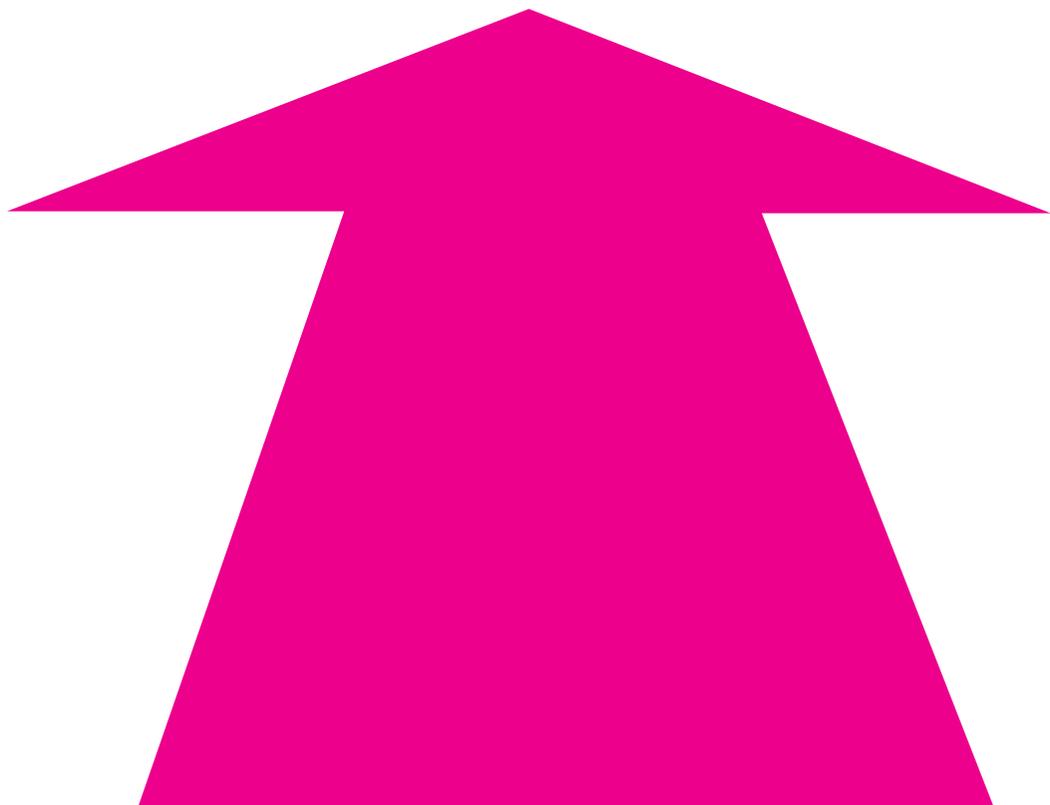




To the Point: A Blueprint for Good Targets

**Report of the Social Market Foundation
Commission on the Use of Targets in
Public Services**



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Foreword

Targets have been controversial since their introduction - in modern form, at least - in 1998. To some, targets are a legitimate means of articulating and enforcing policy priorities. They are a necessary instrument in ensuring that the additional resources allocated to public services produce the intended outcomes and a method for focusing on customer/citizen outcomes. To their supporters, they have sharpened accountability and left poorer performers with fewer places to hide.

Others argue that targets represent a clumsy and bureaucratic interference by central government in determining priorities that should be decided closer to the user. Ill-considered in design, they have often had perverse consequences, and deserve the kind of "gaming" behaviour they have sometimes provoked.

This report takes an objective, cool, fact-based, look at the arguments. It examines the way targets have been formulated, and how performance against them has been measured and reported, in many areas revealing a gap between claim and verifiable reality.

It also scrutinises the standard - and some non-standard - criticisms of targets, distinguishing the valid ones from those that appear to be driven at least in part by professional self-interest.

Any participant in the targets debate, whatever their position, will find parts of the report challenging, even uncomfortable, reading. But anyone who is interested in improving the effective delivery of public services, whether they be elected politicians, public service managers, voters, tax payers, service users, or advisers, will, we believe, find it thought provoking.

Jon Sibson, Partner, Government & Public Sector Practice, PricewaterhouseCoopers, and member of SMF Targets Commission

Executive summary

I. A defence and a critique of targets

A target is a desired process or outcome that has been codified in a Public Service Agreement (PSA). Targets are just one amongst many methods of improving public services but they are an instrument that the government has used extensively. The history of targets can be traced back at least as far as 1982.

Targets can and should be defended. They ought not, in our view, to be abandoned. They are useful for a government to ensure that public money is spent well. Used well, targets provide organisational focus, embody the ambitions of government and offer a transparent account by which services can be measured.

That said, a critical consensus has emerged recently on the current targets regime. It consists of five claims: (i) there are too many targets; (ii) they are too rigid and undermine the morale of staff; (iii) they have perverse and unintended consequences; (iv) it is not always clear who is responsible for meeting the target and (v) the data are often not credible.

It is often true that there are too many targets. This is usually an operational problem and we recommend that managers take care in not allowing targets to multiply too much.

Targets can also undermine morale but the professions cannot be permitted a veto on the use of targets. A target holds a profession to account and some tension is inevitable. We suggest that, though it is tempting to allow the professions to set targets, the final authority must remain with central government.

Targets do often produce unintended outcomes. Greater transparency about why a particular target is being set would help. But, usually, there is no reason why targets need to distort priorities. To set a target is, by definition, to indicate a priority. We need to ensure simply that the right target has been set. It

would, of course, be wise to bear in mind, during the process of setting a target, that some will attempt to find a circuitous way around it.

It is important that lead responsibility for meeting a target is clear. Joint targets should be sub-divided and the lead department identified.

The credibility of the data on which targets are based and measured is probably the biggest single problem. The data are subject to problems with their measurability, their quality and their vulnerability to manipulation.

II. The problems with data

A target is only as credible as the data on which is assessed. But some targets are based on data which are difficult to measure, some are hampered by very poor quality of data and some are unreliable and subject to possible manipulation.

Each PSA has an accompanying Technical Note which explains how that target will be measured and the sources of information that will be used. Many such Technical Notes are vague and poorly defined. It is also not made clear, within the Note, who is charged with measuring whether the target has been met.

The quality of the available data needs to be considered more closely when targets are being set. It is not possible, however, to ensure that data comes without imperfections. Where this is the case, there should be a clear statement of the limitations of the data. We support the suggestion by the Royal Statistical Society that a protocol be issued with each PSA which would set out how the problems we raise have been dealt with.

We suggest the National Audit Office should supervise and validate this process. After each Spending Review the NAO should carry out a review of the Technical Notes to all PSAs. The NAO should concern itself with the quality of the data. It should be given to departmental select committees of the House of Commons to report on whether targets had, or had not, been met.

III. Targets in education

The DfES has 14 PSAs. We provide a full analysis of the

department's progress towards meeting its targets (Appendix four).

The national literacy target offers some valuable lessons. The target was initially very successful as the outcome demonstrably improved. The target was clear and widely accepted. But, rapidly, the onus came to be on meeting the target, rather than seeing it as a spur to improvement. This led, ultimately, to the resignation of the Secretary of State.

It is often claimed that targets demoralise staff. Bad targets may do but the response must be to set better targets. It is also claimed that targets lead to a damaging narrowing of the curriculum. But where literacy cannot be taught acceptably within a broad curriculum then that curriculum must be narrowed. The other problems we note with education targets are that targets may be too rigid and that there are particular problems with joint targets.

We suggest that all targets need to be based on evidence of good practice. Ambitious targets can drive improvement as long as the Government presents them as such. Schools' ability to benchmark their performance to schools in similar circumstances can be used to supplement an ambitious target to give a sense of what might realistically be expected. This could even be carried out beyond national boundaries.

We need to refine the rewards and sanctions that attach to targets to reflect the fact that some targets are more ambitious than others. The views of parents should be incorporated into the setting of targets. Ultimate responsibility must remain with central government, however.

Targets should only be set for aspects of education that schools can genuinely affect. So at times it will be appropriate to set a target for a process, as long as there is evidence to suggest that the process is linked directly to a desired outcome.

IV. Health targets

We have four distinct concerns about the use of targets in the health system: the evolution of PSA "standards", the incidence of perverse incentives, the problem of multiplying targets and the scale of ambition in some targets.

The struggle to meet targets can lead to perverse behaviour in staff. This behaviour is encouraged by the fact that sanc-

tions and rewards are often crudely linked to the missing and meeting of targets. The so-called "P45" target is a good example of this.

We support the principle of attaching rewards and sanctions to targets but feel the current government approach is too heavy-handed. There is no sense that the degree of failure or success affects the severity of the sanction or size of reward, as it should.

There are a large number of national targets used in the health service. Targets have been used to list the priorities of the NHS, rather than the areas of service that require change. This has not helped resolve the problem of multiplying targets.

The Royal Statistical Society's recommended use of a "protocol" to accompany PSAs might be extremely useful in the case of healthcare targets. A protocol would describe how the possibility of perverse incentives had been considered and the performance indicators designed to remedy this.

We would also recommend that disproportionately large sanctions are not attached to single targets nor, when ambitious targets are set, that discretion to vary sanctions and rewards is not ruled out. We emphasise that sanctions and rewards must be both proportionate and that care is taken to ensure that the wider performance management and audit system of the Healthcare Commission are aligned with specific target priorities.

V. Targets in housing

There are two housing targets, the decent homes target and the supply and demand target.

The decent homes target is based on an objective which can lead to wasteful investments in housing, such as repairing housing stock which is in areas of declining demand. It also fails to take into account tenant satisfaction and an assessment of outside and communal spaces, safety and security.

We recommend re-wording the decent homes target, bearing in mind its true objective - to ensure that everyone lives in a decent home. This should allow for a broader range of delivery methods, including a consideration of improving and building housing in areas people actually want to live. We also recommend introducing tenant satisfaction and a consideration of communal spaces in the definition used for the decent homes PSA.

The supply and demand target is too broad and encompasses too many separate outcomes to be deliverable. It includes performance indicators such as environmental sustainability, house prices and housing density, and actually has 14 separate targets within the one PSA. Of these targets, several are too vaguely worded and are not quantified, making it difficult for local authorities to deliver the services outlined in the PSA. Some are set below the current rate of performance.

We recommend the supply and demand PSA be stripped of all but its most concrete objectives, which are measurable and which use clear definitions and data. To fill the gaps in housing delivery left unregulated by the target, Best Value Performance Indicators (BVPIs) seem a sensible alternative as they cover service areas that housing departments genuinely affect and something that tenants will notice and appreciate.

VI. Targets in the criminal justice system

The 2004 Spending Review included 3 PSA targets for the Home Office relating to the criminal justice system.

In a number of places the data used and the methods of measurement are inadequate. Many of the targets are not, strictly speaking, targets at all. As they are not numerically specific, they are more like aspirations. In some cases it is unclear why a target had been set and why the particular numbers were included. Some very complex phenomena are not broken down into the relevant departmental responsibilities. This leads, amongst other things, to a sense of remoteness on the part of staff. We do not accept, however, that ambitious targets should be scaled back.

Targets must be set only when change is required or for aspects of public services which are exceptionally important – not when the status quo needs to be maintained or standards upheld.

We urge that vague terms like “increase” be made more specific. Targets need numerical precision. We suggest that the existing measurement of the fear of crime be extended so that it reflects more clearly the type of crime and its location.

For some PSAs an element of local specificity would be welcome. We suggest, as a rule of thumb, that the most prolific or most worrying crimes in an area should be given priority. We also recommend that the PSA relating to police performance, which became a standard in 2004, should be re-designated as a target once more.

VII. Our general recommendations

A good target would have a single, specific objective that is reasonably within the remit of the institution to affect. It would be easily measurable and would specify an outcome whenever possible, over a clear time period. The desired outcomes of any target need to be stated clearly, and must be measurable. If the problem of measurability is found to be intractable, targets are unsuitable.

Targets must be set only when change is required or for aspects of public services which are exceptionally important – not when the status quo needs to be maintained or standards upheld. Thus, targets are best used in times of service failure, or where there is a policy decision to significantly raise performance standards, or where there is a consensus that a service needs to be delivered in a radically different way. Targets should not simply act as a list of priorities.

There should be a fairly small number of targets in place at any one time. These targets will be dynamic – changing according to those aspects of service provision that require change or improvement at a given point in time.

Targets need not always be explicit output or outcome targets – “process” and “input” targets can be appropriate, especially if the organisation in question only has power to affect a process or input rather than an outcome. We would insist, however, that there was a strong evidential link between the input or process, and desired outcome.

Targets add most value where other mechanisms such as user choice and the threat of exit, or the contestability of providers, are not in place and are not adequate to affect the

behaviour of service providers.

Throughout, we emphasise the importance of *proportionate* sanctions and incentives. When setting stretching targets, the government should make clear that an organisation missing such a target by a narrow margin will not be sanctioned for failure, but rather rewarded for its progress. Sanctions and incentives should not be used, however, to demarcate the relative “importance” of targets – this has proven, particularly in healthcare, to generate perverse behaviour in healthcare staff.

We would hope to see the targets framework of each of the public service sectors to be fully integrated into their respective performance management, audit and inspection regimes. So-called “P45” targets are a poor management tool, in that no one should be dismissed for missing a single target. Similarly, rewards should be related to overall performance, not the meeting of a single target.

Some targets cannot be broken down into individual components and do require a joint effort by two or more departments. We suggest that targets that need to be delivered by more than one department always have a “lead” department which takes responsibility for the meeting of the target. HM Treasury would, in return, give dedicated public funding for that target to the lead department, rather than distributing it between two or more. The lead department would then be expected to work in partnership with other departments, commissioning services from them, in order to help it meet the target.

In a number of our assessments on individual public service areas, we have stated that the regime could benefit from a target measuring public satisfaction with a particular service or organisation. In the absence of other mechanisms to detect user opinion (such as the ability to choose an alternative provider, or to vote), service providers must be systematic and rigorous in gathering feedback from its users.

However, although we feel user satisfaction should be a central driver of the targets regime, it might not always be specific enough to guide change. Satisfaction levels must be measured in conjunction with and compared to objective data, which will be specific enough to guide change, and able to verify the results of user satisfaction and to act as a proxy for

that which would satisfy an informed user. We propose that each service area should have its own PSA dedicated to improving user-satisfaction with the service, alongside more objective targets regarding quality and efficiency.

I. A defence and a critique of targets

Introduction

1. There are many possible strategies for improving public services. They might be granted more money, greater professional autonomy and licence, they might be subjected to more rigorous audit and inspection, they might be regulated by voluble citizens, democratically or through direct redress, or they may be subject to the threat of exit.¹ No doubt all of these means have their virtues. It is unlikely that any single means of improvement is alone the answer.

2. Since the 1998 Comprehensive Spending Review, the Government has emphasised and extended one other form of discipline on public service providers. The central target was not invented by the current administration but, under it, targets have flourished. This report traces that growth, makes an assessment of its impact and makes policy recommendations. We look specifically at education, health, the criminal justice system and housing.

