60

⁵ ‘Public Services for the Future: Modernisation, Reform, Accountability’ Cm 4181, 1998

⁶ Q 126

⁷ Op.cit.

how the targets attached to the campaign to cut street crime helped to make his force work effectively towards their goal:

“From a Thames Valley perspective, we had a high level of robbery and rising, which clearly needed sorting out. Actually energising folk into reducing robbery this year has completely energised the organisation over this last eight, nine months. There are examples where a target, which is something which people firmly believe is something they should be doing... can deliver much better results than you were expecting”.⁸

14. This combination of a clear national focus with ‘something which people firmly believe... they should be doing’ appears to have achieved the central aim of improving the situation on the streets, while winning the support of those who police them.

15. Targets require a starting point as well as a goal. Without knowing where things stand at present, there is no way of determining whether a target offers an organisation an easy goal, a challenge, or a target as remote as the moon. In order to monitor progress, it is necessary to have a benchmark, agreed by all, showing how an organisation is performing here and now. When a number of schools or hospitals are benchmarked at the same time, the results can be compared. This helps in planning, and should enable service providers to be motivated to achieve their goals.

“Targets provide a focus on delivering results. By starting from the outcome Government is trying to achieve, the targets encourage departments to think creatively about how their activities and policies contribute to delivering those results. They also encourage departments to look across boundaries to build partnerships with those they need to work with to be successful”.⁹

16. Targeting shifts attention from the classic Treasury concerns of inputs (money and personnel) to outputs and outcomes. Outputs are goods and services delivered to individuals, households, businesses and communities, for example, patients having operations or students passing examinations. Outcomes are conditions in society, like the number of ex-prisoners getting jobs after release, patients being successfully treated, or children being able to read. Targets can be an important symbol of the need for change, helping to transform cultures; an example is the well-known target for putting 100% of government services online by 2005, which, it has been argued, helped to encourage a more active approach to the issue by departments.¹⁰ By concentrating on outcomes rather than process, agencies can be encouraged to work jointly to produce results. A cohesive approach was now the norm in the Prison Service, its then Director General, Martin Narey, told us:

“I spend a lot of time now with colleagues in the departments of Health, Education, Work and Pensions, working together on targets and our targets on getting prisoners into jobs, for example, were constructed in consultation with Jobcentre Plus and

⁸ Q 751

⁹ Op.cit.

¹⁰ PST 60 and PST 62

involve and depend on a heavy commitment from them to having job surgeries in prisons and so forth”.¹¹

“Targets provide a basis for monitoring what is and isn’t working. Being clear what you are aiming to achieve, and tracking progress, allows you to see if what you are doing is working. If it is, you can reward that success; if it isn’t, you can do something about it”.¹²

17. Monitoring has two aspects. One is about keeping a check on the effectiveness, or otherwise, of performance. There may be a punitive element, with failing services at risk of closure or radical overhaul.

18. But monitoring is also about something positive: the chance to identify and learn from success. For example, benchmarking with a group of similar bodies provides a sound basis for monitoring progress and seeing which service deliverers are working well. As Chief Education Officer in Birmingham, one of our witnesses, Professor Tim Brighouse, used comparisons between the performance of different schools as a way of driving up standards:

“You are trying to energise but not simply energise from hoorah, hoorah, but... by helping them to see other people’s practice and when they see other people’s practice there is no stopping them. They then want to move forward”.¹³

19. Tracking and monitoring of progress against targets are helpful to ensure improvements are being effective and to identify potential difficulties. One crucial point emerges from our evidence; there is an important distinction between performance information used internally, to support management and aid learning, and information put into the public domain to show how well services are performing. The quality of both needs to be high, but what is appropriate for one may not be appropriate for the other.

20. The key role of leadership and intelligence in making the most of performance information is well illustrated by the case of the high-performing Staffordshire Ambulance Service, which has a list of 96 measures, monitored each day. What is important is that these are used internally as management information, and they appear to be understood as such. In this way, they are similar to management information in the private sector, used to track progress and inform discussion. The results of such internal sharing of information appear to have been impressive. But 96 public measures would have been indigestible and impossible to interpret.

21. We heard a great deal of evidence about the importance of making intelligent use of targets. Many of our witnesses said that information about performance against targets could help to provide useful pointers to the strengths and weaknesses of services. In order to ensure this, targets should be relevant and meaningful to those asked to deliver them. The Audit Commission told us:

¹¹ Q 728

¹² Op.cit.

¹³ Q 367

“What makes a target ‘good’ is not just the way a target is expressed—it’s about the way it was derived, the extent to which service users were involved in its development, the extent to which it helps to achieve policy objectives, the extent to which it has the support of the staff whose efforts will achieve it, the quality of the data used to measure its achievement, and the clarity and transparency of its definition”.¹⁴

22. From another perspective, Professor Alison Kitson of the Royal College of Nursing stressed the importance of dialogue on targets between the centre and local deliverers:

“It is about ownership, it is about interpretation and understanding of the relevance and impact of the target to the people who are providing the business. It is that dialogue, that constant iteration between the people who are setting targets and the people who are having to deliver them that improves the quality of them”.¹⁵

23. Comparing service providers offers an opportunity to promote better practices nationwide. Learning can take place through the encouragement of ‘horizontal’ dialogues between peers: for example head teachers, hospital managers, and police, which already occur in professional associations. By listening to horizontal discussions, policy-makers and target-setters can learn about what does and does not work on the ground. Familiarity with differences in context will avoid the naive assumption that a league leader’s practice can quickly be applied in all parts of the country and in widely different circumstances.

“Targets provide better public accountability. Government is committed to regular public reporting of progress against targets. Targets are meant to be stretching. So not all targets can be hit. But everyone can see what progress is being made”.¹⁶

24. Accountability comes in many forms. Good managers, in the public or private sector, can make effective internal use of performance information, including achievement against targets, to find out where problems are arising or successes are being achieved. This is to be warmly welcomed, because internally it provides a good basis for intelligent management of people.

25. Reporting progress, or lack of it, is also an important element in public accountability. In recent years, governments have provided an increasing amount of information on public service performance, the latest example being access to data about PSAs via a single webpage.¹⁷ This is a positive development. Benchmarking the starting point provides a baseline for judging whether progress is being made. As we have indicated, we see this as central to good public services, and we had many examples of the increasing readiness of those involved in public service to make themselves accountable in this way. The Audit Commission told us:

¹⁴ PST 31

¹⁵ Q 753

¹⁶ Op.cit.

¹⁷ www.hm-treasury.gov.uk

“Many professionals nowadays recognise, and indeed welcome, public scrutiny of their role, as long as this is fair and objective. Using targets to open up the world of the ‘expert’ for public examination is an important part of accountability”.¹⁸

26. The view from a former senior departmental official, Sir Michael Bichard, was robustly in favour of this approach:

“I think they [league tables]do impose some peer pressure but they do enable also parents to ask questions... People who are running public services have got huge amounts of power and huge amounts of information. This is just a way of encouraging them to share some of that with the clients and I do not think that is unreasonable”.¹⁹

27. In a previous report,²⁰ this Committee has emphasised this need for a sharing of power, a professionalism which respects accountability, and an accountability which respects professionalism. This principle, we believe, should be central to the practice of government by measurement. In the next Chapter, we assess whether it is happening like that.

¹⁸ PST 31

¹⁹ Q 136

²⁰ ‘Making Government Work’ Seventh Report 2000–01 HC 94

Chapter 2: Problems of the measurement culture, and attempts to solve them

28. We believe that the Government has laudable aspirations for its public service targets and performance tables. Yet, despite this, the Government's policy was unpopular with many of our witnesses. Even where they agreed in principle with targets (which almost all said they did), they expressed serious reservations about their operation in practice. Allegations of cheating, perverse consequences and distortions in pursuit of targets, along with unfair pressure on professionals, continue to appear. League tables are often seen as untrustworthy and misleading.

29. This Chapter looks at some of the evidence for this unpopularity, and tries to analyse the reasons. Below, we take each of the Government's aspirations in turn, assessing to what extent they have failed to meet them.

Five failings

Lack of clarity about what the Government is trying to achieve; failure to produce equity

30. Much of our evidence suggested that the measurement culture had failed to give a clear enough statement of the Government's aims and priorities. While there was much exhortation and a wide range of targets, there was not a sufficiently coherent lead.

31. The recent Cabinet Office review of Executive Agencies observed that "the link between Public Service Agreement targets and agency key targets is... often unclear"²¹ and "it is often difficult for agencies to see any real link between the services they deliver and the needs of the Department"²².

32. The idea of relying on national targets to promote greater equity also raises a number of difficult issues. A national target can be met in more than one way, and some of them promote greater equity while others do not. For example, a 10% improvement in services can be achieved if all providers improve equally. Alternatively it can also be achieved if some units do disproportionately well while others fail. If top performers improve most, this will widen the gap between citizens in different parts of the country, while if poor performing agencies do best, this will not only raise the average but also reduce inequalities. It is important therefore to be clear about objectives.

Failure to provide a clear sense of direction and ambition and to help plan resources. Failure to communicate a clear message to staff

33. We doubt that the current target regime has succeeded in providing a clear sense of direction and ambition for our public services. Targets can never be substitutes for a

²¹ Cabinet Office (2002), *Better government services: Executive agencies in the 21st century*; page 32.

²² PST 54

proper and clearly expressed strategy and set of priorities, and we found that witnesses identified a significant risk that the target setting process had subverted this relationship, with targets becoming almost an end in themselves rather than providing an accurate measure of progress towards the organisation's goals and objectives. Targets can be good servants, but they are poor masters.

