Ten Lessons from the Performance Management Framework in England and thoughts for the future

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Outline of Presentation

1. Background

2. Ten Lessons

3. Challenges for the future
Unblocking Delivery Obstacles

(ie. priority reviews, problem solving, follow-up work with and brokering between departments)

Performance Policy (ie. PSA Framework, Excellence and Fairness, cross departmental working)

Capacity Building & Cross Govt Learning on Delivery (ie. knowledge mgmt, dept delivery units, networks & training)

Performance Monitoring (ie. Data tracking and reporting)
UK Government Overview

DELIVERY PARTNERS

LOCAL AUTHORITIES

Central Government

Cabinet Office, HM Treasury and the Prime Minister’s Delivery Unit

Home Office

Department of Health

Department of Children, Schools and Families

Department for Transport

& other departments

Ministry of Defence

NHS Trusts

The Third Sector

Private Sector
1. Background

2. Ten Lessons

3. Challenges for the future
Lesson 1: Find the right balance between planning and delivery……..

- Comprehensive Spending Review (1998) introduced:
  - Three-year spending plans
  - Separate capital and current budgets
  - Resource accounting and budgeting
  - Introduction of Public Service Agreements (PSAs)

- No *mechanistic* link between performance and resource allocation in Spending Review [OECD]
• Spending Review process typically takes a year of preparation
• Three year Public Service Agreements (PSAs) developed with departments
• Government priorities agreed early at Cabinet level
Lesson 2: Make sure Priorities are Priorities

Comprehensive Spending Review (1998)

CSR 98

600 targets

First set of PSAs published

Comprehensive Spending Review 2000

SR00

160 targets

Spending Review 2002

SR02

130 targets

Greater continuity, architecture refined

Spending Review 2004

SR04

110 targets

Increased consultation, Introduction of standards

focus on outcomes

A reformed framework:
Cross-govt PSAs with published delivery agreements
Objectives for all departments.
Emphasis on devolution and user engagement

Comprehensive Spending Review

CSR07

30 PSAs
Four key reforms in 2007…

(i) **Setting clear national priorities:**
new set of corporate PSAs reflect genuine choices about priorities (alongside ‘business as usual’ of government);

(ii) **Strengthening accountability for delivery:**
published Delivery Agreements clearly set out the level of ambition, strategy for delivery and role of all stakeholders;

(ii) **Incentivising responsive public services:**
PSAs underpinned by a small basket of indicators; targets only where appropriate;

(i) **Empowering communities and citizens:**
giving citizens greater access to timely data on performance of local services; systematic mechanisms that enable citizens to hold public services more directly to account
<table>
<thead>
<tr>
<th>Fairness and Opportunity for All</th>
<th>A better quality of life</th>
<th>Stronger communities</th>
<th>A more secure, fair and environmentally sustainable world</th>
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<tbody>
<tr>
<td>• Halve the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020</td>
<td>• Improve the health and wellbeing of children and young people</td>
<td>• Build more cohesive, empowered and active communities</td>
<td>• Lead the global effort to avoid dangerous climate change</td>
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<td>• Raise the educational achievement of all children and young people</td>
<td>• Improve children and young people’s safety</td>
<td>• Make communities safer</td>
<td>• Secure a healthy natural environment for today and the future</td>
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<td>• Narrow the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers</td>
<td>• Tackle poverty and promote greater independence and wellbeing in later life</td>
<td>• Deliver a more effective, transparent and responsive Criminal Justice System for victims and the public</td>
<td>• Reduce poverty in poorer countries through quicker progress towards the Millennium Development Goals</td>
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<td>• Increase the number of children and young people on the path to success</td>
<td>• Promote better health and wellbeing for all</td>
<td>• Reduce the harm caused by alcohol and drugs</td>
<td>• Reduce the impact of conflict through enhanced UK and international efforts</td>
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<td>• Address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief</td>
<td>• Ensure better care for all</td>
<td>• Deliver the risk to the UK and its interests overseas from international terrorism</td>
<td>• Increase the proportion of socially excluded adults in settled accommodation and employment, education or training</td>
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<td>• Increase the proportion of socially excluded adults in settled accommodation and employment, education or training</td>
<td>• Deliver a successful Olympic Games and Paralympic Games with a sustainable legacy and get more children and young people taking part in high quality PE and sport</td>
<td></td>
<td>• Build more cohesive, empowered and active communities</td>
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**Help people and businesses come through the downturn sooner and stronger, supporting long-term economic growth and prosperity**

Deliver commitments by the National Economic Council to help people and businesses come through the downturn sooner and stronger, including packages on repossessions, apprenticeships, business access to finance and help for the unemployed.