3. First, in paragraphs 4-12, we define our terms. Second, between paragraphs 13 and 23, we give a brief history of the targets regime. Third, between paragraphs 24 and 41, we summarise a critique of the targets regime which has emerged from a number of reports and reviews.² Fourth, between paragraphs 42 and 45 we offer a defence of targets. Then finally, in paragraphs 46-65, we provide our own critique of the targets regime that draws on the sources just considered but differs importantly from them. These paragraphs will be our datum for the recommendations that follow in later sections of this report.

1 These have been the subject of a set of recent SMF papers. For example, Williams and Rossiter, *Choice: the evidence*, SMF, 2004 and Collins and Byrne (eds), *Reinventing Government Again*, SMF, (2004).

2 *Waiting List Accuracy: Assessing the Accuracy of Waiting List Information*, Audit Commission (2003); *On Target?* PASC, 5th Report, session 2002-03; *Inappropriate Adjustments to NHS Waiting Lists*, National Audit Office (December 2001); *Devolving Decision Making: Delivering better public services: refining targets and performance management*, HM Treasury and Cabinet Office, (March 2004).

3 It is important to note that PSAs refer only to England.

4 Some objectives do not fall neatly into a single department. These are covered in "joint PSAs" which enjoin two or more departments to meet the stated target. An example is the target to reduce the under-18 conception rate by 50% by 2010, an objective jointly served on the DfES and the Department of Health.

5 For a definition of a target see paragraph 5 below.

6 Special care needs to be taken in the slippage between targets and standards. The government recently announced a major move from one to the other which was, essentially, a sleight of hand designed to cut the number of targets without seeming to. There is confusion all over here. The Healthcare Commission, for example, uses the word "standard" to refer to something a lot more like paragraph 6 than paragraph 7.

Definitions

4. Public Service Agreements (hereafter PSAs³) are set by HM Treasury. They are the documents in which the Government's priorities and objectives for each department are enshrined.⁴ A PSA is more than a single objective; each one may contain more than one target⁵. Each PSA has an accompanying Technical Note that sets out how the target is measured, how success is defined, the sources of the relevant data and any other relevant information such as geographic or demographic coverage. We refer a great deal, in what follows, to PSAs. There are other target regimes in operation, though most of them derive ultimately from the PSAs set by the Treasury.

5. A target is a desired process or outcome that has been codified in a PSA.

6. A floor target is a minimum standard to be reached in places where performance is particularly poor. It can also relate to a target with the objective of closing the gap between trends in deprived areas and the national average.

7. A standard describes a level of service that has been achieved in response to a previous target. Though the target lapses, monitoring still takes place to ensure that the same standard of provision is maintained.⁶ The standard thus operates, in effect, as a minimum requirement for well or acceptably performing services.

8. We refer occasionally to inputs, outputs and outcomes. An input is a resource used by a service. An increase in the number of consultants is an increase in inputs.

9. An output is the result of what is done with the inputs. An increased number of cancer operations is an output.

10. An outcome is the final result. Fewer people suffering from cancer is an outcome.

11. There is an important distinction, maintained throughout this document, between a target, on the one hand, and perfor-

mance indicators on the other. The latter could be targets but need not be. A league table of schools ranked by examination success is information about performance. The school may or may not have targets set on this basis.

12. There is another important distinction. We need to distinguish between information that is valuable externally for citizens who are trying to make rational choices about services and information that is more strictly internal. That latter kind refers to important managerial information that is not the main way in which the service is judged by citizens.

A brief history of targets

13. The ultimate purpose of targets is to hold public bodies to account. The attempt to do this systematically has a long genesis. To go back only as far as 1982, the Conservative government launched the White Paper on Efficiency and Effectiveness which introduced the Financial Management Initiative (FMI). The FMI was designed to improve the allocation, management and control of resources throughout central government. Thirty-one departments were required to review their systems of managerial responsibility, financial accounting and control. Managers at all levels were required to have a clear view of their objectives and to measure performance in relation to those objectives. The proposed audit regime appointed the National Audit Office (NAO) to examine progress across government departments.

14. Further improvements to the management and performance of central government were the focus of the 'Next Steps' or Ibbs report, published by the Prime Minister's Efficiency Unit in 1988. The ensuing Next Steps Project established a set of executive agencies to carry out the policies of government, subject to key performance indicators.

15. Under this system every agency was set up with a Framework Document, agreed by the responsible Minister, outlining the tasks, financial targets and quality of service expected. The performance of each agency was publicised in an annual report. As a direct result, throughout the 1990s, many

⁷ House of Lords Committee on Public Services, Report, (11 February 1998).

functions of government were transferred from core departments to agencies, and, in some cases, from agencies to the private sector. Early examples included the Royal Mint, the Civil Service College and HM Stationary Office. By October 1996, 354,327 Home Civil Servants (72% of the total) were working in agencies and other departments operating on Next Steps lines.⁷

16. The Citizen's Charter (1991) placed a requirement on central government to publish, monitor and report against quantifiable standards of service. Among the six Charter principles were a requirement to measure targets and performance, a requirement to consult users in setting service standards and a requirement to ensure that performance was independently validated. All are early intimations of the debate about targets today.

17. There may be another lesson from the Citizen's Charter. The Charter itself was not a regulatory entity in its own right. It was, rather, a requirement on public bodies that they produce their own standards of service fulfilling the six principles. The Charter's impact was therefore variable because public bodies set their own targets and interpreted the Charter's principles in different ways.

18. With greater contestability between service providers came a desire in government for more common performance standards, particularly with regard to issues such as cost and customer response. Hence, a consequence of the extension of the use of contracting in local services, through the policy of Compulsory Competitive Tendering (CCT), was a clearer concentration on service performance criteria.

19. The Local Government Act 1992, for example, placed a duty on the Audit Commission to produce statutory performance indicators for local government. These were then compared on a national basis. The Act also saw the introduction of the 'school league table' system, which controversially measured the performance of schools by measures such as the number of children reaching Key Stage 2 in the National Curriculum.

20. Seven years later, the Local Government Act 1999 introduced the notion of Best Value. The process of fundamental performance review required local authorities to set and publish their targets in a local performance plan. Today Best Value continues to be an important measure of local government performance as part of the Comprehensive Performance Assessment (CPA).

21. Since 1997 government departments, executive agencies and local public services have seen targets increase rapidly. An early indication of how important targets would become was the document written by HM Treasury to accompany the 1998 CSR: *Public Services for the Future: modernisation, reform and accountability*. This defined the Public Service Agreement and gave each department a list of its own PSAs.

22. The key component of the Government approach is the Public Service Agreement (PSA). By achieving higher performance via the PSA, organisations can expect more resources from the three-year Spending Reviews (SR). In 1998 600 PSAs were introduced for around 35 areas of government activity.

23. Subsequent refinements to the PSA architecture have, in theory at least, sought to renew the focus on outcomes as opposed to inputs. The 2000 SR reduced the number of PSAs to 160 while at the same time increasing the proportion of outcome-oriented targets from around 15% to over two-thirds of the total number.⁸

Targets: the common criticisms

24. There have been a number of reviews of the targets regime.⁹ Though they all conclude that targets should not be abandoned, a consensus has emerged on what is wrong with the target regime as it stands. We have broken this critique down into five specific claims. We stress that these paragraphs are our account of a common set of criticisms. This should not be read as if we agree with all of them.

25. The alleged problems are as follows:

8 Alex Hill, *Evaluating Performance in Public Services, Background Paper: the UK Government's Public Service Agreement Framework*, HM Treasury, (November 2003).

9 See footnote 2.

10 We need to be careful with the terminology here. The newly created "PSA Standards" do not count as PSAs, even though they are still a form of target.

11 Public Finance, "Two Steps Back?" (February 27, 2004).

12 See Appendix Two below, particularly the DfID's PSAs, half of which contain multiple targets.

13 *On Target? Government by Measurement: the Government's Response to the Committee's fifth report* (Stationary Office, 2003).

- (i) there are too many targets,
- (ii) they are too rigid and undermine the morale of staff,
- (iii) they have perverse, unintended consequences,
- (iv) it is not always clear who is responsible for the target,
- (v) the data are often not credible.

Criticism 1: there are too many targets

26. At the time of writing there are 110 PSAs, an average of 7 per department. It is regularly said that this is too many. The Government has recently attempted to respond to this criticism. The 2004 SR stated it had reduced the number of central targets, from 125 in 2002 to 110 in 2004.¹⁰

27. This effect is exacerbated by the tendency of targets, like all bureaucratic instruments, to multiply. By the time the target reaches a school or hospital it may have been broken down into fragments. A single target to reduce mortality rates in cancer, for example, actually breaks down into many separate targets that must be met, from the consulting to nursing staff. Gill Morgan, Chief Executive of the NHS Confederation, explained that 12 central health PSA targets were used to create 44 targets in the Department of Health's planning and priorities guidance, which were then translated into 300 separate targets.¹¹

28. Even at national level, individual PSAs hide a larger number of targets – the 2002 DfES target 12 to "Improve the life chances of children" actually contains four separate targets covering under-18 conception and conviction rates and educational standards.¹² The PASC also heard evidence that central PSAs had generated approximately 1300 targets for use by the 36 executive agencies and non-departmental bodies involved in public service delivery.¹³ This is usually described as the "cascade effect". Managers who are given targets to meet respond, quite rationally, by breaking them up into their constituent parts and passing on objectives, sometimes in the form of new targets, to their staff.

Criticism 2: targets are too rigid and undermine the morale of staff

29. The remoteness of those that set the targets from those that

are charged with hitting them is said to have three distinct deleterious consequences: (i) targets are too inflexible; (ii) they tend to be arbitrarily over- or under-ambitious and (iii) they undermine the morale of staff.

30. The first charge is that targets set from a remote centre are too rigid and too inflexible to take proper account of diverse conditions. In other words, targets are a blunt instrument. It is not just that targets are said to be too rigid. They are also alleged to be inappropriate. This inappropriateness, it is said, is an inevitable consequence of being set centrally, with little or no consultation with those who work in the service. As a director of education in Cornwall told the PASC, “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”.¹⁴

31. Health outcomes, for example, are only partially derived from health services. Diet and exercise are likely to be more important. Likewise, a large part of the results produced by a school can be explained by the children it takes in. National targets that pay no heed to these sorts of variations, it is said, are likely to be less than useful.

32. The third allegation that derives from centralisation is that targets undermine the morale of the very staff charged with hitting them. Targets are thus, on this account, self-defeating. They demonstrate the lack of trust felt by those in central government for the professional judgement of the people who work in public service. Such tight supervision is taken to be patronising. The Chartered Institute for Personnel Development (CIPD), for example, has claimed that, in practice, targets weaken the ‘psychological contract’ between employer and employee and undermine morale and trust. The Hospital Consultants and Specialists Association told the Public Administration Select Committee that “Without doubt badly designed targets and league tables not only can, but have, destroyed morale and motivation”.¹⁵ They complained that “because targets are set, rather than agreed.... there is no own-

14 Oral evidence given by Jonathan Harris to PASC, (10 December 2002).

15 Memorandum by Hospital Consultants & Specialists Association (PST 20) to PASC, (2002).

16 Ibid.

17 Speech given by David Bell, Chief Inspector of Schools, at a York education conference in February 2003.

18 “Exodus of ‘worn out’ staff from public jobs” *The Guardian* September 3, 2002 <http://society.guardian.co.uk/careers/story/0,7916,785069,00.html>

19 *Inappropriate Adjustments to NHS Waiting Lists*, National Audit Office (December 2001).

20 *Waiting List Accuracy: Assessing the Accuracy of Waiting List Information*, Audit Commission (2003), p12.

21 *BMA News*, 30 November (2002), p12.

ership of the output required, and consultants felt that patient priorities were governed by the political agenda rather than clinical need”.¹⁶

33. An over-ambitious target, such as SAT pass rates set at 85%, can lead to a sense of defeatism and anxiety amongst teachers.¹⁷ The Audit Commission noted that high staff turnover in the education and health sectors had direct links to workplace stress which was the biggest single cause of resignations: “leavers were more concerned over excessive bureaucracy and ill-conceived government performance targets than their pay or conditions”.¹⁸ 80% of those who had recently left their jobs blamed targets and related red tape.

Criticism 3: targets have perverse, unintended consequences

34. It is also frequently pointed out that targets have had unintended consequences, many of them perverse. We list some representative examples of the unintended consequences of the targets regime in Box One below. There are plenty of other examples where public service staff have shown great ingenuity and entrepreneurial flair, but in entirely the wrong direction.

Box One: some reported instances of distorted priorities in healthcare

In December 2001, the NAO published a report, naming nine NHS trusts as having inappropriately manipulated waiting list information.¹⁹ As a result, the Department of Health requested that the Audit Commission carry out a series of spot checks in 2002 and 2003 on individual hospitals. They found three trusts consciously adopting inappropriate recording practices to give a more favourable picture of its waiting times.²⁰

The BMA, in its submission to the Public Administration Select Committee, referred to a reader survey carried out by their publication the *BMA News* in 2002. It found 62% of respondents said they had personal experience of clinical priorities being distorted to meet targets.²¹ Some readers gave illustrations:

- Ambulances waiting outside A&E departments with patients to avoid missing the target for seeing a patient once they are in A&E.
- Re-designating ‘day surgery cases’ (which contribute to targets) as ‘outpatient procedures’.
- Patients being transferred to other hospitals if a bed is not available to avoid being logged as a 12 hour trolley wait, even in the middle of the night.
- Cancellation of follow-up appointments that do not contribute to targets.

An internal Department of Health document leaked to the Observer in May 2004 revealed that hospitals substantially increased resources flowing into A&E departments during the seven-day period when performance tests for the Government’s four hour wait target²² were conducted. According to the Observer, this was a result of hospital management teams being told that the test week would be the only week in the year when waiting times would be measured according to targets, which helped determine their star rating. The internal document measured the performances of A&E departments at the first 29 hospitals to become NHS trusts in the week when target test were undertaken. It found:

- More than a quarter of the 29 hospitals saw results improve by 10% or more for that week in question. The hospitals went from a weekly average of under 90% to 93.7% in the week in question. Three weeks later, this figure had fallen by 4 percentage points.
- In West Hertfordshire Hospitals NHS trust for example, their percentage of patients discharged, transferred or admitted within four hours went up from 80.5% in the previous week to 95.7% in the week measured; by the following month this was back down to 83%.
- Epsom and St Helier Trust went from 84.1% to 99% in the week measured.
- One three-star trust, St Mary’s Hospital in west London, admitted that it had cancelled elective and non-urgent surgery during this week in order to meet the target.²³

A memo sent by Southampton City Primary Care Trust in July 2004 was leaked to the Observer.²⁴ It was sent two days before

22 The target states that 90% of patients should be discharged, transferred to another hospital or admitted within four hours of coming into A&E.

23 ‘Hospitals faking cuts in casualty wait times’, *The Observer* (11 May 2004).

24 ‘Waiting-time figures “rigged”’, *The Observer* (1 August 2004).