34. In his evidence to us Sir Michael Bichard recorded his concern that targets were “almost being presented as a substitute for business planning, that really all you needed was a small set of targets, they were in the PSA and you got your comprehensive spending money and then they were reviewed”.²³ For him the key point was that targets should be “dropping out of the business plan” and not the other way round. Targets are no substitute for effective management. Peter Neyroud expressed a similar concern about the need to link target setting to strategic direction. He told us that “The linking of targets to a clear strategic direction and to resource allocation will ensure that a more limited number of well designed targets would be likely to have a far greater impact than a plethora of ill considered targets”.²⁴

35. Where centrally-imposed targets differ widely from what local people judge to be sensible aspirations, tensions can arise, making it difficult to keep a sense of ‘direction and ambition’. Jonathan Harris, formerly Director of Education for Cornwall, told us during our visit to Bristol of his disagreement with the DfES over targets for Key Stage 2. He had an admirably clear idea of what targets can do: “The purpose... of setting targets is to motivate the staff to perform better”.²⁵ He suggested, like so many of our witnesses, that targets should be produced at least partly on the basis of local knowledge, “If you think, ‘I can just about make it’, you have a stretching target and I think services improve”. Instead of this, Cornwall was given what teachers, administrators and local politicians all felt was an unrealistic target, based upon national figures. Eventually, after tough negotiations, the two sides simply agreed to disagree. The outcome appeared to be counter-productive. As Mr Harris put it, “Something imposed from above nationally which has little relevance to a teacher in a school in the middle of Bodmin Moor is not necessarily stretching her and it may not actually achieve improvement”.²⁶

36. Many top-down targets were condemned by our witnesses. The Rt Hon Estelle Morris MP, former Secretary of State for Education, conceded to us that “The biggest problem at the moment is that the profession feels no ownership of the targets, none whatsoever”.²⁷ She added that “The key thing is the national target was set first, that was what caused the problem... but if the target was set at school level and then you built up you would not have the problem in making the jigsaw pieces fit the jigsaw”.²⁸ Sir Michael Bichard said it was “absolutely hopeless to set a national target and then just tell local delivery units to go away and achieve those because they have got no idea what that national target means in terms of their performance, what they need to do to improve so that the national target is

²³ Q 72

²⁴ PST 30

²⁵ Q 516

²⁶ Q 515

²⁷ Q 965

²⁸ Q 967

achieved'.²⁹ As Lord Browne observed "You cannot impose targets by fiat".³⁰ We strongly agree, and we also feel that, at the front line in the public services, there is still a perception that this is what is happening.

37. The contrast with the commercial world is clear. The Audit Commission told us that "the private sector is comfortable with targets" because, while they are determined from the top, they are "built on measures which are valid from the 'bottom-up', for example sales, and generally accepted as valid".³¹ The same could not be said for much of the public sector in the UK.

38. The underlying problem seems to be that central departments often do not understand what life is like for those who deliver services. This was the view of James Strachan, Chairman of the Audit Commission, who identified one way in which physical and organisational geography can defeat attempts to learn from experience:

"What concerns me is that there are two very severe skills shortages, one at the centre and one locally. At the centre there is still a real paucity at the senior level of people who are involved in the setting of targets, a lack of real world delivery experience and this is shown time and time again. And, secondly, related to that, is the fact that if you have a very controlling centre you have a tendency not only to set the 'what', but also to get far too much involved in the 'how'. The second point is at a local level. At the local level often the experience of real world delivery is there, but what is not there is a real understanding of both the strengths but also the limitations of these tools and, of course, we see far too often that the mechanism which is purely a means, becomes an end in itself. It is not a learning tool, it is the actual object of all activity. That is very dangerous".³²

39. Much of our evidence bears out Mr Strachan's contention. Jan Filochowski, Chief Executive of Bath Royal United Hospital, criticised ministers for imagining that it was easy to replicate best practice all over the country:

"I think maybe ministers sometimes feel that because one place does it right everyone can do it right, and it really is not as simple as that... When we started to be successful and people said, 'Why don't you give a seminar and tell people how to do it?' I said, 'No, we have got to build up a whole battery of skills, it is a year long task, we have got to think about how you change the approach, it is a major, major task'. That is why it is not so transferable".³³

40. Without allowing for a professional veto on change or accountability, there is a need to take proper account of the existence and expertise of professional groups. We had a great deal of evidence from medical colleges, headteachers' associations and others concerned with professional standards, much of it expressing concern that targets failed to take account of their special expertise and judgement. Many (especially in the health service)

²⁹ Q 66

³⁰ Q 347

³¹ PST 31A

³² Q 538

³³ Q 476

felt undermined by targets, with the late 1990s obsession with cutting waiting lists frequently cited as the most damaging example.³⁴

41. The Governor of Durham Prison and President of the Governors' Association, Mike Newell, made clear the importance of getting the professionals involved when targets are set:

“The key is the relationship between those professional managers and the target-setting process... about making sure that the agenda of what needs to happen for performance improvement in an organisation is driven by professional involvement. If you have it at ministerial and senior civil service and our level end and you do not have a full connection with the professionals then you may end up measuring the wrong things and you may end up with very poor performing prisons, despite all the targets”.³⁵

42. Whilst the Treasury claims that it takes into account many views about measuring targets, all five groups it mentioned to us are at the top layer of government.³⁶ Even senior representative organisations, like the Local Government Association, can sometimes feel neglected by government when it comes to setting targets:

“We have not really had sufficient dialogue about the targets as such. We certainly did not the first time around. It has improved a bit in the last spending review”.³⁷

43. Evidence about service delivery must be collected in the first instance by the people doing the work. Under the Next Steps initiative so many agencies have become distanced from central government that Whitehall's capacity to understand and control evidence of programme performance has weakened, ironically just as its anxiety to deliver has increased.

44. Many of our witnesses said that there were too many targets from Whitehall. Mr John Grogono Thomas, a teacher at Novers Lane Primary School in Bristol, which we visited, said that “there have become too many targets. They become meaningless since managing them creates so much bureaucracy that they become distracting and cannot be effectively delivered. Also pupils cannot focus on them all”.³⁸

45. Another problem is the tendency for departments sometimes to appear to pluck targets out of the air in support of the latest initiative. Such targets will command neither respect nor credibility. A number of our witnesses cited the aim to reduce school truancies by 10% by 2004 compared to 2002 as a prime example of a target where the objective was seen as relevant and highly desirable but where the target figure was seen as quite arbitrary.

46. Sir Jeremy Beecham of the Local Government Association thought the truancy target was “not meaningless in the sense that it is a figure which might be justified in practice but

³⁴ In particular during discussions with front-line staff during the Committee's visit to Bristol.

³⁵ Q 410

³⁶ PST 60

³⁷ Q 194

³⁸ PST 15

one does not know how it has been derived”.³⁹ Similarly David Hart, General Secretary of the National Association of Head Teachers (NAHT), could find no objective basis for a figure of 10%: “I think the reduction in truancy to 10% is not a bad target but again it is a target plucked out of the air. Why 10%? Why not 15% or 20% or 5%? ...It is the percentage figures; it is the lack of proper consultation and discussion”.⁴⁰ And in the end Estelle Morris found, “...it difficult to use the target to develop the dialogue that should have been possible”.⁴¹ We share these concerns. It is clearly not sensible to have targets set in such an arbitrary way.

Failure to focus on delivering results

47. Do targets actually deliver results? We found that the Government was achieving the majority of the PSA targets it had set itself, and that it had fulfilled its requirements to report performance against them (see below, paras 68–73). Yet we discovered that targets and results were different things. The Government hopes that target setting will encourage service providers to apply creativity in making their activities contribute effectively to delivery. But in some cases creativity is being directed more to ensuring that the figures are right than to improving services. This is where measurement ceases to be a means to an end and becomes an end in itself.

48. The danger with a measurement culture is that excessive attention is given to what can be easily measured, at the expense of what is difficult or impossible to measure quantitatively even though this may be fundamental to the service provided (for example, patient care, community policing, or the time devoted by a teacher to a child’s needs). There is the further danger that the demands of measurement may be so consuming of time and effort that they detract from the pursuit of a service’s underlying purpose.

49. The measurement culture is also in danger of threatening standards. We heard of a number of cases where delivering on targets seemed to have become more important than delivering on services. Alarming, we received evidence that targets for ambulance response were jeopardising the effective delivery of services, and clinical outcomes. The national targets for ambulances require them to respond to life threatening emergencies within a certain number of minutes. We took impressive evidence from the Chief Executive of the Staffordshire Ambulance Service, Roger Thayne, who had a serious divergence of view with the Department of Health about the most appropriate measure of ambulance effectiveness. He argued strongly that the national response time target was inadequate:

“The NHS Ambulance Service generally accepts that:

- a) There is no uniform standard of measurement of ambulance response times within Ambulance Services and that the clock starts at different times which may vary by as much as 3 minutes.

³⁹ Q 199

⁴⁰ Q 17

⁴¹ Q 970

- b) The classification of what is a life threatening emergency differs between Ambulance Services and ranges from less than 10% of all emergency calls to above 50%”⁴².

50. Mr Thayne’s view was that the differences between the starting points, and the varying definitions of a ‘life threatening emergency’, cast doubt on the usefulness of the target. He then went on to suggest that one management response to the target could undermine professionalism:

“The measurement of response allows the clock to stop when either an ambulance or qualified ‘responder’ arrives on scene. All ambulance services have therefore developed single paramedic fast response capabilities and many have also introduced lay first responders to help achieve response times. It is questionable whether the lay responders are either trained or equipped to meet the range of emergency conditions to which they are responded”⁴³.

51. It is clear that ‘lay responders’ are seen by some as the product more of pressure to meet targets than of real professional judgement. Mr Thayne’s service meets the national target, but also has its own, which is based on a variety of indicators, including cardiac arrest survival and general morbidity statistics. He told us that the outcomes were excellent, and that he felt that national targets were not appropriate on their own.

Perverse consequences

52. In another part of the healthcare system, we had evidence of problems with the consequences of targets for ophthalmology in Bristol. Dr Richard Harrad, Clinical Director of the Bristol Eye Hospital, told us:

“The waiting time targets for new outpatient appointments at the Bristol Eye Hospital have been achieved at the expense of cancellation and delay of follow-up appointments. At present we cancel over 1,000 appointments per month. Some patients have waited 20 months longer than the planned date for their appointment. We have kept clinical incident forms for all patients, mostly those with glaucoma or diabetes, who have lost vision as a result of delayed follow-up; there have been 25 in the past 2 years. This figure undoubtedly underestimates the true incidence and of course there is the large backlog of patients still to be seen. One particularly sad case was that of an elderly lady who was completely deaf and relied upon signing and lip-reading for communication. She lives with her disabled husband who like her is completely deaf. Her follow-up appointment for glaucoma was delayed several times and during this time her glaucoma deteriorated and she became totally blind”⁴⁴.

53. This is just one example of a wider problem. Dr Ian Bogle of the BMA had similar evidence:

⁴² PST 07

⁴³ Ibid.

⁴⁴ PST 42

“In my own area where I have worked for many years the ophthalmic unit cancelled 19,500 follow-up appointments in a six-month period so that new patients could be seen to reach the target for new patients being seen”.⁴⁵

When targets put target setting before clinical need, they are clearly inverting priorities rather than advancing them.