• Raise the productivity of the UK economy
• Improve the skills of the population, on the way to ensuring a world-class skills base by 2020
• Ensure controlled, fair migration that protects the public and contributes to economic growth
• Promote world class science and innovation in the UK
• Deliver reliable and efficient transport networks that support economic growth
• Deliver the conditions for business success in the UK
• Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions
• Maximise employment opportunity for all
• Improve long term housing supply and affordability
• **Support to SMEs and the Auto Sector**
  - Enterprise Finance Guarantee, Working Capital Scheme, Capital for Enterprise Fund, European Investment Bank, Regional Loan Transition Fund, Trade Credit Insurance and Prompt Payment
  - Automotive Assistance Programme and Scrappage

• **Employment**
  - Six-month offer and the Young Persons’ Guarantee

• **Preventing Repossessions**
  - Mortgage Rescue Scheme, Homeowner Mortgage Support Scheme and Support for Mortgage Interest

• **Apprenticeships Enhancement**
  - 35,000 additional starts in financial year 2009/10
Lesson 3: Start from a citizens point of view......
Customer Journeys can Inform Support

1. By showing that different groups have different requirements
2. By revealing pressure points
3. By identifying key issues in current delivery
4. By prioritising next steps for action
Action to prevent repossessions – Customer Journeys

Objective: Mapping the end-to-end journey for individuals eligible for Government mortgage support schemes

Segment: ‘David and Lucy’ - Newly Indebted

Key steps on the journey:

1. Awareness
   - Local Authority
   - Citizen’s Advice Bureau
   - Shelter
   - DirectGov
   - Media and Press Advertising
   - National Debt Hotline
   - Money Advisory Sites
   - Legal Advice
   - County Court
   - Community care centres
   - Jobcentre Plus
   - Action 4 Employment
   - Rogue Websites
   - Debt Collection Agencies
   - Mortgage lender
   - Commercial loan providers
   - Nominated Financial Advisor
   - Commercial Debt Advisor
   - Registered Social Landlord

2. Acceptance
   - David remembers seeing press reports in January talking about government mortgage support – “It seemed like a good idea, but I didn’t know what it really meant at the time”
   - Shortly after, David’s employer loses a contract and he is made redundant; Lucy’s wage and savings cover the monthly payment, but finances are tight. “It was difficult, but I thought that we could get by”
   - David is looking for work, and reluctantly visits his local jobcentre, but he doesn’t want to sign on – “benefits felt like the option of last resort”
   - Meanwhile the bank notices are building up. They are now three months in arrears and the letters start to arrive from the litigation team – “it felt excruciating, sheer panic”
   - The savings don’t last however, and David can’t find the job he was hoping for – the couple miss two monthly payments; letters start arriving from their bank requesting payment – “I felt so anxious, I could hardly sleep for worry”
   - David accepts a telephone call from his bank – they agree to suspend action for one month, but the “lender suggested that we seek support”

3. Investigation
   - Remembering the press report, David searches the web for mortgage support but can only find independent debt advice – he doesn’t know the names of the schemes and is confused – “There are lots of independents out there offering to buy your home and lease it back – but at a big cost”
   - After more searching, he finds a link to HMS on the treasury website – “I thought that I was eligible, but I couldn’t tell where to go next”. Finally on a forum he sees advice telling him to speak to a money advisor. Meanwhile, his bank call and writing ever more often – “there were letters every day, I didn’t want to open them”
   - David and Lucy make an appointment to see a Money Advisor, but the wait at their local centre is 3 weeks. In the meantime, they can only make a part payment, and the bank is losing patience – “it had only been a couple of months, but we received a final notice”
   - Part 1a – the rate rises, plans fail

Customer experience monitor:

- Advisor congestion
- Variable online scheme information
- Reliance on walk in
Lesson 4: Ensure you remember who delivers services........

