



House of Commons  
Public Administration  
Select Committee

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**On Target?  
Government By  
Measurement: the  
Government's  
Response to the  
Committee's Fifth  
Report**

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**Sixth Report of Session 2002–03**





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**Sixth Report of Session 2002–03**

*Report, together with formal minutes and  
Appendix*

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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.

### Current membership

Tony Wright MP (*Labour, Cannock Chase*) (Chairman)  
Mr Kevin Brennan MP (*Labour, Cardiff West*)  
Annette Brooke MP (*Liberal Democrat, Mid Dorset and Poole North*)  
Sir Sydney Chapman MP (*Conservative, Chipping Barnet*)  
Mr David Heyes MP (*Labour, Ashton under Lyne*)  
Mr Kelvin Hopkins MP (*Labour, Luton North*)  
Mr Ian Liddell-Grainger MP (*Conservative, Bridgewater*)  
Mr John Lyons MP (*Labour, Strathkelvin and Bearsden*)  
Mr Gordon Prentice MP (*Labour, Pendle*)  
Hon Michael Trend, CBE MP (*Conservative, Windsor*)  
Mr Brian White MP (*Labour, Milton Keynes North East*)

The following members were also members of the committee during the parliament.

Mr Anthony Steen MP (*Conservative, Totnes*)  
Mr Anthony D Wright MP (*Labour, Great Yarmouth*)

### Powers

The committee is one of the select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 146. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at [www.parliament.uk/parliamentary\\_committees/public\\_administration\\_select\\_committee.cfm](http://www.parliament.uk/parliamentary_committees/public_administration_select_committee.cfm). A list of Reports of the Committee in the present Parliament is at the back of this volume.

### Committee staff

The current staff of the Committee are Philip Aylett (Clerk), Clive Porro (Second Clerk), Chris Carrington (Committee Specialist), Jackie Recardo (Committee Assistant) and Jenny Pickard (Committee Secretary).

### Contacts

All correspondence should be addressed to the Clerk of the Public Administration Select Committee, Committee Office, First Floor, 7 Millbank, House of Commons, London SW1P 3JA. The telephone number for general enquiries is 020 7219 3284; the Committee's email address is [pubadmincom@parliament.uk](mailto:pubadmincom@parliament.uk)

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## Report

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1. The Committee publishes today the Response of the Government to “On Target”, its Report on the measurement culture (appended). This is the next stage in a continuing debate about how best to measure public services in the interests of better performance and greater accountability.

2. The Government is clearly moving in the right direction, but needs to increase the momentum. We are pleased that the review of the PSA targets is addressing our concerns, especially the need to increase the role of local providers in setting targets. We and the Government share common aspirations for the evolution of the PSAs. The Response sets out how much has been done to improve the system over the past few years, something we acknowledge in our Report. We fully recognise, for example, the increased transparency that PSAs have brought to public services.

3. But aspirations are not enough. The inquiry unearthed widespread suspicion and misunderstanding of the Government's targets policy among the people who matter most—those who use and provide services at the ‘front line’. We welcome the fact that our Report has prompted a more mature debate about the role and value of targets.

4. The Government has tried to listen to public concerns and has responded by improving and refining the system, but it has not always been able to convince people that it is on the right track. The latest sign of this is the Education and Skills Committee's recent Report on secondary education<sup>1</sup> which says that the policy of centrally-set targets “has now served its purpose”, and calls for each school to be allowed to set its own targets, subject to review by local authorities and OFSTED. We urge the Government to respond positively to these recommendations, which contain much that is in line with our thinking, and with the Government's own new, and more locally-based, approach to target-setting for primary schools.<sup>2</sup>

5. We will also be considering how performance measurement can do more for the citizen as a consumer of public services—an area where the Government concedes that “more needs to be done”. Early in the New Year we will be taking detailed evidence on the way Government monitors the needs and views of consumers, and asking whether reform is really bringing wider choice. Evidence will be sought from Wendy Thomson of the Prime Minister's Office of Public Services Reform and senior officials from a variety of departments charged with delivering services.

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<sup>1</sup> Education and Skills Committee, Seventh Report of Session 2002–03, *Secondary Education: Pupil Achievement*, HC 513, Executive Summary

<sup>2</sup> Public Administration Select Committee, Fifth Report of Session 2002–03, *On Target? Government By Measurement*, HC 62, para 93

## Appendix

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### **Government Response to the Public Administration Select Committee Report: On Target? Government By Measurement**

#### ***Introduction***

The Government welcomes the committee's report as a recognition of the important public service reforms delivered in recent years. In particular it welcomes the committee's conclusions that targets, and measurement generally, have an important role to play in public service improvement and that "the increase in accountability and transparency which targets have brought with them has been valuable".