Problems with cross-cutting targets

54. The Government stresses the benefits of targets as ways of making different services pull together to deliver results for the public. However, we found that in some cases the attempt to use cross-boundary and trans-departmental targets as a means of fostering a more ‘joined-up’ approach to service delivery was failing. This was largely because either targets for individual departments needed to be balanced with priorities in other departments or, more simply, that they were incompatible. Mr Narey (prisons) and Mr Neyroud (police) agreed with the Chairman’s observation that, the more the police met their target of closing the justice gap—putting people in prison—the more difficult it became for the prison service to meet its own targets on overcrowding and re-offending.⁴⁶

55. It becomes difficult to prioritise in cases where targets are shared by more than one department or agency, or where the department is reliant on others to contribute toward meeting the targets. In her evidence to us Dr Morgan of the NHS Confederation saw a problem “at the top, at government level” firstly in getting agreement on what those joint targets should be, and then in making sure that every department regarded these as a top priority.⁴⁷

Cheating

56. The cases mentioned above demonstrate a failure by Government departments to understand the way things work on the ground, and to set targets competently. Beyond that, we also heard accusations of a more direct threat to the public service ethos: the deliberate falsification of information and failure to follow proper procedures, amounting at times to cheating.

57. The recent case of a primary head teacher who, anxious to avoid a low league table placing, helped his pupils to cheat on Sats tests may be rare.⁴⁸ Both the NUT and the National Association of Head Teachers believed this to be so. However David Hart of the NAHT thought that such cases might be on the increase.⁴⁹

58. In the NHS, some accident and emergency units appear to be prone to creative accounting. In their evidence to us the BMA, the RCN and the Patients Association all cited examples where targets for A and E maximum waiting times were being circumvented by imaginative fixes where trolleys either had their wheels removed or were

⁴⁵ Q 2

⁴⁶ Q 742–43

⁴⁷ Q 431

⁴⁸ Guardian and Independent 7 May 2003

⁴⁹ Q 13

re-designated as ‘beds on wheels’ and corridors and treatment rooms are re-designated as ‘pre-admission units’.⁵⁰

59. The Consumers’ Association told us of a range of near-corrupt practices in ambulance services:

“Some ambulance trusts were massaging their response times in order to meet Government response-time targets. For example, in some cases ambulance trusts reported reaching patients in the near impossible time of less than one minute (and in one case less than zero seconds). Paramedics also told us that calls may be re-classified once the ambulance has arrived on the scene, so a late Category A call may be reclassified as Category B in order to meet that particular performance target. More worryingly, *Health Which?* found direct evidence of pressure being exerted on paramedics to achieve the response time targets by altering records”.⁵¹

60. Occasionally, deliberate manipulation of figures has come to light in other parts of the NHS. In 2001, the NAO reported on the inappropriate adjustment of waiting lists by nine NHS Trusts.⁵² The adjustments reduced the apparent numbers of patients on waiting lists—then a key target for the Department of Health—affecting thousands of patients’ records, and resulted in delayed treatment for some.

Failures in reporting and monitoring

61. In its evidence to us the NAO tactfully described the Government’s reporting against targets as still “developing”, noting the absence of either centrally accepted standards for reporting performance or of any general requirement for audit or validation of results reported. Many of the NAO’s value for money reports have examined departments’ performance measurement systems or validated performance data. The NAO reported that in over 80% of such ‘first time’ validations, they found that the organisation had materially misstated their achievements or had failed to disclose potentially material weaknesses with their data. In over 70% of validations, there were material inaccuracies in performance data used to track progress against one or more key targets. Taking a different frame of analysis, there were problems with the reporting of around 20% of targets examined.⁵³

62. According to the NAO the reason for these problems was a lack of attention to, or expertise in, performance measurement and reporting techniques. But the absence of any routine external validation of the measures meant that there was no external discipline on trust reporting, and no routine independent review of the quality of information. Our research into departments’ performance showed up significant variations in how progress against targets was reported. Typically, departments have been much more forthcoming about targets they have met rather than those in which there has been ‘slippage’ in progress. There is little central guidance on how such reporting should be carried out. This situation jeopardises the credibility of the whole policy of government by measurement.

⁵⁰ Q 2, Q 179 and PST 40

⁵¹ Colin Meek “*Raising alarm*” *Health Which?* August 2002

⁵² National Audit Office (2001), *Inpatient and outpatient waiting in the NHS*, HC 221 (2001-02); and National Audit Office (2001), *Inappropriate adjustments to NHS waiting lists*, HC 452 (2001-02).

⁵³ PST 54

63. Difficulties in monitoring and reporting have also sometimes been the result of poorly thought-out targets. The Statistics Commission complained to us that in some policy areas:

“Targets have been set without consideration of the practicalities of monitoring and what data already exist. Sometimes this simply results in the need to collect additional data, potentially diverting resources from other priorities, but setting targets without baseline information runs the risk that targets are set at levels which are unrealistic (or undemanding) or which may be difficult to monitor effectively”.⁵⁴

64. The Commission pointed us to some difficulties in monitoring particular government services and programmes, including the NHS Cancer Plan and the campaign against child poverty. On the latter, they explained that it could take a very long time to arrive at the accurate figures for broad ‘outcome’ measures (often much longer than it takes to arrive at figures about inputs or outputs).⁵⁵ The Commission reiterated this general point in its 2003 annual report, remarking that there were several areas in which national statistics were inadequate for monitoring of targets. It concluded: “In the absence of good baseline information, the inevitable arguments about whether such targets have actually been met are liable to undermine public confidence in government”.⁵⁶

65. A particular issue in terms of performance reporting is that of shared and cross-cutting targets. There are many instances of PSA targets that are the shared responsibility of more than one department. Most of these shared targets are contained in an individual department’s PSA, where the same target is replicated for each department sharing the target. Other targets of this sort can be found in cross-cutting public service agreements, where responsibility for the whole PSA is shared between two or more departments, such as the PSAs on the Sure Start programme and on the criminal justice system. Normally departments co-ordinate their reporting on shared targets, but there has been the occasional example where this has not occurred.⁵⁷ It has sometimes been difficult to follow progress against cross-cutting PSA targets, where the relevant departments all share responsibility for the targets, but where in practice accountability for them might slip between the interdepartmental cracks (for example in the 1998 PSA targets on action against illegal drugs).

66. Beyond individual departmental failings, there is the larger question of whether performance against targets needs to be independently validated. At the moment, all such assessments are based on departments’ own judgements of how well they have performed against their targets. We doubt whether it is enough for assessment by government departments (however good the guidelines from the centre) to be used as the single yardstick. The Sharman report on audit and accountability in the public sector recommended independent validation by the NAO.⁵⁸ From April 2003, the NAO has started external validation of the data systems feeding into performance reporting, as recommended by Sharman. However, this falls well short of independent external

⁵⁴ PST 21

⁵⁵ Ibid.

⁵⁶ Statistics Commission, Annual Report 2002–03

⁵⁷ Q 1063 and PST 60

⁵⁸ ‘Holding to Account’: The Review of Audit and Accountability for Central Government Feb 2001

validation of the actual judgements about whether targets have been met or not. More needs to be done to ensure the credibility of the figures.

67. The Office of the Deputy Prime Minister Select Committee raised this issue in its report on the ODPM's 2002 departmental annual report, in which it expressed scepticism about the veracity of the department's reporting on targets. The Committee suggested that the department had an interest in presenting its performance in the most favourable light, which had the effect of inhibiting open and comprehensible reporting. The Committee concluded:

“We heard that the Department monitors its own progress against its targets. With PSA targets ODPM, like all government departments, both sets and marks its exam paper. This undermines the credibility of the Annual Report. The Annual Report should make clear whether reported progress against each target has been externally validated in any way. The National Audit Office will audit the systems used to validate targets from 2003–06; but validating systems is a long way from validating the targets themselves. Reported performance can only be credible if targets are externally monitored, by bodies reporting to Parliament and not other government departments. We recommend that the National Audit Office should undertake such monitoring”.⁵⁹

68. The continuing arguments about whether targets have been met illustrate how hard it is to use performance information without party political considerations getting in the way. It has become almost impossible to have sensible discussion about targets because of the way in which the whole issue has become a political (and media) football. Conflicting claims have emerged from the Government and from the Conservatives about the actual number of these targets that have been met. The set of PSA targets published as part of the 1998 Comprehensive Spending Review is the first round of targets to complete its life span, covering the period from 1999 to 2002. As such, it is the only set of PSA targets for which definitive judgements can be made about whether the targets have been met or not. In an attempt to clarify the situation, we tracked progress against every performance target contained in the 1998 PSAs. The results of this exercise appear below in summary form, with fuller detail contained in the annex.

69. Our research found that 221 of the 366 performance targets set out in the 1998 Comprehensive Spending Review were judged as met, representing 60.4% of the total. In contrast, a comparatively small number of targets were not met: 36, or 9.8%. Relatively high percentages were recorded for the number of targets where no judgement could be made of whether they had been met or not, since there was either a lack of data on their achievement (14.2%) or there was simply no final reporting at all on their achievement (10.4%). However, these totals are skewed somewhat by the inclusion of results for the smaller departments (these smaller departments were set service delivery agreements (SDAs) rather than PSAs in subsequent Spending Reviews, to reflect better the contribution their targets made to the Government's overall goals and priorities).

⁵⁹ *Departmental Annual Report and Estimates 2002*, Fifth Report 2002–03, HC 78–I, para. 19

70. An assessment can also be made of how well the main departments performed against their targets. By taking out the results for the smaller departments and the cross-cutting PSAs, we come up with a total of 249 targets for the main departments. Of these targets, 67.1% were met while 10.0% were not met. The results can be refined further by looking only at those targets where a definite outcome was recorded (i.e. the targets were met, not met or partially met). This leaves a total of 211 targets, of which the majority (79.1%) were recorded as met, with a further 9.0% partially met and 11.8% reported as not being met. This means that the main departments, as a group, met or partially met 88.1% of the targets for which they reported a definite outcome.

71. The findings from our research bear out *both* the Government's and the Conservatives' figures. The reason for this is that, while there appears to be broad agreement on the raw figures of numbers of targets met, the interpretation and presentation of them are quite different. The Government maintains that 87% of the 1998 targets have been met.⁶⁰ However, those citing this statistic sometimes omit to mention that: (a) it only counts the main departments' targets, not all of the targets outlined in 1998; (b) it includes targets partially met as well as those fully met; (c) it only includes targets with deadlines within the reporting period (1999–2002); and (d) only targets where performance information is available are included. Hence, the 86% figure for targets met is quite heavily qualified, something that is not always made clear.