25 *On Target?* PASC, 5th Report, session 2002-03.

26 See, for example, the BBC’s *Schools Use Tricks to Mask Unruliness*: at <http://news.bbc.co.uk/1/hi/education/3104732.stm>, where it is alleged some schools send disruptive children home on the days of Ofsted visits.

27 In oral evidence given to the PASC on 17 January 2003, Dr Gill Morgan has pointed out that a Trust’s joint health service target is not as important as its waiting list target. For its target partner, however – an LEA or a prison, for example – meeting the joint target may be its top priority. Dr Morgan suggested that joint targets had to be aligned in priority in all institutions.

an appointment availability survey was being carried out. The memo asked GP practices to contact the trust if they thought they would have problems meeting the GP 48-hour access target. Doctors who did so were reportedly offered locums.

35. There is always a chance that professionals will meet the targets by doing things that were never intended. The likelihood of gaming, or even of outright cheating, increases when rewards and sanctions are attached to a target. For example the NHS star rating system, which has been phased out under the new Healthcare Commission regime, awarded each trust a rating, from zero to three stars. Although star ratings also took into account information from staff and patient surveys, they mainly reflected performance according to government targets and indicators: the star rating was awarded according to scores on a points system, whereby penalty points are given for failing to achieve key targets. The highest rated Trusts were rewarded with “earned autonomy” and the chance to apply for foundation status.

36. In education, the PASC commented “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. However David Hart of the NAHT thought that such cases might be on the increase”.²⁵ There have also been reports of schools doing the same in order to pass Ofsted inspection.²⁶

Criticism 4: it is not always clear who is responsible for a target

37. This problem, it is said, occurs particularly with respect to those targets described in the jargon as “cross-cutting” or “joined-up”. The 2004 SR contained 50 joint targets. Three problems have been identified. First, the departments are usually poor at co-ordinating their response (the joining-up problem). Second, it is rarely clear to which department the improvement should be attributed (the accountability problem). Third, the priorities of partners may not be identical (the priority problem).²⁷

38. The Department of Health's obesity target, held jointly with the DfES and DCMS, is a good case in point. The target aims to halt the year-on-year rise in obesity among children under 11 by 2010. It is questionable, however, whether the infrastructural and cultural framework which would allow schools, local health services, and sports programmes to work together to achieve this, are in place. Moreover, it is unclear which organisation takes the lead on the target and where effort is best spent. There are also concerns that, as a public health issue, such policies would be more effectively delivered by local authorities at local level rather than with an uneasy partnership of a multitude of departments and their agencies.

39. All joint PSAs have accountability problems. For example, the DfES and the DH have a joint target to reduce under-18 conception rates by 50% before 2010. Both departments report progress but it is impossible to know where the progress made and where credit or blame should be allocated. Where we are attempting to isolate success and weakness this is less useful than it might be.

40. There are many examples of the priority problem. For example, the health of prisoners is a high priority for the Crown Prosecution Service and the Home Office but it is a lot less important for the Department of Health, with whom the target is jointly held. Another example would be the priority accorded to school sport by, respectively, the DCMS and the DfES.

Criticism 5: the data are not always reliable

41. The credibility of a target depends crucially on the credibility of the data that are used to assess it. Serious concerns have been expressed about whether this criterion is currently satisfied. The Audit Commission has suggested that the National Audit Office (NAO) ought to extend its responsibility from validating data to validating targets. The Audit Commission also suggested a revised version of the rather discredited “annual report” which would be a consolidated performance report on public services, ratified by the NAO, by themselves and by the Office for National Statistics (ONS). The PASC suggested

28 Memorandum by the Government (PST 60), sent to the Public Affairs Select Committee, (January 2003).

that draft target lists should be submitted to the relevant departmental select committee before being sanctioned.

In defence of targets

42. It is important, before we signal the points at which we believe this critique to be correct, to mount a defence of targets. Too often, advocates of the critique we have just outlined use the alleged deficiencies of the regime to call for targets to be abandoned. We think this would be a mistake. Targets are a useful tool in the armoury of government which needs to ensure that public money is spent well and that important outcomes are realised. We go on to say below where the regime as it stands is less than perfect and we then, in the following sections, make recommendations for reform. But it needs to be stressed that reform, not abandonment, is our objective.

43. A good targets regime has a number of clear virtues. These were outlined in a memorandum submitted by government to the Public Administration Select Committee (PASC). At their best, targets provide:

- a. a clear statement of what the Government is trying to achieve,
- b. a clear sense of direction and ambition,
- c. a focus on delivering results,
- d. a basis for monitoring what is and is not working,
- e. better public accountability.²⁸

44. Targets give an organisation necessary focus. They align different bodies which otherwise might be reluctant to co-operate, they embody the ambition and the priorities of government, they provide a clear and transparent account by which government can be measured and they provide useful informa-

The credibility of a target depends crucially on the credibility of the data that are used to assess it.

tion for citizens. It goes without saying that targets do not always do all of these things but, at their best, they can and do.

45. There is also, we would suggest, another reason for the introduction of so many central targets from 1998 onwards: the requirement for shock therapy to force poor performers to improve. Targets tend to work better where services are failing. Targets were, in large part, a blunt instrument applied to all services for the hidden purpose of getting to the worst performers.

Our critique

46. All that said, the targets regime is by no means perfect as it stands. In the section that follows we take each of the five generic criticisms in turn and suggest the extent to which we concur with the critique as it was set out above.

Criticism 1: there are too many targets

47. It is not obviously the case that, because a department has a lot of targets, that this is automatically too many. Most government departments are custodians of very many things of value to the people. Clinicians in mental health, for example, might argue that they have too few targets. Very often managers actively want a target because that is a way of signalling the priority of their fiefdom and, therefore, ensuring the continuity of funding.

48. However, there is a powerful point to this critique. It has been said that an organisation that has four priorities has none. The sheer number of targets has been reduced and it would be sensible if targets were put in rank order of importance for each department, formally and officially. Each department of state should have as few public targets to hit as possible – they should be set for two principal sets of circumstance: where something badly needs addressing, such as literacy standards, or for aspects of a public service, such as hospital waiting times, which are of great value to citizens.

49. There is also something in the complaint that targets multiply as they cascade down to operational level. The fact that targets beget further targets is not, in itself, anything to be concerned over. Sub-dividing targets may be a perfectly sensible

managerial strategy. That said, if targets are being set for perfunctory reasons, then the following principles should usefully avoid the main problems.

50. Subsidiary targets should be set only for managers who have direct operational responsibility for the action that contributes to meeting the overall target. These subsidiary targets should only be set by the tier of management immediately above the person charged with delivery. No other tier of management will be permitted to do so and there should be an annual review of all subsidiary targets.

Criticism 2: targets are too rigid and undermine the morale of staff

51. There are, no doubt, instances where the accusation that centrally-set targets are too remote from the people charged with providing the services can be upheld. Targets will tend, in these circumstances, to appear, and sometimes to be, rigid, inflexible and arbitrary. It is thus also likely that the attendant lack of credibility with senior personnel will undermine the morale of the professionals. This need not necessarily be the case. GPs, for example, have accepted targets in their contracts.

52. There is, though, a particular problem where targets are used as a form of, in our view, effective shock therapy for poor performers. Can we realistically expect the same instrument which is effective for dealing with the worst performers simultaneously to motivate the good and the average to continuous improvement? The same target will often be inappropriate for two organisations providing the same good.

53. All that said, professional morale cannot be permitted a veto on targets. One of the purposes of a target is to be a form of accountability. Hence there will be occasions on which conflicts arise. There is no need to lament this. People will not always like being held to account. If it can be shown that the target in question is rational and sensible, then this is fine. Of course such an outcome is a lot easier if there has been general professional agreement in the first place.

54. This raises the vexed question of who should set the targets. It is our view that the ultimate authority, as the forcible collector of the revenue on which the service is based, lies with the Government. Hence we see no problem in principle with targets being set centrally, in the sense that the final authority rests there. The process of arriving at a sensible target should have many iterations and should involve all the relevant partners to it. But none of those partners can realistically be the final authority. That responsibility should rest with central government.

Criticism 3: targets have perverse, unintended consequences

55. There have obviously been some strange consequences of targets, some of which we detailed above. We need to think hard about how to devise targets that minimise this behaviour. Perhaps the best strategy is to expect it. We should expect that every target will be defied. We should devise targets with the following malign assumption in mind; that everything legal, and a few things not, will be tried to keep up the appearance of having hit the target. This is not to say that this is how public servants always behave, only that it is better to design policy with this assumption, rather than its optimistic opposite, in mind.²⁹

56. The perception that targets have enshrined peculiar priorities may arise partly because the Government has not been candid about its original rationale. There may be political reasons for concentrating on a target, for example, which are not obvious to practitioners. It would be helpful if there were greater transparency about the reasons for selecting targets.

57. We have less truck with the claim that targets necessarily lead to distorted priorities. Of course they can do but there is no reason why they should do so. This is about ensuring that we have the right target. Targets determine priorities, by definition. We do need to be vigilant to be certain that the particular allocation of priorities that is implicit in a target is, indeed, the desired one. But the very fact that professionals are asked to do one thing rather than another is deliberate. It may be a problem but it is intended.

²⁹ For an extensive and persuasive account of this point, see Julian Le Grand, *Motivation, Agency and Public Policy*, Oxford, (2003).

³⁰ See, for example, oral evidence given by David Bell and John Bangs to the Public Administration Select Committee, (January 2003).

58. There is a serious concern, of course, that services not subject to a target will suffer as a result of an unjustified emphasis on the service that is subject to a target. But we need to be careful here. The very point of a target is to make a decision about priorities. It is legitimate to argue that a specific target has identified the wrong priorities. This is a case for changing the target, not for abandoning it. In a world of scarce resources an emphasis on one thing will automatically mean rationing something else. We need, in each case, to consider whether the particular allocation is warranted. The argument about priorities is often confused. For example, the teaching unions have been outspoken about the way in which the curriculum is being narrowed in schools so that more time can be devoted to subjects that are included in targets – Mathematics, English and ICT – to the detriment of humanities, arts and drama.³⁰ No doubt this narrowing is regrettable but it may have been necessary to ensure standards of literacy and numeracy were met.

Criticism 4: it is not always clear who is responsible for a target

59. The very point of a target is to determine a desirable outcome and assign responsibility for producing it. Hence it is clearly a major problem if we cannot be clear about which department takes responsibility. Where targets involve more than one agency they need to be formally sub-divided into separate, contributory, targets that specify the particular requirements of each agency. This will require care to ensure that the cumulative effect of these divided targets is to add up to the

The process of arriving at a sensible target should have many iterations and should involve all the relevant partners to it. But none of those partners can realistically be the final authority. That responsibility should rest with central government.

overall, joined-up, target. But this should not be beyond the wit of setters.

60. It must also be clear which is the lead department. The sub-division of the target should help to clarify this. If a target is extremely important for, say, the Department of Health but less so for its partner, the Department for Education and Skills, this order of priority should be reflected in the more onerous sub-target given to the DH than to the DfES and to the leverage given to the former over the latter. There need be no pretence that both partners are equally responsible for meeting the target.

Criticism 5: the data are not always reliable

61. We would agree emphatically with the criticism that the credibility of the data is vital. At the moment far too many targets are being assessed with data that need to be treated with great scepticism. There is a very notable contrast between the cynicism that accompanies data on waiting times with the trust vested in, say, data on interest rates and inflation. A reform of the agencies producing and validating the relevant statistics will need to be a core component of our blueprint for a reformed targets process.

62. There are at least three separate problems with the data. They arise over measurability, quality and vulnerability to manipulation. Some other important question marks over the data need to be considered too. For example, what standards are set? Is there an equivalent to an Accounting Standard for measuring waiting times in A&E? What degree of external audit of the data exists at present? How often does external audit uncover errors? What are the consequences of such error?

Two missing points

63. We do go some way along with the critique of targets that has emerged, with the caveats set out as above. There are two obvious desiderata in the literature, though. There is very little mention in the reports cited of the set of rewards and sanctions that should be attached to targets and there is very little said about the importance of public satisfaction.

31. The PASC report *Choice, voice and public services*, 4th Report p54, session 2004-05, makes this point.

64. It seems to us obvious that, if no consequences attach to meeting or failing to meet a target, then that target is for that reason rendered less effective. Our principle is that targets should only be used where change is required – sanctions and rewards are the obvious driver of this change. However, just as dangerous is the inappropriate use of large rewards and sanctions attached to specific targets. The Government's blunt approach to sanctions and rewards – where there is only a black and white interpretation of meeting and missing a target – fails to take into account the proportionality of, for example, failing to meet a very ambitious target by a small margin. This also generates unintended consequences and unnecessary demoralisation of successful organisations.

65. It is also our view that satisfaction with public services is poorly measured and understood, and there is great scope for its use to inform the setting of targets. We recommend that the Canadian approach to public satisfaction be investigated further.³¹ The Canadian “Common Measurement Tool” (CMT) is a consistent set of questions for conducting client satisfaction surveys, through which the Canadians have established that the factors bearing on public satisfaction are: timeliness, knowledge and competence of staff, fair treatment and achieving the desired outcome. Public service targets in Canada change according to these criteria and service providers also use a benchmarking database which allows them to quantitatively gauge how their user-satisfaction results rank against those of peer organisations with similar services.

II. The problems with data

1. A target is only as credible as the data on which it is assessed. Unless we have clear performance benchmarks on which to base the target and a measurable goal to work towards, the target is useless as a tool of accountability and performance management. Unfortunately, the data used by government departments when setting and monitoring PSAs suffer from at least three flaws: the measurability of the data, the quality of the data, and its vulnerability to manipulation.

2. Measurability - there are some targets which do not lend themselves to reliable measurement. For example, they may have too many vague goals and outcomes with little explanation how such goals might be measured quantitatively.³²

3. Quality - there are other targets which are hampered by poor data collection practices. For example, targets might rely on data which can only be measured by those staff working towards the target, rather than an independent organisation. This can lead to inaccuracies or time-lags in the measurement data being made public. Sometimes it is never made available at all.³³

4. Vulnerability to manipulation - the reporting on targets (even ones which are in principle measurable) can be unreliable or misleading, if departments either change what the target requires or mis-report (or partially report, or delay in reporting) their results.³⁴

i. The current regime

5. Currently, each PSA has an accompanying “Technical Note” which explains how that target will be measured and the sources of information that will be drawn upon to measure it.

³² See, for example, the ODPM PSA relating to supply and demand in housing.

³³ The PASC notes that smaller departments are more often guilty of this, however, the time lag between individual departments issuing their performance reports and the HMT publishing all departments’ progress in one place (something which the government pledged to do in 2003 – See *On Target*, PASC 2003) is significant.

³⁴ This is seen as a common problem in health targets, more specific examples of which are provided below.

An example of a Technical Note

Health PSA: Reducing adult smoking rates to 21% or less by 2010, with a reduction in prevalence among routine and manual groups to 26% or less.

Technical Note:

Scope: Adults aged 16 and over in England.