Many of the recommendations made in the report are also in line with the Government's current thinking, ahead of the 2004 Spending Review. For example, this includes considering how to decentralise further, and increase the responsibility and autonomy of local delivery organisations within a framework of national standards and related long-term targets. This framework is supported by independent and effective mechanisms for audit and inspection, along with accountability and transparency about what is being achieved. The Government also aims to design services around the needs of individual citizens.

However, the committee concludes that the Government's aspirations for its targets, listed in the report summary, are in many cases not being fulfilled. The Government challenges this conclusion, whilst recognising that targets in some areas need better integration with performance management at the front-line of public service delivery. In particular, the Government strongly believes that, by setting clear statements of ambition, direction and intended outcomes for key Government departments and expenditure programmes, the Public Service Agreement (PSA) framework continues to be an essential and valued part of its programme of public service reform and improvement.

Furthermore, the introduction of autumn performance reports in 2002, and the subsequent introduction of the PSA performance website in April 2003, has ensured an unprecedented level of performance reporting, which gives the UK one of the most transparent systems in the world. The UK's framework has also attained significant international recognition; in the last year alone the Treasury has welcomed representatives from 19 other countries, who have come to learn about the reform of the UK's public sector, all of whom have been particularly interested in the outcome-focused framework of PSA targets and developments in performance reporting.

The PSA framework has evolved and improved since its inception in 1998, with the number of targets reduced, and their focus on key outcomes improved. Departments are already involving front line agencies in the design of targets as part of the next Spending Review and the Treasury will be encouraging more consultation by departments in the setting of targets. This response therefore sets out how the strategy for reviewing and setting PSA targets in the 2004 Spending Review will further enhance the existing framework, whilst at the same time addressing the Committee's concerns.

### ***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 involved in the 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)**

The Government welcomes the findings of the Committee's enquiry, which align strongly with Government's aspirations for the evolution of the current PSA framework. The Government has already signalled its intentions in this direction—the Budget in April 2003 launched the Government's investigation into:

“devolving decision-making from the centre—to examine how best to achieve decentralised delivery and responsive local and regional services in a way that is consistent with equity and efficiency, against a clear framework of national standards. This will consider the way in which targets are set and the flow of information on performance”.

The study will cover many of the areas recommended such as increasing autonomy, guaranteeing minimum national entitlements and greater involvement of front line delivery agents in target setting. This will conclude in time to influence the setting of PSAs in the 2004 Spending Review.

**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)**

The Government is committed to improving the quality of public services for the end users of those services. There are many examples, across government, of consultation with customers and measurement of customer/user satisfaction. Most Government departments and agencies measure customer satisfaction, with some having key PSA or agency targets that specifically focus on improving customer satisfaction levels. Where appropriate, existing PSAs also include an element explicitly focused on customer satisfaction. The Government recognises that more needs to be done, and the Office for Public Services Reform (OPSR) has issued guidelines for Government on making effective use of customer feedback, and is working with departments on their implementation.

Furthermore, ahead of submitting their proposals for PSA targets in the 2004 Spending Review, departments will be allowed time for a period of consultation, as part of the timetable for the overall Spending Review process. All departments will be encouraged to consult more widely with their delivery bodies and stakeholders, and these consultations

should encompass organisations which represent users of public services, where this is appropriate.

**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 should 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)**

The Committee's findings again align strongly with the Government's aspirations for the evolution of the current PSA framework. The investigation into devolved decision-making referred to above is examining examples of best practice in using 'real time performance measurement' in service management and delivery at local level to improve public service performance.

Alongside such developments the Government believes that there is still a place for setting clear, and in some cases very stretching, national targets, particularly where a step change in performance is sought. The Government agrees that the performance measures for such targets should be designed to enable progress against trajectories for performance improvement to be identified, and long-term trends in performance charted.

**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)**

The Government has increasingly recognised the need for all departmental officials to have a good understanding of front-line service delivery, particularly those working on the development of policy and support for its implementation. Departmental officials are encouraged to undertake regular visits to service-providing organisations.

For example, in DfES some senior staff have participated in a programme of three-day 'School Immersion' visits, shadowing a headteacher, a teacher, and then a group of pupils. This has helped provide an understanding of the problems and issues being faced in schools. Also, members of the Home Office Board are each undertaking "back to the floor" visits—for example, working as an immigration officer for a shift.

It is increasingly common for departments to recruit staff at all levels who have substantial experience of service delivery, often on secondment from organisations that provide public services. In the centre of Government—for example in Treasury, the Prime Minister's Delivery Unit, and OPSR—there has been a determined effort to recruit teams that include staff with a wider range of skills, including those that impact on delivery. This approach is being adopted across government, and is being driven by the new focus on delivery.