72. Similarly, the Conservatives' claim that 38% of the 1998 targets had not been assessed as met needs to be put in its appropriate context. Our understanding is that included in this figure are targets which really belong in a separate category, such as those that have been judged 'partly met', 'almost met', 'ongoing' and those where there is 'insufficient information to reach a conclusion'. The Conservatives are careful to phrase the 38% statistic as targets that are 'not assessed as met', rather than 'assessed as not met'. However, this subtle distinction is likely to be missed by most observers—as is reflected in the news reports based on these figures that said 38% of targets 'have not been met'⁶¹ or were 'missed'.⁶² Hence, the suggestion that the Government has failed to meet 38% of its targets is overinflated, since this figure includes targets which cannot properly be considered 'not met'. All this suggests to us that there is a strong case for independent valuation of the figures.

73. Independent verification by a credible external source would go some way towards dispelling the current confusion about the precise number of targets that have been achieved. Beyond this, however, the onus is on those presenting information about target achievement to make clear what their figures actually refer to, with appropriate qualifications upfront. As we suggest later, much of the confusion could be avoided if a definitive official account of the number of targets met across Government were to be produced, properly audited and validated by an independent body.

⁶⁰ HM Treasury Departmental Report 2003

⁶¹ Financial Times 7 July 2003

⁶² Sunday Times 6 July 2003

Confused accountability and the problems with league tables

74. One major cause of confusion over accountability is the fact that the centre does not have a strong enough sense of the importance of geography. Although the Westminster system tries to centralise the responsibility for the performance of all public services, the delivery of those services is dispersed, and often devolved. Most major public services have never been delivered by Whitehall departments. Departments do not have their hands on the management of programmes: they supervise policies for which ministers answer to Parliament. A decade and more of structural reforms in public administration has increased the complexity of what is, in effect, multi-layered government. At the top is a layer of Whitehall departments; in the middle are a set of institutions, such as local authorities or health bodies, supervising the delivery of public services. At the bottom are individuals who meet the public when they go to a school, a doctor's surgery or a public library. This complex geography has a profound effect on accountability and motivation.

75. There are therefore fundamental problems with the accountability of any target that is set centrally without proper reference to those on the front line. As long as targets are being met, the centre and local providers can happily claim ownership and credit. However, if a target is missed, this may well lead to acrimonious dispute about where blame rests. If impossible targets are set, then disowning responsibility for pre-ordained failure will be the first priority of the front line body which has been assigned such a hopeless task. It is a recipe for the growth of a blame culture.

76. When government chooses extremely ambitious targets, there is the danger (whatever the intention) that any achievement short of 100% success is classified as failure. Simplistic approaches of this kind, with political and media charges about failures fully to meet targets, can be profoundly demoralising to school heads and classroom teachers, police officers and hospital staff who have worked hard to achieve progress in the face of local difficulties. Crude league tables and star ratings can be particularly misleading and demotivating. They tend to make everybody except the 'league champions' look and feel like a failure. They offer only a simple snapshot when the reality is much more complex.

77. This leads to tensions, demoralisation and perceived injustices. John Bangs of the NUT described how he had witnessed the way that educationalists in Tower Hamlets, where he had taught for many years, were demoralised by their position in the league tables:

“For English at Key Stage 2, the national percentage for getting young children at level one—that is when they are seven—to level four, at the end of Key Stage 2, when they are 11—level one is below the average at Key Stage 1—is 32%. In Tower Hamlets, with a Bangladeshi population of round about 65-70%, and also a big turnover, demographically shifting all the time, they managed to take level ones to level fours to 53%. It is over 20% higher than the national average. This is an enormous success, yet because Tower Hamlets failed to meet its nationally set target, it is considered to be a stuck authority... there are better measures than that for evaluating what is an enormous success for young people and for teachers”.⁶³

⁶³ Q 234

78. The classic example of distorted accountability at ministerial level is the original numeracy and literacy targets in the Comprehensive Spending Review. Failure to meet this target contributed to the resignation of Rt Hon Estelle Morris as Education Secretary. Yet significant progress had been made, even if this fell somewhat short of the targets. The outcome of this ‘failed’ target actually represented a substantial improvement over the previous situation. Ms Morris told us:

“I would not have felt the need to resign because the literacy and numeracy targets had not been met, it was the best thing I did while I was in office, it is the thing I am hugely proud of and the government has every right to be proud of. The difference was I said I would resign if the targets were not met and at that point it became different”.⁶⁴

79. This kind of example seems to us to be accountability gone mad, a case of process taking over from reality. At lower levels, we heard evidence of the ‘P45 targets’, success against which is seen as crucial to the survival of hospital chief executives.

80. We heard from several witnesses that school league tables had not reflected the rate of improvement of particular schools. The NUT also argued that even value-added tables were not the complete answer, failing to take into account other social factors such as migration patterns in the school-aged population. Nevertheless, there were signs that ministers had seriously considered using such flawed tables to decide on the fate of headteachers.⁶⁵ Whatever the truth of the matter, this is not a message that inspires confidence that the lesson that crude targeting is counterproductive has yet been learned in all parts of government.

81. Whereas none of our witnesses suggested that performance information should not be made publicly available, its relevance and interpretation were real concerns. Professor Brighouse saw a “dilemma of competing good”.⁶⁶ Whereas improvement requires knowledge and awareness of where best practice can be found, simplistic interpretation, by the media among others, distorts this objective, emphasising a crude form of accountability rather than helping to improve services.

82. Crude league tables do not necessarily help to identify and disseminate good practice, and are instead “often used in a primitive way”⁶⁷ and “on balance are very often more harmful than they are productive”.⁶⁸ The evidence we received from professionals supported this view, with the star ratings for hospitals suffering particular criticism for their failure to reflect clinical outcomes. The RCN suggested that far too much was riding on these ratings, including the opportunity of applying for foundation hospital status :

“Hospital star ratings are a powerful tool as they are used to determine access to the performance fund, which amounted to £250 million in 2001–02 and £500 million in 2003–04, and the extent of ‘earned autonomy’... As a consequence, the need to

⁶⁴ Q 949

⁶⁵ ‘Unsettling Scores’ Times Educational Supplement 27 June 2003

⁶⁶ Q 375

⁶⁷ Q 177

⁶⁸ Q 600

achieve high star ratings has enormous potential to distort organisational systems and directly influence staff behaviour in ways which might not be conducive to patient care”.⁶⁹

83. Evidence from the private sector suggest that league tables, whether used internally or externally, need to be interpreted with care. Lord Browne said BP’s experience with league tables was “mixed”:

“At one stage we did decide to rank order performance of very small units within one of our divisions, the retail division I think. This was interesting to start with. It said to people ‘I can see where we need to go’. Continuous attention on the league table, however, made the league table itself the purpose, not the learning. It is very important, I think, that league tables, or whatever measurement, should be used to improve and to learn rather than be the end in itself”.⁷⁰

84. Lord Browne told us that in the private sector it could sometimes be good to fail in relation to a target, if the failure contributed to organisational learning. The contrast with the treatment of targets in the political world could not be more stark.

85. On the other hand, we heard evidence of the more sophisticated approach embodied in the Comprehensive Performance Assessments (CPA), which the Audit Commission has introduced into local government. Using a degree of self-assessment and striving to put the raw data in the broader context of performance, they seek to evaluate the capacity and skills of local authorities.

86. There is also a need for greater clarity about what (and whom) the publication of performance data is for, and therefore the form that it should take. Is it to enable citizens to choose? Or to spur providers to do better? Or to offer reassurance about the spending of public money? Or to provide the basis for either the grant of greater freedoms or the imposition of greater controls? There can, of course, be more than one purpose, but in each case it is important to be clear what these are and, therefore, what is the most appropriate form of publication of performance information.

The measurement culture adapts

87. The case of the CPA is one example of the way that the measurement culture has, over the years, proved more adaptable than its harsher critics recognise. Governments have, since the beginning of the 1990s, recognised that setting targets and performance management call for skill, care and continuous learning from experience.⁷¹ This has led to a flow of guidance from central departments and others over the last decade, since targets began to be set for Executive Agencies, and also to statements of explicit policy changes over time in the PSA White Papers and elsewhere.

88. Since PSAs were introduced in 1998 many changes have been made and our evidence suggests that the Government is preparing to make more. As we saw above, the number of

⁶⁹ PST 40

⁷⁰ Q 328

⁷¹ see HC 482–I Session 2002–03 and HC 563–I 2002–03

targets has been sharply reduced, from 366 in 1998 to 123 in 2002.⁷² These crude figures may exaggerate the reduction, but the number of targets has roughly halved to an average of about 6 or 7 per department.

89. Even at its most vigorous and assertive, in the first three years of the present administration, the measurement culture was moderated by common sense and the principles of the performance culture. Rt Hon Estelle Morris MP crystallised the point when she reminded us that "...literacy and numeracy was essentially a professional development strategy. You have talked about targets but where the money was spent and where the time was spent was in retraining every single primary school teacher in best practice English and maths".⁷³

90. Thus targets and league tables have to be seen in context as one of a wider range of measures for improving public services. More targets are now outcome (or output) related. Floor targets were introduced in 2000. Some key targets have been changed (for example the switch between waiting list numbers to waiting times in health) or abandoned as unhelpful or unrealistic (examples are drugs and traffic congestion). It is recognised that if targets are stretching, some of them are likely to be missed, but that good progress can still be made. Targets have become less rigid, and more 'aspirational' (although there appears to be little understanding of the impact of that change in approach).