Rigidity and scale can sap the spirit

Prescriptive

Heart in the right place

Punitive

Policy, not operation-minded

Core Business

Input targets

Number of targets

Micromanaged from Centre
### PSA Framework

Government priorities set out in PSAs

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<th><strong>Performance management levers</strong></th>
<th><strong>Wider drivers of delivery</strong></th>
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<td>• Other targets</td>
<td>• Funding mechanisms</td>
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<td>• Inspection, including CPA</td>
<td>• Statutory requirements, regulation, legislation</td>
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<td>• Statutory performance indicators</td>
<td>• Ministerial buy-in, Leadership, Public Commitments</td>
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<td>• Publication of performance information at national/local level</td>
<td>• Partnerships, inter-agency working, membership in organisations</td>
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<td>• Failure regimes</td>
<td>• Networks to support dissemination of best practice &amp; innovation</td>
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<td>• Data reporting</td>
<td>• Evidence based strategy</td>
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<td>• Active management against trajectory</td>
<td>• Voluntary schemes</td>
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<td>• User triggers</td>
<td>• Personalisation User choice</td>
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### Wider drivers of delivery

- Funding mechanisms
- Statutory requirements, regulation, legislation
- Ministerial buy-in, Leadership, Public Commitments
- Partnerships, inter-agency working, membership in organisations
- Networks to support dissemination of best practice & innovation
- Evidence based strategy
- Voluntary schemes
- Personalisation User choice
- Market mechanisms – contestability
- Publicity, marketing
- Frontline training and capacity
- Operational autonomy
- Professional standards
- User engagement mechanisms
- Complaint / redress
Lesson 5: Make sure you have appropriate programmes in place, you know their impact and you respond quickly. An effective response requires coordinated action across departments but previous performance structures and all resource incentives reinforced silo-based working...
Agree what each partner adds to the effort

Understanding the Outcome
What is the result you want to achieve?
How does the target relate to the outcome?

Model of Causation
What are the causal factors which influence the result?

Model of What Works
What policy intervention will make a difference?
What is the evidence?

Map of Delivery Agents
Who does delivery rely upon?

Evidence Base

Published Delivery Agreements
+ Detailed operational delivery plans

Source: Planning and Managing for PSA Delivery (HM Treasury and The Prime Minister’s Delivery Unit, Dec 2003)
Lesson 6: Understand the systems that deliver services…..and seek synergies

Local Challenges and Ambitions
Sustainable Community Strategy

Local consultation through
the LSP with Partners and
Stakeholders

LSP view of local priorities

Negotiation and
agreement

~35 targets

Local priorities
and targets

Local targets monitored by LSP

'Designated' targets monitored by LSP and GO

16 statutory education
and early years targets

CSR07 national priority outcomes & 188 national indicators

Cross-Govt view through GOs on priorities

Local accountability to citizens

Better outcomes for citizens

Local targets monitored by LSP

Lesson 6: Understand the systems that deliver services…..and seek synergies
What should a delivery system map include

1. Clarity of outcomes that are being delivered
2. The **customer groups** who stand to benefit from the outcome including, where appropriate, ‘reluctant’ customer groups (for instance, offenders should be included on the crime delivery chain)
3. The **delivery partners** that have an important role to play in delivering the outcome
4. Information about the **type and nature of the links** between the customer groups and delivery partners in the delivery chain and how effectively these are driving performance.
Lesson 7: Use data to drive delivery

Dogbert Consults

You need a dashboard application to track your key metrics.

That way you'll have more data to ignore when you make your decisions based on company politics.

Will the data be accurate?

Okay, let's pretend that matters.
**A clear focus on measurement**

- **Relevant** to what the organisation is aiming to achieve
- **Avoid perverse incentives** – (e.g. unwanted/wasteful behaviour)
- **Attributable** – activity measured must be capable of being influenced by actions which can be attributed to the organisation
- **Well-defined** – clear, unambiguous definition so data will be collected consistently, measure is easy to understand and use
- **Timely**, producing data regularly enough to track progress
- **Reliable** – accurate enough for its intended use
- **Comparable** with either past periods or similar programmes elsewhere
- **Verifiable**, with clear documentation behind it, so that the processes which produce the measure can be validated

- Every PSA Delivery Agreement has a published measurement annex
- Indicators agreed by Cabinet as a core part of CSR
With trajectories......