### **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)**

The Government fully agrees that reporting against PSA targets should be consistent and comprehensive. Departments already receive guidance twice a year, about their spring departmental reports and autumn performance reports, which aims to achieve this by setting out detailed principles for reporting against PSA targets. The guidance needs to give departments flexibility to account for their performance in a way which best suits their targets and the underpinning performance information systems, and at the same time provide for a proper degree of commonality, such as through common reporting categories. For the forthcoming autumn performance reporting round the Treasury has given departments further guidance about the use of common reporting categories such as “met”, “partly met” and “not met”.

**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)**

Departments are encouraged by the Treasury to provide full and clear reporting against their PSA targets in their departmental reports and autumn performance reports. They are ultimately accountable for their own performance reporting—to Parliament, through Select Committees, and to the public. Technical Notes set out in detail how each target is measured, including data sources and measures of success, and these are published on departmental websites.

**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)**

Targets that are shared between one or more departments are an important feature of PSAs for two reasons. Primarily, they ensure that departments work together to achieve the Government's key aims and objectives—for example DCMS and DFES working together to increase the levels of participation in school sport. Furthermore, they recognise that there are key outcomes, which are important to the public, and which do not fit neatly into departmental responsibilities. Members of the public wish to see improved public services irrespective of the architecture of Government.

In light of this, the Government recognises the importance of clear and accurate reporting of progress towards joint targets, but it is not clear that this is best served by a requirement to break down each department's individual contribution.

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

The Government believes that transparency and accountability are a key principle of public service reform, and are committed to ensuring that the information that underpins reporting on PSA targets is reliable. Lord Sharman's report into audit and accountability in central government recommended there should be external validation of departmental information systems as a first step in a process towards validation of key published data.

The Government accepted Lord Sharman's recommendation that there should be some form of external validation of departmental data systems relating to PSA targets, but believes that validation of data systems is a significant and sufficient step to take. An extensive programme of validation of the performance data itself, covering the judgements that departments make on the basis of it, would serve little additional purpose to validation of systems, and must be weighed against the greater financial costs and administrative burdens it would impose. Furthermore, the Comptroller and Auditor General (through the NAO) already has powers to scrutinise the validity of performance data itself where he has concerns. The Government believes in the value of the validation arrangements already in place, especially as many PSA targets are measured by performance indicators based on National Statistics, which are subject to quality control by the Statistics Commission.

Guidance on departmental reporting aims to give departments flexibility to account for their own performance. However departmental assessments of whether targets have been met or not should in all cases be based on the measures and definitions as set out in the published technical notes for that target.

**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)**

Departments already set out progress against their PSA targets in departmental reports in spring, and, since 2002, in autumn performance reports. The Government also introduced, in April this year, a website showing the latest performance against all the latest PSA targets and the Government welcomes the committee's recognition that this is a positive development. Discussions with visitors from other countries suggest that no other Government has such a system of transparency of public service performance reporting as the United Kingdom. It is not clear that introducing another performance report would be justified in terms of burden and cost, given the existing reports and the website, which can be updated regularly.

**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)**

Targets are set as part of the Spending Review negotiations and as such reflect the Government's priorities. The Government will improve the target setting process through the 2004 Spending Review to ensure better buy-in from delivery agents and other stakeholders, including Parliament.

The PSA setting process is an integral part of the budget allocation process. One of the key functions of Government is to make decisions about budget allocations and associated performance levels, and the job of select committees is to scrutinise the Government on the decisions they make, and to hold them to account.

HM Treasury  
18 September 2003

## Formal minutes

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**Thursday 6 November 2003**

Members present:

Tony Wright, in the Chair

Mr Kevin Brennan

Mr Gordon Prentice

Sir Sydney Chapman

Mr Brian White

Mr Kelvin Hopkins

The Committee deliberated.

Draft Report (On Target? Government By Measurement: the Government's Response to the Committee's Fifth Report), 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 5 read and agreed to.

*Resolved*, That the Report be the Sixth Report of the Committee to the House.

*Ordered*, That the "the Government's Response to the Committee's Fifth Report" be appended to the Report.

*Ordered*, That the provisions of Standing Order No. 134 (Select committee (reports)) be applied to the Report

[Adjourned till Thursday 13 November at 9.15am

# Reports from the Public Administration Select Committee since 2001

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## 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 ( <i>Cm 5890</i> )
Fourth Report	Government By Appointment: Opening up the Patronage State	HC 165
Fifth Report	On Target? Government By Measurement	HC 62 ( <i>HC 1264</i> )
Sixth Report	On Target? Government By Measurement: the Government's Response to the Committee's Fifth Report	HC 1264

## 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 ( <i>HC 794</i> )
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 ( <i>HC 61</i> )
Eighth Report	"These Unfortunate Events": Lessons of Recent Events at the Former DTLR	HC 303 ( <i>Cm 5756</i> )
Ninth Report	Ministerial Accountability and Parliamentary Questions	HC 1086 ( <i>HC 136</i> )

The response to the report is printed in brackets after the HC printing number.