91. There is also a greater emphasis from the centre on consultation. The 2002 Pre-Budget Report said "all departments should consult delivery bodies at the target formulation stage".⁷⁴ It is acknowledged within government that more needs to be done. There has been progress in the relations between central and local government through the introduction of Local PSAs with targets which reflect a mixture of central and local priorities, though the numerical targets are set by central government, and are backed up by grants to help achieve the targets and by extra freedoms or flexibilities. The Government has also tried to improve the quality of performance monitoring and management. Official guidance on performance information in government appeared in a 2001 publication called *Choosing the Right FABRIC: A Framework for Performance Information*, jointly published by the Treasury and Cabinet Office among others.⁷⁵

92. This developing tentative acceptance of shortcomings by the centre is now being matched by an acceptance among professionals that government by measurement is here to stay. The RCN acknowledged that targets had some value: "It is unlikely that the Government will abandon performance management and there is a case that targets have been central to delivering some significant improvements in the NHS. Consequently, the RCN believes that performance management systems should be improved rather than abandoned".⁷⁶

93. Ministers have also made some specific changes in policy and tone. In the recent DfES White Paper on Excellence and Enjoyment, a strategy for primary schools, there are signs

⁷² Comprehensive Spending Reviews 1998 and 2002

⁷³ Q 956

⁷⁴ 'Steering a steady course: Delivering stability, enterprise and fairness in an uncertain world' HMT November 2002

⁷⁵ see HMT press release 37/01

⁷⁶ PST 40

of a very different approach to targets. The paper proposes several striking changes in the regime for primary school targets. Among other things, it accepts headteachers' arguments that at present schools sometimes end up with targets which fit LEA or national targets but which schools do not own, and crucially says that in future schools will set their own targets with LEA targets being set afterwards.⁷⁷

94. The problem is that, for all the attempts to correct the excesses of the measurement culture, the overwhelming impression from our witnesses was still negative. While the Education Secretary promotes the idea that national targets for literacy and numeracy should be treated as less of a mantra, he is accused of wanting to use the new 'value-added' tables to single out headteachers for the sack.⁷⁸

95. In the next Chapter, we explore some proposals for achieving a more sensible and intelligent balance.

⁷⁷ 'Excellence and Enjoyment: A Strategy for Primary Schools' DfES May 2003

⁷⁸ TES Op.cit.

Chapter 3: Bringing the two cultures together

The new localism

96. We have heard much recently about the ‘new localism’. The Government set out its thoughts on a more ‘hands-off’ attitude to public services in a document published with the Budget in April 2003. It called its policy towards local providers ‘constrained discretion’, explaining it in this way:

“Greater discretion provides local service providers with more opportunities to innovate, design and develop services around the needs and priorities of their communities... it is likely that many public services will be more effectively governed by regional or local bodies with better knowledge about providers’ performance and the needs of the communities they serve”.⁷⁹

97. We see the new localism as an opportunity for change. It could be a way of beginning to integrate the two strands of public service reform—the measurement culture and the performance culture.

98. We considered whether, in the light of the evidence of professional demoralisation, perverse consequences, unfair pressure and alleged cheating, the culture of measurement should be swept away. Should there be a cull of targets and tables to allow the front line to work unhindered by central direction?

99. This is a superficially attractive prospect, but an unrealistic and undesirable one. The increases in accountability and transparency brought about by the last twenty years of performance measurement have been valuable. Information is now available that cannot and must not be suppressed. Open government demands that people have the right to know how well their services are being delivered, and professionals and managers need to be held to account. The aim must be to build on these developments, while reducing any negative effects.

Our approach

100. The recommendations in this Chapter are founded on the view that many of the ills of the targets regime can be alleviated by better integrating the measurement and the performance culture. One key to this is stronger leadership at all levels of the public services. In practice this means:

- a willingness by ministers to choose and communicate clear priorities for public services rather than relying on a plethora of targets; and
- a willingness by local service providers to understand the need for measurement and monitoring while also innovating and improving.

⁷⁹ ‘Public Services: meeting the productivity challenge’ HM Treasury April 2003

101. This would mean a courageous decision by ministers to accept that targets will sometimes be missed and that local service providers should set most of their own targets. If setting too many targets leads to ministers micromanaging, there is a danger that they will ignore many of the most important lessons to be learned from good management in both the public and the private sectors. If public services are to improve substantially and sustainably, ministers will have to let the new localism work; at the moment they seem reluctant to do so. Equally, service providers will have to acquire new skills so that ministers—and the public—can safely trust them with new freedoms. The reforms we recommend below are intended to support this new approach.

102. Although there is much talk about the new localism, there is little detail about what it will mean in practice. The Government needs to end the uncertainty. It should, as soon as possible, set out detailed proposals for decentralisation of performance setting and measurement in the main public services, aimed at improving the process by increasing local involvement and reducing overlap in target setting. The Government should explain how front line staff and management, along with service users, will be consulted and how their views will be taken into account. Different arrangements might make sense for locally based services like schools, social services and police on the one hand and, on the other, unitary national organisations.

103. Consultation could give those at the sharp end of service delivery, and local elected representatives and service users, the opportunity to draw attention to limitations in departmental assumptions about what is possible. Equally, it would give central government the opportunity to encourage service deliverers to suggest ways of measuring and improving their performance. The grey zone between what is possible and impossible is negotiable. Negotiation requires dialogue rather than imposed targets.

104. Front line deliverers should therefore be given much more freedom to set their own targets. Appropriate monitoring is needed to ensure that basic standards are maintained, targets are sufficiently stretching and proper consultation has taken place. Consultation should be used to establish a consensus about what constitutes evidence of success in relation to a target. If service-deliverers are directly involved in the setting and measurement of targets, they can discuss with departments what types and amounts of change are realistic within a given time scale. They will therefore be fully committed to the targets, making it much harder for providers that subsequently perform badly to blame either the Government or the statistics that produce evidence of their shortcomings.

105. The key objective is to develop and nourish a performance culture within public services. Targets, and measurement, are merely tools that, if used intelligently, can contribute to such a culture. If used unintelligently, they can conflict with this objective and make it harder to achieve.

Options for local involvement

106. This could be achieved in various ways. One option is the approach proposed recently by the Secretary of State for Education and Skills. Under this proposal primary schools would set their own targets but the case for ambitious improvements is clearly expressed. Mr Clarke gives LEAs the role of pressing schools to set challenging targets with year on

year improvement, making use of information about schools in similar circumstances and offering support for achieving targets.

107. For locally based services arrangements broadly similar to those now proposed for primary schools would be one option, though within that the role of local authorities could be varied. A further variant might give a bigger role to local authorities which do best in the CPA. Another possibility might be a development of local PSAs in which the scale of improvement in the targets would be subject to negotiation between central and local government.

108. National or unitary organisations such as the Prison Service could in principle be in a position to advise their Ministers what nature and level of average targets should be capable of being ‘owned’ by, and of motivating, their organisations. They could then decide targets for their component units which add up to the national figure. For this to work the sub-targets would need to take account of the different starting position of different units—unlike the present targets for units of the NHS which mostly require uniform performance to “be met within a given timescale by every NHS or social care organisation”.⁸⁰ Again there would need to be an element of negotiation in the settlement of the national target.

109. We see a role for the Audit Commission in much of this process, with the opportunity to build on the experience of the first year of the Comprehensive Performance Assessments. In particular, the Commission should develop the self-assessment that was an important and distinctive part of the CPA process. Central government agencies should be monitored in a similar way by the National Audit Office. Nor should central government departments themselves be immune from a CPA-type assessment, with associated public reporting (and ranking) of performance.

110. One major signal that the Government is serious about the new localism would be a hard look at the number of targets and the way they affect those who deliver services. In general, the number of targets should be as small as possible. If everything is a target, then nothing is a target. Instead of key priorities being defined by targets, they are diffused by them. While progress has been made in cutting the high-level PSAs and making them focussed on outcomes, reports from service deliverers are unanimous in saying that there has been no decrease in the total number of targets which they are supposed to hit. For instance, while the Chief Executive of the NHS says that there are 62 targets in his service,⁸¹ the RCN and the NHS Confederation both suggest that the number of targets on the health service front line is in the hundreds.⁸² The aggregate impact of targets from different sources which converge on particular organisations and individuals does not appear to be monitored. Neither, it appears, is the opportunity cost of setting and monitoring targets. There needs to be much greater understanding of why the measurement culture is seemingly expanding while Ministers claim that targetry is being radically slimmed down. We believe that Ministers should increasingly concentrate on the key national priorities and allow, and indeed encourage, local units to set and monitor their own targets.

⁸⁰ NHS & Social Care Targets 2003–06 Department of Health 2003

⁸¹ Q 846

⁸² Q 706

111. Time is short if the new localism is to be made a reality in the next (2004) spending review, as it needs to be. Already the Treasury is preparing to send out to departments its guidance on target setting. By the spring of next year, new targets will have been set, in time for a likely announcement in July. Action should be taken as quickly as possible.

112. We therefore recommend that the Government should produce a white paper with proposals for decentralisation of performance measurement in the main public services, aimed at improving the process by increasing local involvement in target-setting. This white paper, which should be published in time to influence the 2004 spending review, should also set out a strategy for reducing the number of all targets (especially precisely quantified targets) which have to be met by service deliverers. The paper should contain a series of options to enhance autonomy on target-setting by those directly involved in delivery of services, and detailed proposals for increasing consultation with them when key national targets are set. These key national targets should be few in number, and designed to secure basic national entitlements. The NAO and the Audit Commission should be involved as much as possible in the new system set out in the white paper.

113. There is also far too little attention to the interests and views of users. The Government says a great deal about strengthening the focus on users, but there is very little serious attempt to involve them in the measurement culture. There are increasingly popular experiments at local level with citizens' panels and other ways of bringing users in to discussion about services. The Government should consider (as part of its discussion of the new localism) how it can encourage the inclusion of measurement issues in these panel debates, with perhaps suggestions that locally-set targets should be put out for consultation before they are finalised. We were also interested in the Citizens First initiative in Canada, which the Committee discussed on its recent visit there, and which involves systematic monitoring of citizen satisfaction with the range of public services, along with a target to improve satisfaction ratings over a defined period. Some developments of this kind are already happening in this country, especially in the NHS. We would like to see a concerted national initiative.

114. We recommend that the white paper should also contain a strategy for encouraging all providers to involve users more systematically in the setting of targets. This should include systematic monitoring of user satisfaction with public services.

The need for grown-up government by measurement

115. One of the major problems with the current targets regime is that, if the bulk of our evidence is to be believed, it does not appear to be particularly effective at motivating people. Few of our witnesses claimed that, in themselves, targets were inspirational, and, as we have seen, some saw them as obstacles to professional satisfaction and improved performance.

116. As we argued earlier in this Chapter, however, the measurement culture cannot, and should not, be abolished. The accountability and transparency it brings are now an inherent part of our public administration. But the Government's policy needs root and branch reform. It is time for the Government to promote a new set of measures that reflect reality and support sustained improvement, with the emphasis on useful and constructive

measures of performance. This should be the next stage of adaptation, a shift to measures that celebrate progress and identify failure more accurately and fairly. In this way, it could help to make a reality of the performance culture, balancing the need to challenge people at the sharp end of delivery while still making sure that they are involved and motivated. It is not an easy balance to strike, but the Government must try to do it.