Definitions: Prevalence from General Household Survey (GHS); routine and manual socio-economic groups defined by NS-SEC.

Data source: ONS General Household Survey.

Baseline year: 2002 for both adults and routine / manual groups (2002 is shorthand for 2002/03 GHS). The 2002 baseline figure for smoking among adults is 26% and for routine and manual groups 31%.

Target year: 2010. In practice this will mean the 2010/11 financial year GHS survey data.

Reporting: Annual data. The lag between the end of the collection period and data being published is around 12 to 15 months.

ii. Our assessment

6. Some Technical Notes are much longer and more detailed than others. None, however, give answers to some critical questions:

- How are the vague formulations, which often find their way into Technical Notes, such as “a significant increase” defined?
- How is it decided which data sources to use?
- How is it decided who measures progress towards a target, and how?

7. A smaller number of PSAs’ Technical Notes do not even provide some of the more basic information required for effective monitoring, such as the source of the data being used. The person who decides the terms of reference, the tools of measurement, the baseline data and the numeric values of some of the vaguer terms in the PSAs will have significant influence over not only how stringent the target is, but also the outcomes it will produce.

8. Finally, it is not ever explicit in PSA Technical Notes who is charged with measuring the target. The answer to this question is very important. If we review DfES PSA 1³⁵, for example, decisions have been made in the Technical Note regarding which tests are used to measure “children’s communication, social and emotional development”, what constitutes a “good” level of development, and which deprivation indicators are used to identify the 20% most disadvantaged areas in England.³⁶ Yet these decisions are taken by the DfES itself – the department charged with meeting the target.

Measurability

9. Some targets are all but immeasurable, and disregard for how a target might be monitored or measured is symptomatic of a poorly designed target. The Statistics Commission, in a memorandum to the PASC, suggests this is quite common: “Targets have been set without consideration of the practicalities of monitoring and what data already exist”.³⁷

10. A typical example of this might be targets based on broad, sometimes quite vague outcomes, which have to be subsequently translated and broken down into a large package of measurable outputs in order for them to be monitored. For example, the criminal justice target states it will “Reassure the public, reducing the fear of crime and anti-social behaviour, and building confidence in the Criminal Justice System without compromising fairness.” This would require significant further explanation to render some of these aspects measurable. The caveat “without compromising fairness” hardly admits of a numerical value.

11. Sometimes, targets have been set without first establishing whether there are even any data available. The Statistics Commission commented in its 2003 Annual Report that “Enthusiasm to set targets for public services has at times run ahead of the availability of data to monitor those targets”.³⁸ This can be a real dilemma for government – whether to set targets to available data, or set targets then worry about data collection afterwards. Or, as the PASC described it, “prioritising the measurable or measuring the priorities”.³⁹

35 “Improve children’s communication, social and emotional development so that by 2008 50% of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20% most disadvantaged areas and the rest of England.”

36 See Technical Notes for DfES PSAs 2005-08, at http://www.dfes.gov.uk/SR2004/PSA/SR04_Technical%20Notes_Online_29-Jul-04.doc

37 Memorandum to the PASC from the Statistics Commission (PST21), (December 2002).

38 *Statistics Commission Annual Report, 2003-04*, London, (July 2004).

39 *On Target?* PASC, 5th Report, session 2002-03.

40 The Royal Statistical Society is of the same opinion – see *Performance indicators: good, bad, and ugly*: Royal Statistical Society, (2005).

41 “Achieve a better balance between housing availability and the demand for housing, including improving affordability, in all English regions while protecting valuable countryside around our towns, cities and in the green belt and the sustainability of towns and cities.”

12. Of course, we ought not to allow the limitations of the availability of data to hold back prioritising legitimate areas of public service delivery. In these cases we feel that the data collection needs to be made fit for purpose. However, target-setters should at least try to observe the following two precepts: that a) initial base-line data is available, to prevent them from setting a target which is over or under-ambitious and b) that it is actually *possible* for the target they are setting to be measured.

13. Education targets are sometimes guilty of neglecting the first rule – two Sure Start targets outlined in the 2004 Spending Review will not have baseline information until mid-way through 2005. For one, regarding the emotional development of young children, progress measures were estimated on a 10% sample of children used in a pilot of the emotional development test, suggesting this may well have to be adjusted later this year when more comprehensive data becomes available.

14. Another Sure Start target with a deadline of 2004 (“Achieve by 2004 for children aged zero to three in the 500 Sure Start areas a reduction of 5 percentage points in the number of children with speech and language problems requiring specialist intervention by the age of four”) cannot be assessed at all, as no baseline data was available at the time it was set. Nor has any been made available since. In this instance, the DfES can only use a fairly inadequate proxy – a measure of the language skills of 2 year olds in Sure Start areas. Similarly, the CJS target in 2002 to reduce the number of offenders testing positive for drugs on arrest was set without consideration as to whether such trends were measurable. The Government subsequently found they were not and so has had to use the numbers of offenders entering drug rehabilitation schemes as a (rather inadequate) proxy. It would be good practice to establish such information as a matter of urgency before such PSAs are set.⁴⁰

15. We argue below that that the housing supply and demand target⁴¹ breaches the second precept (i.e. that a target has to be measurable), due to the number of very broad terms. The ODPM itself acknowledges that including a “sustainability” element in the PSA made it too complex to measure: “During

this process, it has become obvious that even 2 or 3 indicators would be inadequate as a measure of the wide range of issues covered within the definition of a sustainable community. In order to properly measure the sustainability of communities, the indicators would also have to encompass factors that are well outside the scope of PSA 5”.⁴²

16. Targets which tend to focus on long term social outcomes (such as “life chances”), are also hard to measure, as they are composed of several outputs, all of which might combine to achieve a single outcome. The DfES target “introduce by April 2005, a successful light-touch childcare approval scheme” will clearly be made up of several components, one of which (according to the Technical Note) will be if 15,000 child-care schemes are approved by the end of 2008. Thus, although the target deadline is set for April 2005, we will not know if it has been met until December 2008.

17. Joint targets present their own problems. The data measuring progress is usually replicated in departmental reporting by the two or more government departments charged with meeting the target. This means that it is very difficult to assess how each department contributed to the achievement of the target, as both departments present the same results. The PASC commented “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)”.⁴³

Quality

18. Even when a target is, in principle, measurable, the quality of the data may nevertheless be poor. Data quality can be separated into two categories: (i) its comprehensiveness and (ii) the reliability of its collection. The PASC states that simply “not reporting” performance data tends to be something which smaller departments are guilty of. However, we have noticed the partial or significantly delayed reporting of progress towards targets is something which all departments

42 PSA 5 Indicators, *Target and Trajectories - Technical Note*, ODPM 2004 at http://www.odpm.gov.uk/stellent/groups/odpm_about/documents/pdf/odpm_about_pdf_032985.pdf

43 *On Target?* PASC, 5th Report, session 2002-03.

44 Ibid.

45 “Improve children’s communication, social and emotional development so that by 2008 50% of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20% most disadvantaged areas and the rest of England.”

46 Autumn Performance Report 2004: *Achievement against Public Service Agreement Targets*, 2000–2004, DfES (2004).

47 *On Target?* PASC, 5th Report, session 2002-03.

engage in (See Appendix three).

19. The PASC carried out in 2003 a systematic review of the 1998 PSAs which had deadlines for 2002. Of the 366 targets, the PASC found that 221 were judged as met, representing 60.4% of the total. A comparatively small number of targets were not met: 36, or 9.8%, but there were large number of targets which suffered from the flaws we outline in this paper: where no judgment could be made 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 whether they had been met (10.4%).⁴⁴

20. In other instances, departments might use limited sampling procedures to establish base-line data. The DfES PSA 1⁴⁵, for example, took a 10% sample of a particular age group to gain an “average” development score and decided a “good” score (i.e. the score used for the target) was one that 48% of children in the sample achieved. We are not told, however, whether this sample was randomly selected, or whether it was representative of the population in important characteristics. These factors make a significant difference concerning the viability of this sample as a suitable benchmark for this target.

21. Similarly, the National Statistics Quality Review criticised the DfES for the way it used the Labour Force Survey to define the baseline and progress data of the 2004 PSA 11 which aimed to increase the number of young adults gaining level 3 NVQs. It pointed to the “deficiencies of this approach due to its limited sample size and large error margins”.⁴⁶

22. The quality of the data may also be undermined by the control departments have over their publication – for example, departments may only present parts of the data available, (usually being less forthcoming in areas where there is “slippage” i.e. where progress towards the target is not on track)⁴⁷, or, perhaps unconsciously, not producing data relevant to the actual target (the 2002 CJS PSA 3 target, for example, which aims to increase the number of *crimes* for which offenders are sentenced, actually measures the number of *offenders* brought to justice).

23. The scale of this problem is quite large: the NAO states that 70% of the data collection systems it examined drew on some external data – so the other 30% is generated solely from within the departments, which is not subject to external quality checks. Furthermore, of the 70% externally sourced data, in about one fifth of cases the department in question “had not obtained adequate assurance about the quality of data they were using”.⁴⁸

48 *Public Service Agreements: Managing Data Quality - Compendium Report*, NAO, (23 March 2005).

24. This is not such a problem for the highest quality of data, which is given “national statistic” status, and is produced by the Office of National Statistics (ONS). However, the ONS and other reputable agencies, such as the Audit Commission and NAO, have limited reach and cannot possibly measure everything required for targets. For example, housing targets are built on a range of data which only the ODPM can provide, whilst many education and some health targets (e.g. those which report truancy, patient satisfaction and so on) must rely on data reported from individual schools and hospitals – building into the reporting methods a larger margin for human error and less thorough data collection practices.

25. However, we feel there is nothing wrong in principle with producer-compiled data, subject to external challenge. Indeed, it is essential if the Government is to be able to set targets for a range of public service performance which does not fall under the auspices of one of the independent statistical agencies. Since 2003 the NAO has been checking and validating how PSAs are measured and how data are collected and reported. Since that time, and perhaps unsurprisingly, the NAO has reported several instances where data collated by departments has been misinterpreted or misreported. This has been particularly common in health, where waiting list figures, amongst others, were found to be deliberately misinterpreted in order to meet targets.

26. The NAO’s PSA *Compendium Report* evaluated 64 separate data collection systems in use across all the departments. It found in 20% of cases, “Departments were not collecting data for the measures specified in their Technical Notes at the time

49 *Ibid.*

50 *On Target?* PASC, 5th Report, session 2002-03.

of our validation work.” For a further 31%, there were “weaknesses which Departments should address to reduce the risk of gaps or errors in reported results over time.” Furthermore, the report was concerned with the fact that these gaps were not made clear: “Departments... often did not explain gaps in reporting against 2003-06 targets. Readers were, therefore, not warned to interpret results with care, given the limitations in the underlying data systems”.⁴⁹

27. So, in 2004, over half of the instances of data collection in government departments were found to have some flaw. This demonstrates that the Government’s data reporting practices are in need of significant improvement. However, beyond detecting failings, the NAO has little scope to ensure departments improve according to its recommendations: they are not directly sanctioned for their poor reporting practices and are not given a minimum standard to which the data they use must comply. Furthermore, whilst the data being used is checked by the NAO, the judgments that are being drawn from the data (i.e. whether the data proves that targets are being met) is not.⁵⁰ We turn to this issue below.

Vulnerability to manipulation

28. Of course, even if targets are measurable and full of reliable data, they can be vulnerable to manipulation. For example, whilst many health targets use ONS data, such as mortality rates, which are intrinsically robust, some of the self-reported data, for example A&E waiting times and spare hospital bed capacity) are often found to be unreliable. The variations in reporting practices from hospital to hospital are significant with several publicized instances of hospitals gaming the system to improve their reports such as re-defining hospital trolleys as “beds with wheels”.

29. The opportunity for manipulation may present itself in two ways. The first is when targets are permitted to be set, recorded and assessed internally. The ODPM Select Committee, in a 2002 report, expressed its concern about the way the ODPM reported on itself, as it has a clear incentive to present itself in the most favourable light: “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 Report⁵¹.

30. It is inescapable that a department reporting on its own progress will be tempted to provide to the HM Treasury, and the NAO for review, only the data which portrays them in a positive light. The PASC suggested “departments have been much more forthcoming about targets they have met rather than those in which there has been ‘slippage’ in progress”.⁵² By allowing data to be generated internally with neither guidance for good practice nor scrutiny of the interpretation departments make of the results, the Statistics Commission’s belief that the public felt that some department-issued statistics were “politicised” is hardly surprising. “Statisticians within departments...are, ultimately, answerable to Ministerial authority, and may face conflict between meeting the needs of their masters on the one hand, and statistical truth on the other”.⁵³

31. The second opportunity for data corruption is where the targets *themselves* have not been designed well enough to be “manipulation-proof” and to prevent perverse incentives. This means that even if departments *are* thorough and scrupulous in reporting target data, the data they collect from individual schools, hospitals and so on might already be corrupted.

32. It is clear that GPs’ access targets, ambulance response and A&E waiting lists are vulnerable to manipulation simply due to the fact that there are so many different ways of producing the same results. For example, if a GP abolishes his advance booking system, he may meet the 48-hour access target. If a hospital reclassifies a trolley as a “bed with wheels”, then it may meet its A&E admissions target. This essentially defeats the purpose of these targets to improve the quality of services. If such targets are then coupled with data recording systems based on self-reporting (as they often are), then there is even a greater opportunity to mis-report results.

iii. How can these problems be resolved?

33. The credibility of a target as a performance management and

51 ODPM Select Committee, *Departmental Annual Report and Estimates 2002*, Fifth Report 2002-03.

52 *On Target?* PASC, 5th Report, session 2002-03.

53 Statistics Commission Report No 24: *Official Statistics, Perception and Trust*, (2005).

accountability tool is undermined by the Government’s haphazard approach to the collection of data. The fact that some targets have been set without considering whether the data is available to set a benchmark for the target, let alone measuring its progress, illustrates the low priority with which the matter of data is regarded. It is, in fact, the key element of any good target. Targets that can be quantified and measured transparently, where progress can be monitored easily and which leave little doubt as to whether they have been met or missed, are easier to deliver, easier to monitor by government, and easier to scrutinise by the public.

34. Thus, we strongly recommend that target-setters consider far more seriously the availability and reliability of data when setting targets. First, they must ensure the data is available to set a target. Failing that, the target must be designed to be at least measurable, so that the data can be made available as soon as possible. Then, good practice should be to start with the assumption that those delivering the targets will exploit any weaknesses in the target in order to gain advantage if at all possible: thus, the way in which the target is measured and the data collected must be proofed as far as possible from such practices.

35. However, we accept that we cannot abandon the measurement of public service outcomes in areas which cannot be measured with perfect accuracy. There are simply too many performance areas where the data cannot be “National Statistic” standard, but which would suffer greatly by not being performance managed with PSAs. This is why an honest statement of the data problems accompanying each target, in order to contextualize targets within the limitations of the data available is the most reasonable solution.