Policy Delivery: trajectories

Historical performance

Intermediate progress indicators or milestones

Delivery Indicator
Low Trajectory (policy has a lagged impact)
Mid trajectory
High Trajectory (policy has an immediate impact)

Project Plan Streams
Lesson 8: Understand the cost

- Total 2008/09 spending £617bn = US $983.1bn
- 43.1% of GDP (08/09)
- Real terms increases in public spending 4.3% (05/06), 2.1% (06/07), 3.1% (07/08), 3.4% (08/09)
- Key challenge is to respond to the recession in a way that drives recovery by both helping citizens now and preparing for the upturn.
A record of delivery: Gershon £26.5bn and CSR £30bn

Gershon Over-delivered – £26.5bn against £21.5bn target
Departments already delivering strongly against CSR £30bn target (08/09 – 10/11)

An additional £5bn in 10/11
Given early findings of OEP & PVP, and additional capability developed within depts

Operational Efficiency Programme
Public Value Programme

Ambitious VFM programme in next Spending Review Period
Informed by findings of both OEP and PVP
Operational Efficiency Programme (OEP)

Summary: four overarching themes to drive operational improvement

- Consistent, comparable data
- Aligned incentives
- The right structures and tools
- Accountability and performance management
Public Value Programme

• Series of VFM Reviews, commissioned by PM and Chancellor at Budget 08.

• Looking at VFM issues within individual areas of spending.

• Emphasis on policy decisions and size of prize rather than strict measurability.

• Policy announcements in PBR 08 and Budget 09

Budget 2009 also announced:
• Public Value Programme expanded to cover minimum of 50% of all departments’ budgets
• A focus across organisations i.e. whole of service spend
Lesson 9: Ensure Clear Accountability

- Increased local data
- Departmental reports (spring)
- Autumn performance reports
- Departmental websites
- Central performance website
- Departmental Select Committees
Lesson 10: Support government to deliver improved, more efficient and effective services for citizens - PMDU

- Full delivery assessment every six months based on a validated self assessment
- Regular reports to the Prime Minister
- Prime Minister and Chancellor Stocktakes as required
- Departmental Stocktakes
- Cabinet Committees
- Departmental Capability Reviews
Outline of Presentation

1. Background

2. Ten Lessons

3. Challenges for the future
Long-Term Challenges

- Demographic change
- Global economic integration
- Technological innovation
- Global uncertainty
- Climate change and sustainability
Excellence and Fairness

Total Managed Expenditure

Chart C2: Total Managed Expenditure

Per cent of GDP

Projections


Source: HM Treasury.
Chart 1.1: Government spending by function
Total managed expenditure: £671 billion

- Social protection – £189bn
- Health – £119bn
- Personal social services – £31bn
- Transport – £23bn
- Education – £88bn
- Defence – £38bn
- Industry, agriculture, employment and training – £20bn
- Housing and environment – £29bn
- Public order and safety – £35bn
- Debt interest – £28bn
- Other – £72bn

Source: HM Treasury 2009-10 near-cash projections. Spending re-classified to functions compared to previous presentations and is now using methods specified in international standards. Other expenditure includes spending on general public services: recreation, culture, media and sport; international cooperation and development; public service pensions; plus spending yet to be allocated and some accounting adjustments. Social protection includes tax credit payments in excess of an individual’s tax liability, which are now counted on AME, in line with OECD guidelines. Figures may not sum to total due to rounding.
Chart 1.2: Government receipts

Total receipts: £496 billion

- Income tax – £141bn
- National Insurance – £98bn
- Excise duties – £44bn
- Corporation tax – £35bn
- VAT – £64bn
- Business rates – £24bn
- Council tax – £25bn
- Other – £67bn

Source: HM Treasury, 2009-10 projections. Other receipts include capital taxes, stamp duties, vehicle excise duties and some other tax and non-tax receipts – for example, interest and dividends. Figures may not sum to total due to rounding.
Sundhed.dk, Denmark, is integrating services for patients on-line, and delivering services more cheaply.

Prevents 900,000 consultations with GPs per year. Moving prescription services online alone saves €12 million a year.
Data.gov is opening up not just the use, but also the re-use of government data; all data is assumed to be open.

Opening up performance data to public scrutiny in Baltimore has led to $100 million of savings over four years.
Wraparound Milwaukee uses lead professionals to tailor care for children with serious emotional disturbances

- Psychiatric hospitalisation down over 90%
- Typically reduces monthly cost of care for each child from $8500 to $3850
Health Buddy in the Netherlands and USA facilitates daily engagement between patients and professionals.

Reduces hospital admissions by 60% and nurse home visits by 81%.
Total Place in England is helping local public services to work with a common cause

- How a spatial approach to public services can lead to vfm improvements through local leadership and collaboration
- Work on local incentives and empowerment
- Space to develop creative responses from local areas, including challenges to Whitehall
Questions?

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