Asking the right questions

117. This means, for instance, better and more intelligent comparisons. Effective benchmarking, for example, sees service providers being compared with other providers working in a similar environment or with similar groups of clients or users. For a hospital which specialises in treating heart conditions, it can be instructive to compare its performance with the performance of other heart hospitals, especially where there is a similar ‘case mix’ of severe or less severe problems. Equally, a school with a high proportion of free school meal pupils and/or a high proportion of children whose first language is not English could sensibly be compared with a group of others facing similar challenges. Equally, at the other end of the spectrum, a school in a prosperous and privileged suburb should be compared with others in well favoured areas to assess whether it is making the best of its comparative advantages. The effective manager can use such information to ask staff to explain what it is that might be making life difficult for them, and what can be done to put it right.

118. Public services need to be seen as learning organisations, with learning aimed at improvement. This puts the apparatus of measurement, including targets and league tables, into its proper context. A target may be missed, but if learning takes place in the process then that is a gain. While this seems to be understood by the best private sector organisations, in the public sector a missed target is likely to be the object of political and media attack. This is both foolish and damaging, and prevents target-setting playing its proper role in helping public sector organisations learn how to improve.

119. Asking the right questions is, indeed, the key point about the proper use of targets, and performance measurement generally. Whereas some have seen measurement as the answer to public service problems, good managers see it as a means of asking the right questions. Sir Michael Bichard told us: “Targets are just a way of measuring not a way of doing”.⁸³ Effective benchmarking allows managers to ask themselves useful and realistic questions about performance. When targets are interrelated, for instance, they can be reviewed in ‘clusters’. The number of measures required should be as many or few as suit the problem at hand. For example, focusing on truants rather than truancy calls attention to the multiple policy objectives that arise in dealing with young people in difficulties at school. Likewise, focusing on people who have been hospital patients calls attention to what happens to people when they are queuing for admission and after they are discharged as well as the number of days or hours that they occupy a hospital bed. Monitoring a ‘patient journey’ through the system can be more useful than a set of merely quantitative measures. Qualitative measurement of this kind is essential. Complex measures can therefore, in internal discussion, help to tackle complex issues.

⁸³ Q 124

120. A judgement then has to be made about how to report results to the general public. There is no doubt that those who both use and pay for services have a right to information about the performance of those services. But it is difficult to produce information in a form that is at once clear, comprehensive and fair. The so-called ‘spidergrams’, a very promising attempt to communicate the complex reality of police performance, were widely derided in the press, while the often misleading league tables seem as popular as ever. The Government should continue to strive to square this circle by improving both the quality of management information and the quality of accountability to the public, aiming for greater clarity and consistency about the purpose, audience and form of published information.

Celebrating progress

121. Much more recognition also needs to be given to progress made by those on the front line. Providing universal public services, with inherently limited resources, is a daunting challenge (and not helped by often crass comparisons with the private sector). Measures of progress focus on trends: they compare current performance with past position. Thus, all service providers can make progress, whether their starting point is above average, average, or below average. Comparing a school’s performance over a number of years also takes into account differences in starting points. A school that is below average in performance because its catchment area includes a disproportionate number of poor families can still make progress from this unfavourable starting point, and a school with an intake of more favoured pupils is prodded to advance further rather than coast on its advantage. Focusing attention on the degree of progress immediately turns the spotlight on services that are going nowhere or going backward. After many years of measurement, much raw performance data is now available. It should be used to provide measures of progress that can give a more rounded and accurate picture of how our schools, hospitals and other public services are performing. This sort of benchmarking is already available to schools, (eg Performance and Assessment reports or PANDA) but it needs to be given a much higher profile in the presentation of information about performance for all services.

What people want

122. There is one especially powerful argument in support of the idea of moving to measures of progress as the touchstones of success. The first is that progress is what people want from their public services. Opinion polls about public services ask questions such as “Do you believe services are improving?”. People are not asked whether services are hitting their targets, and our perception is that few really care whether they hit them or not. In the end, targets are a technocrat’s tool, useful for monitoring but not important to the people who use services and vote in elections. The more targets can be related to progress, the more they can be meaningful.

123. We are aware that the fascination with league tables and other crude measures will continue. The media, especially the local media, are unlikely to stop drawing up their rankings based on raw data. But the experience of OFSTED reports shows that rounded and thoughtful analysis has a place in the media. The success of the Government in moving the focus of comment on health statistics (at least partly) from waiting lists to waiting times shows that perceptions can be changed. We hope that the Government will make a

determined attempt to educate the media and inform the public about the real performance of public services.

124. We recommend that there should be a shift in emphasis in Government policy from absolute targets to measures of progress in performance. In its white paper on targets, we urge the Government to include plans to promote trend measures showing clearly and graphically whether service providers are making progress, standing still or going in the wrong direction.

Learning from experience

125. For all the Government's warm words about localism there remains a serious gap between the language used in Whitehall and the reality on the ground. Pressed by Ministers to make the machine work to deliver better services, civil servants are tempted to dictate to local providers (although the NHS has much more developed mechanisms for such control than local government or the police). Equally, front line staff can fail to make good use of targets and managers can treat them as boxes to be ticked rather than opportunities to understand their organisation better. Such skills deficits need to be addressed in the proposed white paper.

126. We therefore recommend that an action plan on local performance measurement should be included in the white paper. This would set out how the Government intends to enhance the skills of local service providers in the setting and monitoring of appropriate measures. This should emphasise measures based on progress and long-term trends rather than absolute targets.

127. The action plan should also explain how the Government intends to ensure that departmental officials have an up-to-date understanding of service delivery, and front line experience (see also the Civil Service Reform Programme).⁸⁴

Improved monitoring and reporting

128. Whatever improvements are made to the quality of targets and the degree to which local service providers 'own' them, there will continue to be a need for credible performance reporting. As we noted in Chapter Two, there are doubts about the soundness of the assessments made by departments. Action needs to be taken to ensure proper accountability for performance.

129. We therefore recommend that the system for reporting progress against PSA targets be made more consistent and comprehensive, with detailed reporting requirements to be issued by the Treasury. The reporting guidance should set common reporting categories so that it is clear whether a target has been judged as met, not met, partly met, or if there is insufficient data to make an assessment. For current targets, the guidance might introduce different reporting categories such as those that the Scottish Executive uses: achieved, ongoing, on track, delayed and may not be achieved.

⁸⁴ In 1999 the then Cabinet Secretary, Sir Richard Wilson, submitted proposals for civil service reform to the Prime Minister. That submission described a series of actions upon which the Cabinet Secretary would report progress annually.

130. **The guidance should also require the provision of adequate supporting evidence to back up assessments made about target achievement. There should be thorough monitoring of how adequately each individual department has discharged its reporting requirements before reports are released, to ensure that all departments provide relevant performance information for both improvement and accountability purposes.**

131. We noted above (paragraph 65) that, in reporting on shared targets, it is often difficult to determine the exact responsibilities of the relevant departments. This problem needs to be addressed.

132. **We recommend that the reporting on shared targets should make clear the contribution that each of the responsible departments has made towards achievement of the target.**

133. We also asked ourselves how independent validation of departmental reporting could be assured. In evidence to us, Nick Macpherson, of the Treasury, suggested that this task could be undertaken by select committees.⁸⁵ We consider that there is a stronger argument for asking the NAO to carry out this function, given its expertise in the area of performance monitoring, and in order to build on its work in validating data systems. The resulting information could then be used by select committees in their monitoring of departments' performance reporting.

134. We endorse the conclusion of the ODPM Committee that the credibility of the system for monitoring targets is undermined by the lack of independent external validation of departments' assessments about target achievement.

135. **We therefore recommend that the National Audit Office be given the responsibility for validating target assessments as a logical extension of its existing duty to validate the data systems for performance reporting.**

136. We also see great virtue in a revival, in a different guise, of the allegedly discredited Government annual report. This was discontinued some years ago amid a wave of media cynicism. The idea of increasing government accountability in this way is a sound one. It is an innovation that should have been built upon, not abandoned. The Government has pledged to make use of PSAs as a continuing instrument of accountability, saying in 1998 that "The publication of PSAs represents a fundamental change in the accountability of government to Parliament and the public".⁸⁶ It went on to promise that: "The Government will report to Parliament and the public annually on progress and individual departments will publish further details in their departmental report". It still needs to redeem that pledge.

137. The Scottish Executive has published a consolidated performance report which sets out all of the Executive's targets in one document. It contains a short progress report on each target, as well as summary totals of how many targets have been met, are on track, are delayed or which may not be achieved.⁸⁷ For services controlled by Whitehall departments,

⁸⁵ Q 611

⁸⁶ Op.cit.

⁸⁷ Scottish Executive, *Recording Our Achievements*, 2002

this quality of accountability to the public is not available. It is unsatisfactory that the citizen is forced to wade through twenty or thirty departmental reports to find out how services are doing. Our exercise has shown that it is possible for performance information on targets across Government to be brought together in one place. We have recommended a proper validation of performance information. The Government should therefore be able to produce an Annual Performance Report on achievement against all its targets along the lines of the Scottish Executive document on target achievement mentioned earlier, in the form of a revived and revamped Government annual report. This should be free of the spin that marred previous Government annual reports, and should be easy to put together from existing material.

138. We recommend that the Government publish an Annual Performance Report on its overall performance that sets out how it has performed against each of its PSA targets, based on the existing performance reporting that departments are required to undertake. The information should be independently validated by the National Audit Office, the Audit Commission and the Office for National Statistics.

Accountability

139. In promoting the ‘new localism’ the Government is also inevitably opening up issues of local democratic accountability. Although many of our recommendations have focussed on the professionals who deliver services locally, they will also have important implications for local councillors. We hope that the Government’s white paper will provide much more encouragement for councils to become involved in their own target-setting.

140. At the national level, some Parliamentary select committees have made good use of PSA targets in their scrutiny of departmental priorities and performance, though equally there are other committees that have barely considered their departments’ targets (if at all). Occasionally a select committee’s monitoring raises issues applying across the targets system as a whole, such as the ODPM Committee’s call for independent external validation of departmental reporting against targets.⁸⁸ We consider that select committees should continue to build on the work of scrutinising PSA targets. Moreover, the scrutiny process might be assisted by the development and promulgation of guidelines for monitoring targets, which would improve the consistency and rigour with which committees examine targets. Such guidelines (which might cover matters like evaluating the quality of performance reporting and checking the validation of performance data and assessments) could be developed and issued by the recently established central Scrutiny Unit within the Committee Office of the House.