36. We therefore support the Royal Statistical Society’s recommendation that a protocol be issued with each PSA, accompanying the Technical Note, which would outline how the issues of measurability, ensuring the quality of the data and avoiding perverse incentives have been dealt with in the design of the target. The protocol would act as this honest statement of the limitations of the availability and reliability of the data used to measure any given target. The protocol would give a useful

indication of the uncertainty of the sources of the data and the measured performance of the target, so that those monitoring it could take such factors into account. In drawing up this protocol, the target setters would also have gone through an important process in considering all of the pitfalls of creating a target with poorly defined terms or unattainable data.

37. The question remains, of course, as to who would validate this protocol and assess the reliability of data and efficiency of monitoring practices? The report by the Statistics Commission mentioned above on public perception and trust asserted that, given the increasing political weight placed on the meeting of targets, the public sometimes felt the data produced by government departments was not as reliable as it should be. At the moment, the NAO only plays a limited role in addressing this issue – having a small remit and having no sanctioning powers to force a department to act on its recommendations.

38. Thus, we propose that the NAO ought not to simply comment on the adequacy of departmental data collection systems, but also be able to review and validate the reported performance outturn level from each department – a role which, depending on the target in question, should be shared with the Audit Commission⁵⁴. Specifically, we would expect the NAO and the Audit Commission to be able to review the annual departmental reports to Select Committees (which we propose below) on outturn against targets, and express a view on whether they represent a reasonable assessment of the departments' position.

39. We would also want to see the NAO or the Audit Commission (again, depending on the target) carrying out after

Departmental progress reports should be presented before each department's Select Committee according to a specified annual timetable.

⁵⁴ The Audit Commission, for example, has far more expertise in reviewing local government functions and has experience in auditing the CJS, Housing and Health functions. The NAO, on the other hand, is more experienced in reviewing central government expenditure. Both bodies, therefore, should have a role in auditing data quality and performance information used in targets.

each Spending Review an assessment and published report of all PSA Technical Notes. This would help not only to identify areas of statistical weakness and unreliable data sources, but also indirectly to highlight targets which are too vague to measure effectively – thus acting as a check on target setters.

40. Such measures would help ensure the data on which PSAs were based, how they were measured and – more significantly – the conclusions that were drawn from them by departments, were scrutinised by independent bodies. A pre-condition for their involvement is an obligation on government to make regular, thorough and timely reports on progress towards meeting targets, which would be the subject of review by the NAO or the Audit Commission as the case may be.

41. We must also acknowledge the political significance of the expanded roles envisaged here for the NAO and the Audit Commission: as independent auditing bodies, they need to be insulated from political pressures and so should have a role limited to a review of the quality and reliability of the data and the outturn reporting based on it, and not to be brought into the more politically sensitive debate regarding whether a target has been “met” or “not met”.

42. Yet we do not feel this should still be left to government departments. Instead, we propose this latter role be given to Select Committees. Departmental progress reports should be presented before each department's Select Committee according to a specified annual timetable. Select Committees would be able to employ their expertise to scrutinise departments' evaluations of their progress according to the data available to them. Each departmental report would be accompanied by a review by the NAO or the Audit Commission as the case may be of the quality of the data and outturn reporting. In undertaking this, the Committees should have the same rights of access to departmental data as they would have in carrying out any other review under their statutory functions, including examining departmental witnesses. We recognise that Select Committees do not currently have the capacity to be able to fulfil such a role, and therefore would expect an accompanying increase

in necessary resources to enable them to take on such responsibility.

43. It will be the responsibility of the Committees, not Departments, to deem whether a target has been met or not and also validate the progress made towards them. A target can be justifiably deemed “not met” if the data are inadequate to support the assessments made by the department in question. The prospect of scrutiny by select Committees on the basis of well informed NAO/Audit Commission reviews, should lead to a major improvement in the quality of reporting and discourage misleading or partial presentation of progress against targets.

iv. Summary of recommendations

44. We urge target-setters take far more seriously the issue of the availability, reliability and potential misuse of data in target reporting. Consequently, we propose a protocol be written by target-setters and included in the Technical Notes of each PSA. The Protocol would give an honest account of how reliable the data was, and give explanations to important question such as how data sources were agreed on, and how the issue of perverse incentives had been considered and insured against.

45. We propose that the NAO and the Audit Commission take responsibility for reviewing the reliability of the data reporting practices being used by government departments, and the out-turn reporting made by departments based on this data.

46. To support these independent bodies in this role and bolster the public scrutiny over government performance, we propose that Select Committees of every department review annually the progress made towards PSAs, on the basis of reports made by departments. Select Committees should take into account the NAO and Audit Commission’s assessment of the data by government departments in reaching their conclusions.

47. Our objective is to bring about a state of affairs where it is the judgement not of government departments, but of a Select Committee (based on evidence and after the examination of witnesses) which determines the public perception of whether a target has been met or not, and the progress towards it.

55 Autumn Performance Report 2004: *Achievement against Public Service Agreement Targets, 2000–2004*, DfES (2004).

III. Targets in education

i. The current regime

1. The DfES currently has 14 Public Service Agreements (PSAs), which fall under 5 objectives. The first objective is broadly defined as “life chances”, a relatively new addition to the DfES’s responsibility from the Department of Health. This covers 5 PSAs and focuses on narrowing the developmental and educational gaps between disadvantaged pupils and the rest, as well as wider elements of life-chances, such as conception and obesity rates. Objectives two to five cover the various stages of an individual’s educational career, from primary school to adult skills/higher education.

ii. Assessment

2. Many of the target deadlines set in the 2001-2004 PSAs have now expired and the Autumn Performance Report⁵⁵, from the DfES, reports on progress towards meeting these targets. It is clear that progress towards and achievement of PSAs in the 2001-04 period is mixed, with targets being “not met” or progress suffering from “slippage” quite frequently. We provide a full analysis of each of the 2002 targets in Appendix four. However, if an individual wished to compare the performance of *all* public services (allegedly one of the main claimed accountability tools of the PSA system), this would be almost impossible – as each set of performance data would have to be sourced separately from various departmental reports. The HMT has failed to collate a complete and up-to-date set of this data and make it public.

3. Although we cannot assess the impact of the PSAs functioning from 2005 onwards, there are a number of points which should be noted. The first is that several PSAs have been set with

imprecise terms and targets with, as yet, no explanatory information. For example, PSA 1 aims to ensure “children reach a good level of development”, PSA 2 hopes to “introduce... a successful light touch childcare approval scheme.” And PSA 14 wants to “make significant progress year on year towards fair access and bear down on rates of non-completion.” This could mean almost anything. As no baseline data and target levels have been attributed to what “good” development or “significant” progress might mean, when these targets come to be measured it will be impossible to assess whether they have been met.

iii. Our assessment

4. Of all the DfES targets, the PSA with the greatest political momentum (and most media and public interest) is that which focuses on numeracy and literacy. It illustrates some of the undoubted benefits of targets.

5. In 1996, only 57% of 11 year olds were at the literacy standard expected for their age. By 2002, that figure had risen to 75% following decades of stagnation in UK literacy standards. We would attribute at least some of that progress to the Government’s “National Literacy Strategy”, launched in July 1997.

6. The cornerstone of the strategy was a national literacy target. The initial national target for England was that by 2002 80% of 11 year olds would reach the expected standard for their age in English (i.e. level 4 in the Key Stage 2 National Curriculum test for English).

7. In January 1998, primary schools were told to cut the time spent on history, geography, design and technology, art, music and PE in order to spend an hour a day on literacy and numeracy to meet the Government’s targets. In addition, a national curriculum for Initial Teacher Training was introduced requiring every course to give top priority to ensuring that all trainee primary teachers could teach literacy well.

8. This strategy proved a huge success due to the fact that it was bolstered by a consensus shared amongst teachers, parents

56 *Background to the National Literacy Strategy*, Literacy Trust
<http://www.literacytrust.org.uk/Update/strat.html#literacy>

57 *On Target? PASC*, 5th Report, session 2002-03.

and the public that the “3Rs” needed to be prioritised. A survey by the Centre for British Teachers carried out in 2000 found that 95% of primary heads supported the National Literacy Strategy compared to 89% in the year before, whilst 99% of primary heads supported the numeracy strategy. The 1998-2002 period saw an increase in national literacy and numeracy rates greater than at any time in the post-war period.⁵⁶

9. Despite the fact that the 2002 numeracy and literacy targets were missed by 2 percentage points and 5 percentage points respectively, this still represents a huge improvement in just 5 years (a 10 percentage point improvement in English and 14 percentage points in Mathematics between 1998 and 2002).

10. And yet the literacy and numeracy target also demonstrates some of the adverse consequences that targets have had in education. In 2002, Estelle Morris, the Secretary of State for Education, resigned, in part due to her “failure” to meet the numeracy and literacy targets. She later told the Public Administration Select Committee (PASC) that targets had turned a huge success into a failure⁵⁷, and teaching staff felt their achievements in numeracy and literacy, which they should have been proud of, was portrayed in the media as a missed target. Second, Ofsted complained that prioritising English and Mathematics had become a “myopic” focus, which seriously undermined the teaching of other subjects. Parents and teachers complained that testing at age 7, in order to assess literacy and numeracy, was too stressful for such young children.

11. So, what turned a “good” target, producing impressive results and proving popular with teachers and the public, into an embarrassing government “failure” which teaching unions have threatened to boycott? Despite the huge amount of progress made, the fact that national standards did not meet the exact target set by 2002 meant the public and the media portrayed the achievement as a “government failure” and a “failed target”.

12. The numeracy and literacy targets represent a valuable lesson for target setters. The high profile given to the

Government's approach of being accountable for results, means that it has emphasised meeting the target, rather than viewing the target as a spur for improvement. This is a dangerous trap to fall into – if the meeting of the target is more important than the improvements it can deliver, this can change the behaviour of target setters (e.g. they may set un-ambitious targets to be certain they are met) and those meeting the targets (e.g. they may attempt to meet the target through manipulation if it cannot be met through performance improvement).

13. This clearly demonstrates the importance of negotiating the tension between setting stretching managerial targets which can spur improvement, in an environment where the political culture views a narrow missing of an ambitious target as a disaster. The DfES failed to convert the politically high profile numeracy and literacy policy into a sensible managerial target for schools, which meant that the Government's drive for political accountability took precedence over the role of the target as a management tool to lever improvements, thus masking the huge success of the strategy by a “failed” target.

14. The Government seems to have begun to acknowledge this point. In December 2004 it conceded that one of its education targets – which teaching unions had been arguing was unachievable from the time it was set in 2002 – was “ambitious” and that it was more important to continue making progress than to meet the goal.⁵⁸ The target in this instance was to ensure 85% of 11-year-olds were up to the level expected of their age group in English and Mathematics by 2006. A poll carried out by the Times Educational Supplement in 2003⁵⁹ found that 9 out of 10 head teachers thought the Government would miss the target⁶⁰, however, the Government (perhaps too late) tried to emphasise the progress *towards* the target, rather than its attainment.

15. Critics often claim that “unachievable” targets can undermine staff morale. David Bell, the head of Ofsted, has been particularly vocal on this subject. He said that Ofsted inspectors “find teachers, heads and local authorities for whom targets are now operating more as a threat than a motivator, more as stick

58 Stephen Twigg's evidence to the Education Select Committee on 8 December 2004.

59 “Targets impossible, say heads”, *BBC*, (2 May 2003).

60 Furthermore, the poll also showed that 8 out of 10 head teachers thought *all* national targets ought to be scrapped.

61 “Target fixation ‘can damage learning’”, *BBC*, (27 February 2003).

62 “Primary review to ease 3Rs pressure on curriculum” *Times Educational Supplement*, (28 June 2002).

than carrot. Moreover, the harder the targets become, the more tempting it is to treat them with cynicism or defeatism”.⁶¹

16. It is worth a word of caution, however. If targets demoralise poor performing staff, this may be because the staff are not matching the performance of their peers nor meeting the expectations of the government. Thus, the fact that teachers (or their representatives) complain about the regime does not, in itself, invalidate the strategy. If the targets regime is demoralising excellent professionals then, clearly, this is a serious problem. However, it does not necessarily follow that unpopular targets are bad targets.

17. We would insist, though, that however ambitious a target is, it must be based on some evidence of real practice. If a target is set which has no bearing on reality, we accept this might demotivate teaching staff. A number of the witnesses interviewed before the PASC for its *On Target* report complained about the arbitrary nature of many education targets. The aim to reduce school truancies by 10% between 2002 and 2004 was noted as a prime example. David Hart, General Secretary of the National Association of Head Teachers, 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%?”. If there is no evidence on which this figure is based, there is no way of telling whether this is a wholly unattainable, or indeed under-ambitious target, both of which might cause undesirable changes in behaviour amongst teaching professions.

18. We also acknowledge that the literacy and numeracy targets would have, by their very nature, narrowed the focus of teaching and resources towards English and Mathematics at the expense of other subjects. A 2002 Ofsted report found that the amount of time for foundation subjects - geography, history, design and technology, art and music, and physical education at key stage 2 - had been cut by about 10% between 1998-2002. In 2001, half of the timetable was given over to English and Mathematics.⁶²

19. We do not, however, agree with those who claim this is damaging the quality of education per se. David Bell described “an excessive or myopic focus on targets” which “narrow and reduce achievement by crowding out some of the essentials of effective and broadly-based learning.” He added, “I have a very real concern that the innovation and reform that we need to see in our schools may be inhibited by an over-concentration on targets... children of all ages need a curriculum that is broad, coherent, stimulating, balanced, not one that is an identikit for all”.⁶³

⁶³ Taken from a speech made by David Bell at an education conference in York in 2003, cited in “Target fixation ‘can damage learning’”, BBC, (27 February 2003).

20. We feel, on the contrary, that targets, by definition, narrow priorities. A reduction in the breadth of education being taught may not mean a reduction in quality. It is worth saying that where pupils cannot read, curricular focus on literacy at the expense of history seems perfectly reasonable. The alternative, of course, would be to accept the current standards of literacy. Yet the very reason for having a target in the first place was that the current standard was unacceptable.

21. The onus should be shifted back to the profession here. Teaching staff need to consider why it should be impossible to reach adequate standards in literacy as well as a broad curriculum. If schools cannot achieve satisfactory outcomes on basic tools like literacy and numeracy without taking up a large proportion of the school day, then they may need to assess their teaching methods rather than condemning the regime under which they are labouring.

If schools cannot achieve satisfactory outcomes on basic tools like literacy and numeracy without taking up a large proportion of the school day, then they may need to assess their teaching methods rather than condemning the regime under which they are labouring.

22. However, it would have been preferable if the Government had openly acknowledged at the very beginning that their strategy of prioritising certain subjects and allowing teachers to depart from the National Curriculum in order to meet those priorities, would in all probability reduce the breadth of the subjects taught. If the Government had made it clear that this outcome had been predicted and considered to be justified, when balanced against the desired objective of the targets, then the public, Ofsted and teaching staff may have been more prepared for the necessary trade-off and teachers may have been subjected to less criticism.