141. More broadly, select committees and Parliament could be more engaged in the scrutiny of PSA targets at an earlier stage in their development. At present, PSA targets are formulated almost entirely within Government as part of the biennial Spending Review process.

142. We recommend that, as part of a wider programme of consultation on target setting, targets in draft form should be referred to their relevant departmental select

⁸⁸ Op.cit.

committee for comment and proposed revision. The Government may also wish to consider devoting a debate specifically to the finalised PSA targets resulting from this process, as an adjunct to the debate that occurs on the biennial Spending Review.

Changing the landscape

143. There is a further issue. Centrally imposed targets are the expression of a centralised political system, in England at least, in which the weakness or absence of effective channels of accountability for services at other and more local levels means that all accountability has to run through the single channel of Westminster and Whitehall. This in turn reinforces centralising tendencies. If we are unhappy with this, as we believe we should be, then effective political responsibility for services has to be developed at other levels. It is right for key national standards to be set centrally, but there needs to be enough space for local initiative and innovation. This presents a considerable challenge, going beyond the immediate concerns of this report, but at some point it will have to be faced if central target-setting is really to be replaced by more local forms of political accountability.

144. We also call for a more mature political and media debate about targets. If targets are understood as tools to improve performance rather than rigid ends in themselves, then judgement will be based on progress towards a target rather than failure and success. Targets are valued in the private sector for this reason. Government needs to be mature, not trumpeting when it reaches targets and not trying to hide the facts when it does not. Opposition should accept that, if targets are to be meaningful, they must be challenging and therefore not always met. This more mature political culture may, however, prove to be one target too many.

Conclusions and recommendations

Decentralising targets

1. We recommend that the Government should produce a white paper with proposals for decentralisation of performance measurement in the main public services, aimed at improving the process by increasing local involvement in target setting. This white paper, which should be published in time to influence the 2004 spending review, should also set out a strategy for reducing the number of all targets (especially precisely quantified targets) which have to be met by service deliverers. The paper should contain a series of options to enhance autonomy on target-setting by those directly involved in delivery of services, and detailed proposals for increasing consultation with them when key national targets are set. These key national targets should be few in number, and designed to secure basic national entitlements. The NAO and the Audit Commission should be involved as much as possible in the new system set out in the white paper. (Paragraph 112)
2. We recommend that the white paper should also contain a strategy for encouraging all providers to involve users more systematically in the setting of targets. This should include systematic monitoring of user satisfaction with public services. (Paragraph 114)
3. We recommend that there should be a shift in emphasis in Government policy from absolute targets to measures of progress in performance. In its white paper on targets, we urge the Government to include plans to promote trend measures showing clearly and graphically whether service providers are making progress, standing still or going in the wrong direction. (Paragraph 124)
4. We recommend that an action plan on local performance measurement should be included in the white paper. This would set out how the Government intends to enhance the skills of local service providers in the setting and monitoring of appropriate measures. This should emphasise measures based on progress and long-term trends rather than absolute targets. (Paragraph 126)
5. The action plan should also explain how the Government intends to ensure that departmental officials have an up-to-date understanding of service delivery, and front line experience (Paragraph 127)

Better reporting

6. We recommend that the system for reporting progress against PSA targets be made more consistent and comprehensive, with detailed reporting requirements to be issued by the Treasury. The reporting guidance should set common reporting categories so that it is clear whether a target has been judged as met, not met, partly met, or if there is insufficient data to make an assessment. For current targets, the guidance might introduce different reporting categories such as those that the Scottish Executive uses: achieved, ongoing, on track, delayed and may not be achieved (Paragraph 129)

7. The guidance should also require the provision of adequate supporting evidence to back up assessments made about target achievement. There should be thorough monitoring of how adequately each individual department has discharged its reporting requirements before reports are released, to ensure that all departments provide relevant performance information for both improvement and accountability purposes. (Paragraph 130)
8. We recommend that the reporting on shared targets should make clear the contribution that each of the responsible departments has made towards achievement of the target. (Paragraph 132)
9. We recommend that the National Audit Office be given the responsibility for validating target assessments as a logical extension of its existing duty to validate the data systems for performance reporting. (Paragraph 135)
10. We recommend that the Government publish an Annual Performance Report on its overall performance that sets out how it has performed against each of its PSA targets, based on the existing performance reporting that departments are required to undertake. The information should be independently validated by the National Audit Office, the Audit Commission and the Office for National Statistics. (Paragraph 138)
11. We recommend that, as part of a wider programme of consultation on target setting, targets in draft form should be referred to their relevant departmental select committee for comment and proposed revision. The Government may also wish to consider devoting a debate specifically to the finalised PSA targets resulting from this process, as an adjunct to the debate that occurs on the biennial Spending Review. (Paragraph 142)

Annex

This annex sets out the results of research undertaken by the Committee to determine progress against each performance target contained in the 1998 public service agreements. Detailed results from this exercise appear in the main table below (table 1.1). It was compiled by examining each individual department's reporting on achievement against its PSA targets, which can be found in departmental reports and autumn performance reports each year (and sometimes in smaller departments' annual reports). Most departments reported the final out-turn against their 1998 targets in their 2002 departmental or autumn performance reports. However, the smaller departments stopped reporting on their 1998 targets once these were superseded by their service delivery agreement (SDA) targets formulated as part of the 2000 Spending Review. As a consequence, some results were determined by looking at previous years' reports. In some cases, where it was unclear whether targets were finally reported on or not, the relevant departments were contacted to check whether final reporting had occurred.

The figures in the table, particularly the totals of targets met, not met and so on, should be read with a caveat. Due to the inconsistency of performance reporting among departments, and the absence of a mechanism for independently verifying departments' reporting, the figures should be taken as indicative ones only. In effect, the results in the table are a best estimate of departments' achievement against their targets, given the sometimes limited information provided in departments' reports and the lack of independent external validation of performance information.

The categories used to classify achievement against targets are as follows:

- 'Number of targets met' and 'Number of targets not met' are self-explanatory.
- 'Number of targets partially met' refers to targets which consisted of two or more sub-targets, where at least one, but not all, sub-targets were met.
- 'Number of targets where there was a lack of data on achievement' refers to situations where there was a lack of information on whether the target had been achieved or not; for instance, where a target had been set for achievement by 2002 but where the 2002 data were not yet available due to time lags in data collection. This is also the category used for cases where departments did not indicate whether a target had been fully met or not, and no relevant supporting data had been provided to ascertain the target's actual status.
- 'Number of targets where there was no final reporting on achievement' refers to those instances where departments did not publish their final assessments on achievement against their targets. This was more common among the smaller departments than the main ones.

Table 1.1: Reported achievement against 1998 PSA performance targets, for all departments

Department/ PSA	Total number of PSA performance targets in 1998 Comprehen sive Spending Review	Number of targets met	Number of targets not met	Number of targets partially met	Number of targets where there was a lack of data on achievement	Number of targets where there was no final reporting on achievement
Agriculture, Fisheries and Food	12	6	3	1	2	0
Cabinet Office (1)	13	11	2	0	0	0
Central Office of Information	3	3	0	0	0	0
Charity Commission	8	8	0	0	0	0
Culture, Media and Sport	21	20	0	1	0	0
HM Customs and Excise	7	4	2	1	0	0
Defence (2)	16	7	2	2	5	0
Education and Employment (3)	11	4	4	1	1	1
Environment, Transport and the Regions	41	35	2	1	3	0
Export Credits Guarantee Department	3	0	0	0	0	3
Foreign and Commonwea lth Office	10	7	1	2	0	0
Forestry Commission (4)	7	2	2	0	3	0
Government Actuary's Department	3	0	0	0	0	3
Health	14	8	3	1	2	0
Home Office (5)	30	21	1	1	7	0

Inland Revenue	8	6	1	0	1	0
International Development	4	2	0	1	1	0
Intervention Board (MAFF)	4	1	0	0	0	3
HM Land Registry (6)	2	2	0	0	0	0
Law Officers' Departments	13	9	1	0	3	0
Lord Chancellor's Department	9	3	2	1	3	0
National Savings	6	5	1	0	0	0
Northern Ireland Court Service (7)	5	3	0	0	0	2
Offices of Electricity Regulation and Gas Supply (OFFER and OFGAS)	10	4	0	0	0	6
Office of Fair Trading	11	0	0	0	0	11
Office for National Statistics	3	2	0	0	1	0
Office for Standards in Education (OFSTED) (8)	6	5	1	0	0	0
Office of Telecommunications (OFTEL)	9	3	2	0	1	3
Office of Water Services (OFWAT)	8	5	0	0	2	1
Public Record Office (9)	2	1	0	0	0	1
Social Security	17	10	0	2	5	0
Trade and Industry	12	4	2	4	2	0
HM Treasury	33	24	1	1	7	0
Action against Illegal Drugs (10)	4	0	0	0	0	4

Criminal Justice System (11)	9	3	1	0	5	0
Sure Start (12)	12	4	5	0	3	0
<i>Interim totals</i>	386	232	39	20	57	38
Less instances of shared PSA targets	20	11	3	1	5	0
Final totals	366	221	36	19	52	38
Percentages	100%	60.4%	9.8%	5.2%	14.2%	10.4%

Source: Compiled from 2000, 2001 and 2002 departmental and annual reports, and 2002 autumn performance reports

Notes:

- (1) Responsibility for one target (on Government Estate surplus buildings) was transferred from the Cabinet Office to the Treasury during the reporting period.
- (2) Achievement against Ministry of Defence targets is reported in its annual performance report.
- (3) Responsibility for three targets (on employment) was transferred to the Department of Work and Pensions following the reorganisation of government Departments after the June 2001 general election.
- (4) Responsibility for one target (on Welsh forests) was transferred from the Forestry Commission to the Welsh Assembly during the reporting period.
- (5) Responsibility for three targets (on fire safety) was transferred from the Home Office to the Department for Transport, Local Government and the Regions during the reporting period.
- (6) HM Land Registry has three targets listed in its 1998 PSA, but only two are reported here as these were the performance targets (the other was an efficiency target).
- (7) Reported achievement against the Northern Ireland Court Service's targets is recorded as at the end of September 2002.
- (8) Reported achievement against OFSTED's targets relates to its revised PSA targets, as OFSTED updated its targets a year after they appeared in the 1998 Comprehensive Spending Review.
- (9) The Public Record Office has four targets listed in its 1998 PSA, but only two are reported here as these were the performance targets (the other two were efficiency targets).
- (10) Reporting on this area appeared in the Anti-Drugs Co-ordinator's annual reports. The targets in the 1998 Action Against Illegal Drugs PSA were not finally reported on as they were superseded the following year by targets contained in the government's anti-drugs strategy (and which were replicated in the 2000 Action Against Illegal Drugs PSA).
- (11) Achievement against these targets (which were replicated in the Criminal Justice System strategic plan 1999-2002) is reported in the Criminal Justice System annual report.
- (12) Achievement against Sure Start targets is reported in the Department for Education and Skills' departmental report.

Table 1.2: Summary of main Departments' reported achievement against 1998 PSA performance targets

Department	Total number of PSA performance targets in 1998 Comprehensive Spending Review	Number of targets met	Number of targets not met	Number of targets partially met	Number of targets where there was a lack of data on achievement	Number of targets where there was no final reporting on achievement
Interim totals of main Departments' reported achievement against PSA targets	264	176	27	20	40	1
Less instances of shared PSA targets	15	9	2	1	3	0
Final totals of main Departments' reported achievement against PSA targets	249	167	25	19	37	1
Percentages	100%	67.1%	10.0%	7.6%	14.9%	0.4%

Source: Derived from Table 2.1 above

Table 1.3: Summary of main Departments' reported achievement against 1998 PSA performance targets, where final performance information was available

Department	Total number of PSA performance targets in 1998 Comprehensive Spending Review	Number of targets met	Number of targets not met	Number of targets partially met
Totals of main Departments' reported achievement against PSA targets, where final performance information was available	211	167	25	19
Percentages	100%	79.1%	11.8%	9.0%

Source: Derived from Table 2.2 above

Formal minutes

Thursday 10 July 2003

Members present:

Tony Wright, in the Chair

Mr Kevin Brennan
Annette Brooke
Sir Sydney Chapman
Mr David Heyes

Mr Kelvin Hopkins
Mr Ian Liddell-Grainger
Mr John Lyons
Mr Gordon Prentice

The Committee deliberated.

Draft Report (On Target? Government By Appointment), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 144 read and agreed to.

Summary agreed to.

An Annex—(*The Chairman*)—brought up, read and agreed to.

Resolved, That the Report be the Fifth Report of the Committee to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committee (Reports)) be applied to the Report.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.

[Adjourned till Thursday 11 September at 10.00am

Witnesses

Thursday 31 October 2002

Dr Ian Bogle , British Medical Association	Ev 4
Mr David Hart OBE , National Association of HeadTeachers	Ev 4

Thursday 14 November 2002

Sir Michael Bichard KCB , The London Institute	Ev 17
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Thursday 21 November 2002

Mr Roger Thayne OBE , Staffordshire Ambulance Service	Ev 36
Councillor Sir Jeremy Beecham and Mr Matthew Warburton , Local Government Association	Ev 36
Mr Mike Stone , Patients Association	Ev 36

Thursday 28 November 2002

Mr John Bangs , National Union of Teachers	Ev 54
Mrs Jan Berry and Mr Clint Elliott , Police Federation	Ev 54
Lord Browne of Madingley , BP Amoco plc	Ev 68

Thursday 5 December 2002

Professor Tim Brighouse	Ev 80
Mr David Butler , National Confederation of Parent Teacher Associations	Ev 80
Dr Gill Morgan , NHS Confederation	Ev 80
Mr Mike Newell , Prison Governors' Association	Ev 80

Tuesday 10 December 2002

Mr Jan Filochowski, Royal United Hospital, Bath Ev 99

Councillor John Bees and Mr Carew Reynell Bristol City Council Ev 99

Mr Jonathan Harris, Director of Education, Arts and Libraries for Cornwall Ev 99

Thursday 9 January 2003

Mr James Strachan and Mr Peter Wilkinson, Audit Commission Ev 122

Thursday 16 January 2003

The Rt Hon Clare Short MP and Mr Suma Chakrabarti, Department for International Development Ev 138

Thursday 23 January 2003

Mr Peter Neyroud, Thames Valley Police Ev 168

Mr Martin Narey, Prison Service Ev 168

Professor Alison Kitson, Royal College of Nursing Ev 168

Mr John Seddon, Vanguard Education Limited Ev 168

Ms Frances Blunden and Ms Kaye McIntosh, Consumers' Association Ev 185

Thursday 30 January 2003

Mr Malcolm Wing, Ms Karen Jennings and Mr Mark Thomas, UNISON Ev 200

Sir Nigel Crisp KCB and Mr Hugh Taylor CB, Department of Health and NHS EV 208

Monday 24 March 2003

Rt Hon Estelle Morris MP Ev 220

Rt Hon Paul Boateng MP and Mr Adam Sharples, HM Treasury Ev 234

Rt Hon Lord Macdonald of Tradeston CBE and Mr Adrian Masters, Cabinet Office Ev 234

List of written evidence

1	British Medical Association (PST 1)	Ev 1
2	National Association of Head Teachers (PST 2)	Ev 3
3	Sir Michael Bichard, The London Institute (PST 9)	Ev 16
4	Roger Thayne OBE (PST 7)	Ev 29
5	Local Government Association (PST 8)	Ev 32
6	Mike Stone and Simon Williams, Patients Association (PST 5)	Ev 35
7	National Union of Teachers (PST 11)	Ev 51
8	Lord Browne of Madingley, BP (PST 12)	Ev 66
9	NHS Confederation (PST 13)	Ev 77
10	National Confederation of Parent Teacher Associations (PST 18)	Ev 96
11	Audit Commission (PST 31, 31(a), 31(b))	Ev 114: Ev 120: Ev 137
12	Peter Neyroud, Thames Valley Police (PST 30)	Ev 153
13	HM Prison Service (PST 52)	Ev 157
14	Royal College of Nursing (PST 40)	Ev 160
15	Mr John Seddon, Vanguard Education Ltd (PST 49)	Ev 161
16	Consumers' Association (PST 46)	Ev 180
17	UNISON (PST 38)	Ev 192
18	The Government (PST 60)	Ev 231
19	Chief Secretary to the Treasury (PST 62)	Ev 246
20	Sir Alan Bailey (PST 3)	Ev 250
21	Dr Anthony Brauer (PST 4)	Ev 253
22	Clare Robertson, Huntington Primary School (PST 6)	Ev 254
23	Mr Charles Taylor (PST 10)	Ev 254
24	Transport and General Workers Union (PST 14)	Ev 255
25	John Grogno-Thomas, Novers Lane School, Bristol (PST 15)	Ev 257
26	The Society of Radiographers (PST 16)	Ev 257
27	Gateshead Council (PST 17)	Ev 258
28	BMA (PST 1(a))	Ev 262
29	Hospital Consultants & Specialists Association (PST 20)	Ev 264
30	Statistics Commission (PST 21)	Ev 266
31	Joint Consultants Committee (PST 22)	Ev 269
32	HBS Business Services Group (PST 23)	Ev 273
33	Assembly Ombudsman, Northern Ireland (PST 24)	Ev 276
34	Council of Civil Service Unions (PST 25)	Ev 277
35	Public and Commercial Services (PST 26)	Ev 279
36	Institute of Directors (PST 28)	Ev 281
37	Association for Public Service Excellence (PST 29)	Ev 285
38	Eric Will (PST 35)	Ev 288
39	Stuart Emmett (PST 37)	Ev 289
40	Independent Healthcare Association (PST 39)	Ev 290
41	Royal College of Nursing (PST 40(a))	Ev 291
42	Cornwall County Council (PST 41)	Ev 294

43	United Bristol Healthcare NHS Trust (PST 42)	Ev 295
44	The Royal College of Surgeons Edinburgh (PST 43)	Ev 296
45	Corporation of London (PST 44)	Ev 300
46	Bone and Robertson (PST 45)	Ev 301
47	Dr Roger Brown, Southampton Institute (PST 47)	Ev 301
48	Comptroller and Auditor General, National Audit Office (PST 54)	Ev 302
49	Commission for Racial Equality (PST 56)	Ev 306
50	Professor Richard Rose (PST 57)	Ev 307
51	Graham Mather, President, European Policy Forum (PST 59)	Ev 318
52	Mr Nigel Dudley (PST 61)	Ev 325
53	Mr Jack Wraith, Mobile Industry Crime Action Forum (PST 63)	Ev 325

List of unprinted written evidence

Additional papers have been received from the following and have been reported to the House but to save printing costs they have not been printed and copies have been placed in the House of Commons library where they may be inspected by members. Other copies are in the Record Office, House of Lords and are available to the public for inspection. Requests for inspection should be addressed to the Record Office, House of Lords, London SW1. (Tel 020 7219 3074) hours of inspection are from 9:30am to 5:00pm on Mondays to Fridays.

Harold Beck (PST 19)

Partnerships UK plc (PST 27)

Stephen Tedford (PST 32)

Albert (Ted) Bell (PST 33)

R J Line (PST 36 and 36(a))

Philip Needham, Cardionetics Ltd (PST 50)

Peter Fraser (PST 51)

Dr F Duggan (PST 55)

Reports from the Public Administration Select Committee since 2001

The following reports have been produced.....

Session 2002–03

First Special Report	The Public Service Ethos: Government's Response to the Committee's Seventh Report of Session 2001–02	HC 61
First Report	Ministerial Accountability and Parliamentary Questions: The Government Response to the Ninth Report from the Committee (Session 2001–02)	HC 136
Second Report	The Work of the Committee in 2002	HC 447
Third Report	Ombudsman Issues	HC 448
Fourth Report	Government By Appointment: Opening Up The Patronage State	HC 165
Fifth Report	On Target? Government By Measurement	HC 62

Session 2001–02

First Report	Public Participation: Issues and Innovations: The Government Response to the Committee's Sixth Report of Session 2000–01	HC 334
Second Report	The Ministerial Code: Improving the Rule Book: The Government Response to the Committee's Third Report of Session 2000–01	HC 439
Third Report	Special Advisers: Boon or Bane: The Government Response to the Committee's Fourth Report of Session 2000–01	HC 463
Fourth Report	Ministerial Accountability and Parliamentary Questions: The Government Response to the Committee's Second Report of Session 2000–01	HC 464
Fifth Report	The Second Chamber: Continuing the Reform	HC 494
Sixth Report	The Second Chamber: Continuing the Reform: The Government Response to the Committee's Fifth Report	HC 794
Seventh Report	The Public Service Ethos	HC 263
Eighth Report	"These Unfortunate Events": Lessons of Recent Events at the Former DTLR	HC 303
Ninth Report	Ministerial Accountability and Parliamentary Questions	HC 1086