23. Centrally set targets are by their nature rigid, because one single national target must be applied in a multitude of different local situations. In reality, schools have been setting their own targets for several years, and the discrepancy between LEA's targets (set from above) and the schools within them, prompted the Government in 2004 to modify its approach by allowing LEAs to set their own targets from an aggregate of its schools' targets to form the minimum LEA-level target. However, the discrepancy between school and LEA targets, and the top-line national targets, still remains – the aggregate of every LEA target does not, in turn, form a national PSA.

24. We are concerned less with the fact that setting a single fixed benchmark for pupil attainment may be unachievable in some areas, and more with the fact that it may pose no challenge to some schools. This goes back to the question we asked above: can we realistically expect the same instrument which is effective for dealing with the worst performers simultaneously to motivate the good and the average to continuous improvement?

25. The issues of joint PSAs also ought to be raised in the context of education. The DfES has more joint PSAs than other government departments due to the fact that education is being seen increasingly in its social and cultural context. However, joint targets are possibly harder to measure and this weakens the element of accountability. The poor performance of one department may be hidden if the target is met thanks to the hard work of its partner. The joint DfES targets included in

the 2001-2004 SR are poorly measured and the lines of responsibility between partner departments have not been clarified. Consequently we are concerned that the increased number of joint targets in the 2005-08 period may obscure still further a clear assessment of DfES performance.

iv. How can these problems be resolved?

26. The first step is to ensure that all targets are based on evidence of real practice. This removes the risk that target benchmarks are set arbitrarily, which may have a negative effect on the morale of teachers. To ensure they are sufficiently ambitious, targets could perhaps be set according to the performance of the “top quartile” of schools in the country – this would be a means of identifying best practice in education, making the targets both grounded in reality and also very stretching (possibly even more stretching than they are now).

27. Clearly, the variations in attainment in different parts of the country might make this top-quartile benchmark a little blunt. Thus, we would recommend the use of this target with an additional benchmark catered to each individual school. Schools have, in recent years, been able to assess their performance in comparison with other schools in similar circumstances (i.e. pupil background, family income, staff resources and so on.) This practice could be used to qualify national targets in instances where they are extremely ambitious. The Government could advise schools to aim for the national PSA, but as an interim target to aim for the highest achieving “like” school (i.e. the school with similar pupil intake and background factors to them).

28. This method of grouping “like” schools together to identify examples of best practice given similar circumstances could be expanded beyond national boundaries. English schools can often encounter similar problems to schools abroad, have similar socio-economic intakes, and so on. It would be short-sighted to assume that these schools have nothing to teach their English counterparts. Royal Colleges of medical professionals regularly carry out peer reviews, where examples of best practice in medical care and medical procedures are sourced

internationally. This allows these professions to benchmark their performance by comparing their working practices with peers both in the UK and abroad, and have access to a wide range of examples and information helping them to improve. Such information could be available to the DfES and schools, to allow teachers to see how the Government decided its targets, and also to allow them to review and learn from the working practices and innovations of schools both in the UK and abroad.

29. The Government also needs to modify the way in which it expresses the objectives of its targets regime. In education, it seems that many targets are treated as a “minimum standard” rather than a target – that is, something which all schools are expected to attain, rather than something to work towards (but not necessarily meet) to spur improvement. Consequently, when these targets are missed, the focus is on this failure as if it were a minimum standard, rather than on the huge improvement the ambitious target had produced.

30. We see nothing wrong with setting an ambitious target, as long as the Government acknowledges this at the very beginning. If the Government states that some schools are unlikely to meet the target, but that it would be looking for improvement towards the target instead, this should allow both high and low performing schools to be motivated to improve.

31. This must also be reflected in the sanctions and incentives attached to such targets. We acknowledge the value of attaching specific sanctions and rewards to individual targets to drive change and improvement, however, when a target is very ambitious, this must be reflected in a proportionate sanction. For example, it may have been more appropriate for the Government to reward the progress made by some schools towards an extremely challenging literacy target, rather than allowing schools to feel they have failed if they have not reached by a small margin the exact target figure. Similarly, if a target truly is a “minimum standard” that all schools are expected to reach, a sanction for the missing of this target, even by a small amount, would be justifiable.

32. We also recommend that some form of parental feedback be incorporated into the target-setting process. This had been part of the numeracy and literacy strategies and proved successful in encouraging acceptance from parents. For example, the results of the stakeholder tracking study, carried out annually by the DfES, might be usefully fed into the target setting process in order for the Government to be able to consider the concerns and priorities of parents when setting targets.

33. However, whilst the Government should take into account teachers', and parents' opinions regarding educational priorities, it must be the Government's role to set national educational priorities centrally. This is because targets must challenge complacency. Any profession setting its own targets is unlikely to sufficiently stretch themselves. Similarly, parents will naturally have their own child's needs in mind at the expense of a longer-term view. Also, neither group represents important external interests (e.g. employers, future parents). Finally, public money is being spent, so democratic accountability is crucial. The Government must resist capture from any one group of interests – be those teachers, parents, or other community groups.

34. In order to remedy the problems of accountability and delivery of joint targets, we propose that where the DfES has the greatest capacity to influence the outcome of a joint target, it should be designated the “lead” department. The meeting of the target would be the DfES's sole responsibility. In return, HM Treasury would not share the funding with other departments but rather fund the DfES on its own. The DfES would then be expected to commission the services of other departments to help it meet the target. We would suggest that of the five joint targets in the latest DfES PSAs, the DfES would only be lead department in two – the joint PSAs concerning obesity, conception rates and sporting opportunities would be passed to the DCMS and the DH as lead departments, to work in conjunction with the DfES when appropriate.

Illustrating a good target: our version of Education PSA 1

Target

By 2008 increase by X% the number of 5 year olds reaching Y points or more in the *Foundation Stage Profile (FSP)* which measures communication skills and social and emotional development.

Technical Note

The average annual increase over a period of 3 years in FSP scores in the highest performing quartile of local authorities, will be used to set the target increase [X].

The FSP would be carried out on a randomised 10% sample of 5 year olds in England. The average score of the top quartile of the children will be deemed to be the target score [Y].

v. Summary of recommendations

35. In general, we feel targets should be set only for aspects of education that schools and the DfES can actually affect. Though it is contrary to the current trend, we recommend, therefore, that the government ought not to be discouraged from setting “input” and “output” targets where appropriate. Though clearly we are, in the end, concerned with outcomes, an input or output target is justifiable as long as there is reliable evidence that it is plausibly linked to the desired outcome. This is because many outcomes are long term in nature and dependent on a number of other external factors, which means that education services cannot directly produce them. For example, targets could be trained on things like entrance to higher education or literacy and numeracy skills, outputs which schools and the DfES can affect directly, rather than the more nebulous, conceptual outcomes such as improving “life chances”.

36. The way in which targets are set is a complex issue. Whilst we agree that local input into the target-setting process is a valuable means of ensuring that targets are realistically set, the risks of group capture are high. Having considered the options for stakeholder participation, we feel that ultimate authority

must remain with the Government to coordinate competing interests.

37. Education targets are a clear example of the benefits of ambitious target-setting. Accusations of demoralised staff aside, the progress made by schools in numeracy and literacy is impressive and we do not see a reason why the ambition of targets should be reduced solely on account of staff opposition. We would suggest, however, that the Government is clear when setting a stretching target that it is indeed intended to be stretching, and that it has been set primarily for the progress it can produce rather than the political capital it can generate by being met. In these circumstances targets is, strictly speaking, the wrong word. It would be more accurate to say they were aims than targets.

38. In order to introduce some level of local specificity, using a benchmarking system amongst groups of “like” schools is the most appropriate method. We would suggest these are used to complement a more stretching “top quartile” target set nationally to ensure that both low and high performing schools have a relevant and stretching benchmark of performance towards which to strive.

39. We recommend that the DfES should become a “lead” department in the first two of its joint targets, commissioning services from others, whilst the other three should be passed to those departments which have more leverage over the outcome.

VI. Health targets

i. The current regime

1. The NHS has been subject to performance measures since the 1980s, including activity cost and efficiency indicators, and the patients’ charter. However, the 1998 Comprehensive Spending Review (CSR) saw the beginning of a more formalised framework.

2. The latest targets were set out in the 2004 Spending Review (SR) for the period 2005-08. These cover reducing health inequalities, improving health outcomes, public health and access to healthcare. There is also a PSA which aims to improve the patient experience of the NHS. In addition to PSA Targets, the Treasury announced in 2004 the introduction of “PSA standards.” The Department of Health has four such “PSA standards.”

3. More recently, health targets have become more focused on outcomes. Many of the first health targets were “input” and “process” targets. They focused, for example, on the IT connectivity of GPs and the establishment of the National Institute for Clinical Excellence and NHS Direct. Such targets had completely disappeared by the 2004 Spending Review. Over half of the latest (2005-08) targets concern health outcomes and patient experience, compared to the previous planning round (2001-04), when over two thirds of the targets were wholly or partially based on inputs.

4. A focus on general public health issues (smoking, obesity and conception rates) have appeared in later PSAs.

ii. Assessment

5. The Government often recounts a number of improvements

which it claims are due to its ambitious targets regime – drops in patient waiting lists, the reduction of instances of death by cancer and heart disease, for example. Unfortunately, little work has been carried out to evaluate the added value targets have had to such progress in healthcare. However, the devolution of Wales has created a unique situation whereby two very similar healthcare systems, serving two relatively similar populations, are now functioning with two *different* targets regimes.

6. Since 1999 the new Welsh Assembly has set its own health targets, which tend to be less challenging than their English counterparts. For example, the Welsh waiting time target for an inpatient appointment is 12 months, to be achieved ‘over time’, compared to 6 months in England to be achieved by 2006.

7. The subsequent disparities in the waiting times in England and Wales might be explained by the differences in the targets regimes: in September 2004, the number of outpatients waiting more than 17 weeks for a hospital appointment was 31 in England, where 49 million people live, compared with 117 in Wales – a country with a population of 3 million.⁶⁴ In March 2003 over 5,000 Welsh residents had been waiting more than 18 months for inpatient or day-case hospital treatment, whereas in England nobody had been waiting that long.⁶⁵ A recent review of quality in the NHS by Leatherman and Sutherland has also accentuated the differences between access to healthcare in Wales and England, citing the differences in the respective targets regimes as one possible reason.⁶⁶

iii. Our assessment

8. We have four distinct concerns about the use of targets in the health system. We will consider, in what follows, questions of the evolution of PSA “standards”, the incidence of perverse incentives, the problem of multiplying targets and the scale of ambition in some targets.

9. We are concerned about the use of PSA standards to replace a number of health targets. From the Government definition of a PSA Standard, the obvious conclusion would be that standards have only been introduced in health because it is

64 Autumn Performance Report 2004: *Achievement against Public Service Agreement Targets, 2000–2004*, DH (2004).

65 *The Review of Health and Social Care in Wales – The Report of the Project Team advised by Derek Wanless*, (June 2003).

66 *The Quest for Quality in the NHS: a chartbook on the quality of care in the UK*, Sheila Leatherman and Kim Sutherland, The Nuffield Trust, (July 2005).

67 See, for example, literacy and numeracy targets and Key Stage attainment in Education, which has been adjusted to become more demanding in successive spending reviews.

68 Autumn Performance Report 2004: *Achievement against Public Service Agreement Targets, 2000–2004*, DH (2004).

only in health that targets have been met. We know this is not true, however. Many PSAs in other public service areas have been met, but no standard has been put in their place. In fact, most targets which are met are usually replaced by a more demanding target⁶⁷, rather than left alone.

10. This would be justifiable if it were concluded that some targets, having been met, could not be improved upon. In such circumstances a standard to be maintained is more appropriate than a more stretching target to strive towards. There are a number of difficulties with this assessment. First, the Department of Health’s Autumn Performance Report states that the accompanying target for each of its new standards is “on course” rather than actually been met. For example, 96.4% of patients did not wait for more than 4 hours in A&E in October 2004 – yet it is implied from the standard that a 100% success rate must be maintained.

11. More strikingly, there is a standard which aims to “improve the life outcomes of adults and children with mental health problems”. The target on which this standard is based is experiencing “continuing progress” according to the Department of Health:

“analysis... shows significant increases in investment, staffing and activity when compared with 2002. The figures show a 6% rise in workforce, a 7% rise in activity and an 18% rise in investment. Number of people receiving crisis resolution services: 2002/3 – 26,000; 2004/5 – 69,700”.⁶⁸

12. How, then, can this target be made a “standard”? By the Government’s own definition, a standard is an achieved target which must be maintained. If a target itself is based on “continuing progress”, does this mean that progress can now stop? Is a 6% rise in the mental health service workforce sufficient? Can it (or should it) not be improved upon? By turning this target into a standard, the Government is sending out the message that the life outcomes of adults and children with mental health problems are good enough and need not be improved, simply maintained. The workforce need not be increased any further,

and mental health services need not be extended to any more than 69,700 people (even though, in the absence of contextual data, we have no idea whether this figure represents 20%, or 100%, of the number of people requiring these services).

13. The way in which the Government applies the term “standard” is inconsistent with its own definition. This may be particularly problematic for the health service, as the Healthcare Commission uses its own definition of a “standard” which, when assessing hospital trusts, actually takes on the meaning of a “target”.

14. Our second concern is the extent to which health targets embody some perverse incentives. This is especially likely in the health arena as the targets are both highly visible and politically sensitive.

15. The struggle to meet PSA targets can lead, variously, to cancelled new outpatient appointments and delayed follow-up appointments in order to meet waiting time targets; GPs abolishing advance bookings in order to meet the 48-hour access target; less seriously ill patients treated more quickly just to keep waiting list numbers down; doctors moving patients around wards inappropriately, or discharging them early to meet the 4 hour A&E target. Whilst we do not doubt these cases may have had a detrimental effect on patient care, we are also concerned that the publicity such cases attract has a cumulative effect of undermining public confidence in the system.

16. We are also concerned that this behaviour is encouraged by the fact that sanctions and rewards are often too crudely linked to the missing and meeting of targets. The term “P45” target was first coined in healthcare to describe those targets for which chief executives felt they would be dismissed if they did not meet them.⁶⁹ As Dr Gill Morgan, Chief Executive of the NHS Confederation told the PASC: “We have 130 targets. Which ones am I going to be sacked for? I can be sacked for these five. Those therefore immediately take priority quite naturally over the other 100 and whatever”.⁷⁰ The recent consultation on whether MRSA targets should have direct conse-

69 *On Target?* PASC, 5th Report, session 2002-03.

70 Oral evidence given by Dr Gill Morgan to the Public Administration Select Committee, (January 2003).

71 “MRSA may land officials in court”, *The Guardian*, (25 May 2005).

quences (i.e. dismissal) for NHS managers who fail to meet them is also an example of individual targets being linked to such large sanctions that have the potential to distort behaviour, and the prioritisation of targets according to the sanctions attached to them (rather than, for instance, their actual importance), is unavoidable.⁷¹

17. However, these unintended consequences do not necessarily mean that the principle of attaching rewards and sanctions to targets is wrong – only that the current government approach is too heavy-handed. There is no sense, at the moment, that the degree of failure or success affects the severity of the sanction or size of reward, as it should. There is only the meeting and missing of a fixed target. It is also true that to dismiss a Chief Executive for missing a single target, even if his overall performance is very good, seems a poor management technique. Missing a target might be a contributory factor to the overall poor performance of a head of an organisation, which may lead to him being replaced. The failed target should not act as a sole trigger for this.

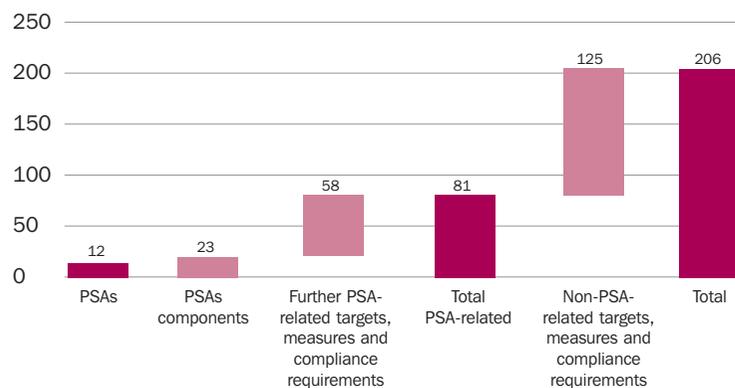
18. Unlike most other public services, targets in healthcare are well integrated into its audit and inspection regime. Following these inspections (carried out by the Healthcare Commission), which include whether a hospital trust has met its targets, the trust receives a rating which implies rewards or penalties. Thus, the framework for contextualising targets as one element of an organisation’s performance management is already in place – it is apparent that the perverse incentives which have sometimes occurred are thus by no means an endemic part of healthcare targets, but rather a consequence of the crude “meet or miss” approach and the linkage of large sanctions to what are deemed the most important (P45) targets.

19. The third problem we identified is that targets will tend to multiply. Single targets applied to an organisation as large as the NHS have a tendency to multiply as they are implemented at lower organisational levels. PSAs, beginning life in Whitehall as a single number, will shatter into their component shards as they are passed down through the hierarchy of Trust directors

to individual doctors and nurses. The graph below illustrates this: where 14 health PSAs translate into 44 targets in the Department of Health's planning and priorities guidance, and then into 200 targets in assorted NHS organisations.

Figure 1. health targets, measures and compliance requirements

The number of external controls faced by the front line in health is at least 17 times greater than the number of headline PSAs, with less than 40% related to the PSAs



Source: Departmental guidance for Local Delivery Plans; CHI; CA/CNST. As reproduced in *Devolving decision-making*

20. Whilst some of this is inevitable, the situation is not improved by the large number of national targets used in the health service. Targets have been used to list the priorities of the NHS, rather than the areas of service that require change. Because of this, more and more have accumulated without any being removed. Healthcare professionals have complained this has led to a situation where “everything is a priority and so nothing is a priority”.

21. Finally, we need to be sure that targets are sufficiently ambitious. The Hospital Consultants and Specialists Association told the PASC that “because targets are set, rather than agreed with front-line deliverers, there is no ownership of the output required, and consultants felt that patient priorities were governed by the political agenda rather than clinical need”.⁷² Although we readily accept that targets not based on evidence

72 Memorandum by Hospital Consultants & Specialists Association (PST 20) to PASC, (2002).

73 From *The Review of Health and Social Care in Wales – The Report of the Project Team* advised by Derek Wanless, (June 2003).

74 *NHS Waiting Times in Wales*, Report by the Auditor General for Wales, 14th January 2005 for the National Assembly.

of best clinical practice are unlikely to hold any credibility with the health professions, targets are, to some extent, a deliberate form of pressure on organisations and their staff. They act, when they work well, as a proxy for the absent public. Hence the art is to create targets which are meaningful and appropriate to those under review but which, at the same time, push them to improve their performance and hold them to account when they do not. To hand over the power of target-setting to medical staff, for example, could create just as much a distortion of priorities as a politically-driven system may do.

22. The experience of healthcare performance vis-à-vis targets in Wales is an informative example of the result of under-ambitious targets. The Welsh Assembly has been setting its targets for increases in the healthcare workforce *below* the actual level of need.⁷³

Table 3.4: Workforce targets and identified need

2010 Target	2008 Identified Need
+ 535 consultants	+ 876
+ 6,000 nurses	+ 8,046
+ 2,000 other healthcare professionals	+ 4,114
+ 175 GPs	Not identified

Taken from the Review of Health and Social Care in Wales, by Derek Wanless, June 2003

23. Similarly, a report by the Auditor General for Wales blamed the difference in the Welsh waiting time figure of 36 months for an operation (compared to 13 months in England and 15 in Scotland) on a lack of ambition: “both England and Scotland are striving to achieve shorter waiting time targets, while general waiting time targets in Wales have remained static”.⁷⁴

24. This is a clear example of how the absence of targets, or half-hearted targets, can lead to a lack of focus on priorities and good performance. Although there will be a number of contributory factors to explain the variations in NHS performance in Wales as compared to England – not least public health, lifestyle and income difference in the two countries – it is very

likely that an ambitious targets regime has helped English health services bear down on internal inefficiencies (such as bed blocking, which has a negative impact on waiting lists). Thus, we cannot assume that healthcare professionals' complaints regarding "not owning" their targets has led to these targets not functioning effectively.

iv. How can these problems be resolved?

25. We have identified a number of flaws in the health targets regime. However, many could be "designed out" of the PSAs at the target-setting stage. Otherwise we risk misreporting and the bending of rules.

26. Given the acknowledged vulnerability of health targets to these problems, target-setters need to be cautious. The Royal Statistical Society's⁷⁵ recommended use of a "protocol" to accompany PSAs might be extremely useful in the case of health targets. A protocol would describe how the possibility of perverse incentives had been considered and the performance indicators designed to remedy this. If such a protocol was included in the PSAs' Technical Notes, this would ensure every target had been thought through properly, and concrete decisions had been taken to decide what the target hopes to achieve.

27. Target setters must also take care to base their targets on evidential best practice, in order to give the target credibility with the medical professions. To achieve this, Royal Colleges could be used as intermediaries. Royal Colleges, representing a variety of healthcare professionals, regularly carry out peer reviews. International and domestic cases of best practice are used to set benchmarks for certain surgical procedures and types of care. The Royal Colleges see this as a spur to surgeons and specialists to continually improve their professional standards - their input could be extremely useful in helping the Government set targets inspired by instances of best practice from this country or abroad. This would provide greater "ownership" of targets by doctors and nurses, without making the process vulnerable to provider capture.

28. As a third means of mitigating the risk of perverse

75 Royal Statistical Society, *Performance Indicators: Good, Bad and Ugly*, (2005).

76 NICE uses a sophisticated patient input process whereby a dedicated Patient Involvement Unit actively encourages and facilitates patient and community groups to comment on and be involved in the drawing up of the NICE clinical guidelines.

incentives, we would recommend that disproportionately large sanctions are not attached to single targets but, when ambitious targets are set, discretion to vary sanctions and rewards should not be ruled out. Consequently, we would like to see an end to the attributing of large sanctions to a small number of particular targets which are deemed more important than the rest (the P45 targets). This is a direct result of there being too many targets in healthcare, which has meant the Government has had to prioritise some over others by the use of sanctions. Whilst we acknowledge that the attaching of specific sanctions and rewards to individual targets is a key driver of change, we emphasise that sanctions and rewards must be both proportionate (e.g. that some discretion is exercised not to use a sanction for missing a target, when the organisation in question has missed by a very small margin an extremely challenging target), and that care is taken to ensure that the wider performance management and audit system of the Healthcare Commission are aligned with specific target priorities.

29. Finally, we recommend the greater use of user satisfaction measures in healthcare target setting. Hospitals are already obliged to carry out annual patient surveys and have done well in designing their feedback forms to capture quantifiable data regarding patients' experiences. PSA 7 also aims to "improve the patient experience".

30. However, given the centrality of patient welfare in all NHS services, we propose a system where targets and patient satisfaction are more mutually reinforcing: where, if a hospital meets its targets, it can be assumed with a degree of certainty that its patients are happy with the service. This would mean that patient satisfaction is taken into consideration not just in a single target, but at the target setting stage of all PSAs. This could be achieved, for example, if the Government consulted the public, and, more specifically, patient groups, to gain a clearer picture of patient and public priorities regarding the performance of the NHS. A system similar to that employed by NICE could be used⁷⁶ as evidence of what patients value in their health service. This evidence could be used as it has been

in Canada, where the Common Measurement Tool's key questions are based on "drivers of satisfaction" established by the national "Citizens First" survey in 1998.

31. Where appropriate, we would expect to see a "user satisfaction" element outlined in the Technical Notes of individual targets. We feel in the latest set of PSAs, PSA 4, 5, 6 and 8 could all benefit from an explicit measure of user satisfaction. The user in each target, will, of course, vary. Thus, for PSA 8 (which concerns older people living in their own homes), the "user" might actually include the elderly person, their carer, and their relatives. We recommend that where a "user" defines a wider group of stakeholders than the patient, this is also clearly defined in the Technical Note.

32. If a system of structured consultation similar to NICE were used when setting targets, with government acting as coordinator of inputs from patients, the public and healthcare professions, it could ensure that targets were accepted by the medical profession and that targets actually prioritised those aspects of healthcare most valued by its service users. Within this framework, the Government would have the final authority to take these views into account and set targets of national importance accordingly.

33. The tendency for healthcare targets to multiply, whilst somewhat inevitable, still needs to be checked to ensure it is justifiable. The key to reducing unnecessary cascade is more sensitive management through the system. Managers who translate single targets down to delegated staff *wisely* should be able to contain cascades, by only breaking targets down when really necessary, and by ensuring those beneath them understand how their contribution affects the achievement of the whole. One way to encourage organisations to cascade "appropriately" might be by implementing a general rule of thumb – all members of staff should accept targets from their direct superior, but no further up the management chain. This may improve the coordination and accountability of meeting targets, and hopefully reduce the duplication of effort.

77 We do not attempt here to identify service areas which do not require the impetus for change that a PSA brings. We would recommend, however, that target-setters use the flow-chart of questions at the end of this report as a guide to the necessity of PSAs in so many service areas.

34. The cascade problem is not helped by the number of national PSAs. We propose cutting back on the number of PSAs, and using them only to focus on areas which specifically require improvement.⁷⁷ Other instruments, such as inspection, audit, National Service Frameworks, performance indicators and local democratic scrutiny should be sufficient to ensure that un-targeted issues remain satisfactory, and if they are not they should be made fit for the purpose. These are more appropriate ways in which the numerous and diverse functions of the NHS could be monitored and performance managed.

v. Summary of recommendations

35. The problem of perverse incentives can and must be addressed at the target setting stage. We propose four key measures.

36. First, we recommend the use of a protocol to accompany each PSA as suggested by the Royal Statistical Society. This protocol would help target setters consider possible design flaws, loopholes for manipulation, limitations of the data, and so on.

37. Second, we propose that sanctions and incentives are used proportionate to the extent to which performance falls short of the target and sensitive to the level of ambition vested in that target. We also recommend care is taken to ensure targets are fully integrated into the wider audit and inspection regime of the Healthcare Commission.

One way to encourage organisations to cascade "appropriately" might be by implementing a general rule of thumb – all members of staff should accept targets from their direct superior, but no further up the management chain.

38. Third, we recommend greater use be made of the health professions' Royal Colleges, whose work in monitoring instances of best clinical practice here and abroad would provide a rich source of evidence on which to base benchmarks for targets (though within a framework whereby the Government has ultimate authority over the actual target-setting process).

39. Finally, in addition to a single target to improve the "patient experience", we suggest target setters follow the example of NICE and construct a formal means by which patient groups and the public can have an input at the target setting stage, to ensure targets reflect public priorities.

40. The problem of cascade is endemic to any single target which hopes to regulate the functions of an organisation as large as the NHS. However, a sensible approach to management (whereby a general rule of thumb ensures most members of staff accept targets from their direct superior, but no further up the management chain), should help limit cascade between organisational levels.

41. We also recommend an overall reduction of national PSAs. They should be limited to areas of service performance which are significantly under performing and which require the impetus of a national target and strategy of sanction and reward. For the multitude of other healthcare services, we recommend the National Standards Framework system be used to introduce negotiated targets at a local level.

⁷⁸ PSA Standards were introduced in the 2004 SR. They are supposed to be former targets which have been met and which now need to be monitored and maintained.

V. Targets in the criminal justice system

i. The current regime

1. The Criminal Justice System (CJS) targets fall under the responsibility of the Home Office. The 2004 Spending Review announced a new set of seven PSA targets for the Home Office to be achieved by 2008. Of these seven, the first three, plus part of the fourth, are related to the CJS. It is these that we assess in this section.

2. The Home Office's CJS PSAs for 2005-2008 include reducing the instances of crime and the fear of crime, and improving conviction rates.

3. In addition to the seven PSA targets, the Home Office has the following two PSA "standards"⁷⁸ which also relate to the CJS:

- Maintain improvements in police performance, as monitored by the Police Performance Assessment Framework (PPAF) (see below), in order to deliver the outcomes expressed in the Home Office PSA. The links between the indicators in PPAF and the PSAs, and the performance improvement in these indicators implied by the PSAs, are set out and reported on in the National Policing Plan.
- Protect the public by ensuring there is no deterioration in the levels of re-offending for young offenders, for adults sentenced to imprisonment and adults sentenced to community sentences, maintaining the current low rate of prisoner escapes, including Category A escapes.

ii. Assessment

4. These targets were reasonably similar in nature and subject matter to the 2002 Spending Review. The most notable difference is that in the previous period, the PSAs were more numerous and specific. For example, whilst the first PSA in 2004 aims to reduce crime overall by 15%, the same PSA in 2002 gave a breakdown of each type of crime and the exact figure it aimed to reduce the offence by. The latest PSAs have a lot less detail – some believe the simplicity of the new targets make them easier to prioritise, though there is the obvious concern that the PSA may have been pared down too far and now lack sufficient explanation.

5. In line with this simplification of the latest targets, several of the “floor” elements of the 2002 PSAs have been dropped. As we explain in the first section of this report, a “floor” element of a PSA is one which aims to narrow the gap in the quality of service between the best and worst areas in the country. In 2002, CJS floor targets were common: crime rates, police force performance, numbers of ineffective trials and drug offences all included an aim to reduce the gap between the best and worst areas of the country. In the latest PSAs only the volume crime rate (PSA 1) includes a “floor element” by making the vague suggestion to “Reduce crime by 15%, and further in high crime areas”.

6. Another notable development is that two 2002 PSAs have become PSA “standards”: the 2002 target of increasing police performance, and the target to reduce re-offending by 5%. The Home Office Autumn Performance Report, however, shows that neither of these targets have been met, although turning them into PSA standards by definition should indicate that they have been met and now need to be maintained.

iii. Our assessment

7. First of all, it is fair to say that the data used, the quantifiable baselines set, the measurement methods employed, and the definition of terms are in a number of cases inadequate. The 2002 PSAs have several vague terms, and many targets lack benchmarks against which they should be measured.

79 BVPIs are measures covering numerous aspects of local services and are used to measure the performance of all “Best Value Authorities”, a list of which were identified in the Local Government Act 1999. To determine whether these bodies are making continuous improvement, a range of indicators (BVPIs), showing how they function, are made public each year.

8. For example, there have been no quantified targets set for a reduction in the fear of crime. According to the Technical Note, worrying about becoming a victim of crime and confidence in the CJS as measured in the British Crime Survey (BCS) will be compared with the baseline year (2002-03). The target, however, only aims for an “increase” in confidence rather than a fixed percentage improvement. The “fear of crime” target is important in the CJS as it acts as a proxy for “user satisfaction”. As we have seen, incorporating a user satisfaction element into targets is something which we feel would be beneficial to service performance. In the CJS, the “user” is the general public protected from criminal acts – a reduction in a fear of crime is an improvement in user satisfaction. It is therefore particularly important that quantified targets be set for this area and be measured accurately.

9. Several other PSAs also have no numerical grounding, and rely on an “increase” or a “decrease” in a particular factor, or an “improvement” in performance. For example, there are also no data provided with which to measure police activity and no definition of how the target will be met.

10. We are of the opinion that such targets are not, in fact, targets by definition, but are aspirations or, at best, something akin to Best Value Performance Indicators.⁷⁹ Targets must have a quantitative goal towards which public services can strive – if this is not the case, it is impossible to contextualize progress and assess whether a public service is making adequate improvement. For example, in the table below, we see drug use has decreased by 0.4%, whilst public confidence has improved in the CJS by 3%. As the PSAs simply call for a “decrease” in drug use, and an “increase” in public confidence, these targets have by definition been “met”. However, it is impossible to tell whether this 0.4% decrease, or 3% increase, is anywhere near what the Home Office had hoped for or what the police service and other relevant public agencies should have been capable of achieving.

11. We are also concerned with how the 2002 PSA 5 has been measured (which after 2004 has become a “PSA standard”).

The Home Office states that these targets are “met” if the actual re-offending rate is more than 5% less of the *predicted* rate for that year.⁸⁰ In other words, it is not compared to the actual rate of the previous year, or any other concrete benchmark. The predicted rate is based on adjustments to a historical (2000) benchmark. We are unsure whether the adjustments made would produce an accurate prediction, and whether it might not be more meaningful to use the previous year’s re-offending rate as a benchmark.

12. In other areas, the Home Office either makes no attempt to measure a target, or simply asserts a judgement of progress without backing it up with data. This is particularly noticeable in assessments of police performance and value for money. The value for money Technical Note in 2002 suggested that the target would be met if the CJS made efficiency gains equivalent to 2% of total police expenditure annually, without suggesting how an efficiency gain might be identified. It is notable in the field of defendants’ rights and drug related offences where rehabilitation rates – almost wholly unrelated to drug related crime rates – are given as a proxy.

13. Where targets *had* been quantified, there seems to be a lack of reasoning as to why that target was set. For example, the target to reduce ineffective trials by 27% begs the question as to why 27% was picked as a figure of improvement – why not 25% or 30%? The PASC heard from witnesses that the target to reduce re-offending by 5% bore no relation to experience in this country or elsewhere in the world.⁸¹

14. It is really quite alarming that, while we believe the measurement of the 2002 PSAs was ineffectual and lacking basic statistical information, the 2004 PSAs are even less statistically precise, and even *less* quantifiable. The vague generalisation of PSA 2 in the 2004 targets round – “building confidence in the CJS... without compromising fairness” includes a multitude of subjective terms, which make it all but immeasurable.

15. The change noted in the first PSA is particularly striking. Changing PSA 1 to a reduction of crime overall by 15%,

80 The predicted re-offending rate is calculated by using a base rate of January to March 2000, adjusted by changes in the age, sex, offence and previous criminal history profile of discharged sentenced prisoners.

81 On Target? PASC, 5th Report, session 2002-03.

82 We would suggest, for example, that the main reason for the reduction in burglary in recent years was not crime reduction drives, but simply that the value of household goods such as televisions fell dramatically.

instead of breaking down the PSA into different targets for different crimes, leaves the target more vulnerable to manipulation as considerable variation might be hidden within this “overall” crime figure. There is a possibility that the police will concentrate only on crime that is relatively easy to tackle rather than on the most harmful law and order problems. Such a method might allow certain types of crime such as violent incidents to escalate unnoticed whilst the overall figure still falls.

16. We expect that, flawed as the 2002 PSA reporting was, the next Home Office report on the 2004 PSAs is likely to have fewer data, more statistical anomalies and more immeasurable outcomes.

17. Although we are most concerned by the lack of data with which to measure these targets and the poor use of quantifiable evidence and benchmarks, and the impact this will have when the Home Office comes to report on its latest targets, there are other issues which need to be addressed. For example, CJS targets, by their nature, are often the joint responsibility of a number of different agencies. This may lead to complications in delivery and accountability. For example, the target to increase the number of convictions is problematic, because the police service has no control over the performance of the Crown Prosecution Service, the Magistrates Courts, the Crown Courts, judges or juries.

18. Crime is a broad, multi-faceted phenomenon and as such will be affected not only by the actions of the Criminal Justice System departments (Home Office, DCA and the Attorney General's office), but also by a range of other government departments (DfES, DWP, DH, ODPM and their agencies), as well as by exogenous factors beyond any department's control. As the criminal justice system is also supposed to be concerned with addressing crime prevention (especially in the area of youth offending), it appears to us that there would be benefits in thinking through how responsibility for targets in this area could be shared even more widely across Whitehall.

19. We also doubt whether some of the targets on specific

crimes in the 2002 PSAs have been meaningful at local level. Local crime rates, anti-social behaviour and drugs problems vary widely from area to area and between rural and urban communities. The police provide a local service, and while the Home Office seems to be acknowledging this by comparing police performance between groups of similar police forces, the actual targets by which they are regulated remain national in scale.

20. The national platform on which the PSAs are based also may make them harder to deliver. The re-offending target, for example, is calculated on a national basis and responsibility for such a target is shared between several institutions. As a result, individual workers may have little ownership of the target and it has little direct impact on them, making it hard for staff to know how to contribute to the delivery of the target.

21. We do not readily accept, however, the third common criticism levelled at national target setting: that national targets, which are inappropriate (over ambitious) for particular local areas “demoralise” staff. We believe that even over ambitious targets can stimulate improvements: targets for reducing drug abuse in prison were extremely ambitious, but despite the fact that the prison service failed to reach the target, performance has improved significantly. We are in fact more concerned with the risk that national targets will allow for complacency in relatively “low crime” areas, as the national target will not spur them on to improve further.

We believe that even over ambitious targets can stimulate improvements: targets for reducing drug abuse in prison were extremely ambitious, but despite the fact that the prison service failed to reach the target, performance has improved significantly.

iv. How can these problems be resolved?

22. There is an urgent need to tackle the absence of data for a number of the CJS PSAs. The haphazard way in which PSAs are measured (or not) casts doubt on their efficacy as an accountability tool and as a system of performance improvement. The appropriate information needs to be collected as a matter of urgency. Where it is discovered that the PSA in question is immeasurable, it should be modified accordingly.

23. For those targets which aim for an undefined “increase” or “improvement” (e.g. “Improve the level of public confidence”), we urge that they be given a benchmark so that the term “improve” can be given a numerical definition towards which the police service can work. This has been achieved in some other CJS PSAs, and most other PSAs we have come across in education, health and housing. There is no reason why the Home Office should not set a fixed target for these PSAs. Without a fixed numerical outcome, to be missed or achieved, these PSAs cannot be defined as “targets”.

24. Our recommendations for improving the statistical reliability of data and the measurability of targets, because they are so numerous, have been described in detail in an earlier section in this report.

25. We reject some of the criticisms made concerning national CJS targets and their local deliverability and specificity. We recognise, however, that local specificity is important. We propose that a national PSA be designed for local police forces to reduce the instances of, and fear of, the three specific crimes which generate the most public concern in their area, by a quantified amount (which would depend on the circumstances of the area). This would take into account local variations in crime patterns and rates without having to be overly prescriptive at national level.

26. We accept that one of the drivers of local deliverability of national targets is to ensure the police accept the target setting process. Standard practice should be to seek to set targets which are accepted as valuable and achievable by those respon-

sible for delivery, so that quantifiable targets can be set based on empirical evidence. However, the consultation of police and other staff in the setting of CJS targets is better than in most other services where PSAs are used. Most senior police officers seem to accept the general need for targets, and it appears that the last round of targets were not met with the same degree of scepticism amongst criminal justice professionals as was the case with doctors and teachers. However, this may be due to the fact that the CJS PSA targets are weaker and looser than some other public service areas – a target simply to “improve” performance surely cannot cause much controversy with those charged with meeting it.

27. Thus, we would not propose an increase in influence over the target setting process by local staff, as we feel the system has adequate levels of consultation. Further input from CJS professionals might render the targets less challenging than they are currently. However, as we mention above, we are concerned by the lack of empirical data used to set baselines and measure progress. It is important that the Home Office, the ONS and police forces work together in order to construct measurable outcomes with appropriate data. However, we would expect to see the government have final authority over the target setting process and to use this data to design sufficiently challenging targets.

28. It is clear that several CJS targets are attempting to regulate complex social trends. Many are affected by factors beyond the control of an individual police force. The reduction of crime is a prime area for a coordinated, cross-departmental strategy. For example, the fear of crime requires the ODPM to address street lighting and housing problems and the DfES to reduce truancy, in conjunction with the Home Office’s attempts to actually reduce crime rates. We recommend that where such PSAs are affected by factors beyond the Home Office’s control, or where it falls to other agencies and departments to contribute, that this is acknowledged in the PSA. We would expect that whilst the Home Office should take the lead in achieving these targets, it would make specific agreements with the ODPM, DfES and so on as to the contributions they would make to achieving

the targeted outcomes.

29. Several of the PSAs – particularly PSA 2 which incorporates reductions in the fear of crime – focus on how people feel, not simply objectively measurable outcomes. This is quite legitimate given that one of the objectives of the CJS must be to engender a feeling of security and safety. It also acts as a proxy for “user satisfaction” in a public service where the user is not clearly defined. These elements of the PSAs are measured through the BCS, which also measures the satisfaction of more direct ‘users’ of the CJS such as victims and witnesses. While we welcome this, we recommend that the Home Office should consider expanding the coverage of the BCS so that it could more readily disaggregate fear and satisfaction measures by locality. We would also recommend that the PSA concerning fear of crime should use BCS information more thoroughly and disaggregate reduction rates by types of crime and location.

Illustrating a good target: our version of Home office PSA 1

Target

In each police force area reduce the incidence of the three crimes which generate most public concern in that area by [2007/08] by an amount agreed with the Home Office.

Points for Technical Note:

- (a) The crimes generating most public concern to be identified by discussion in Police/Community Consultative Groups, supplemented if necessary by specific opinion surveys/BCS findings of fear of crime.
- (b) Crime reduction targets to be agreed with Home Office to take account of incidence per capita of the crime in question in comparable police force areas with the bottom quartile incidence per capita of that crime.
- (c) measurement to be assessed by means of the BCS, disaggregated by police force area and type of crime when measuring fear and instances of crime.

v. Summary of recommendations

30. The way in which CSJ PSAs are designed, measured and monitored must be overhauled.

31. Key steps would be to establish baseline data for all PSAs, set numerical targets for all PSAs; and replace vague terms and immeasurable elements with concrete outputs established according to the available evidence.

32. We recommend that the existing measurement of fear of crime be extended so that it is disaggregated by crime type and location.

33. The Home Office should be recognised as the official lead department in CJS targets, and expected to work in partnership with other departments (such as the ODPM on street lighting schemes, the DfES on truancy strategies, and so on) in delivering a reduction in crime and the fear of crime.

34. For some PSAs, an element of local specificity would be a valuable improvement. We feel this can be achieved without staff taking responsibility for the setting of their own targets, but rather having a rule of thumb which states that the most prolific or concerning types of crime in any given area should be prioritised in meeting the more general target of a 15% reduction in crime overall.

35. We would also recommend that the PSA relating to police performance, which became a “standard” in 2004, be designated as a target once more. Labelling police performance improvement as a standard implies police performance is now optimal and cannot be improved on, and need only be maintained.

VI. Targets in housing

1. The ODPM has responsibility for meeting housing targets and for coordinating the activity of local authorities. There are only two main PSAs for housing, supplemented by several Best Value Performance Indicators (BVPIs). Although the BVPIs are not technically targets, a local authority will be assessed on these regularly by the Audit Commission.

2. The most significant PSA is the decent homes target. This has existed more or less unchanged since the inception of the PSA system in 1998. The second PSA to explicitly deal with housing was introduced in the 2002 Spending Review (SR) and covers the supply and demand of housing and sustainable growth. As there are only two PSAs, and as they are very different both in terms of design and objectives, we will deal with each separately in this paper.

ODPM housing targets from 2005

Objective IV: Delivering a better balance between housing supply and demand by supporting sustainable growth, reviving markets and tackling abandonment.

5. Achieve a better balance between housing availability and the demand for housing, including improving affordability, in all English regions while protecting valuable countryside around our towns, cities and in the green belt and the sustainability of towns and cities.

Objective V: Ensuring people have decent places to live by improving the quality and sustainability of local environments and neighbourhoods, reviving brownfield land, and improving the quality of housing.

7. By 2010, bring all social housing into a decent condition with most of this improvement taking place in deprived areas, and for vulnerable households in the private sector; including families with children, increase the proportion who live in homes that are in decent condition.

The decent homes target

i. The current regime

3. The decent homes target specifies that all social housing should be in decent condition by 2010. A very detailed definition of a “decent home”, using a large number of indicators, has been established, but in short a decent home is defined as “a home that is warm, weatherproof and has reasonably modern facilities”.

4. The decent homes target was first made explicit and quantified in the 2000 SR, which set targets from 2001. In 2001, the ODPM estimated there were 1.6 million council homes falling below the decent homes standard (38% of the total). Between 2001 and 2004, the ODPM states 500,000 homes were raised above this standard, leaving 1.1 million homes to be improved by 2010.

5. In 2002, the target was broadened partially to include the private sector. The new target specified that 70% of the dwellings in the private housing sector occupied by vulnerable households (which represents a further 1 million households, 43% of the total) must pass the decency standard. Between 2001 and 2003 the number of vulnerable households living in private accommodation that met the decent homes standard rose from 57% to 63%. The target of 70% must be met by 2010.

⁸³ Spending on housing will have increased by over £1 billion a year between 2002-03 and 2005-06.

Definition of a Decent Home:

1) It meets the current statutory minimum standard for housing
Homes below this standard are those defined as unfit under section 604 of the Housing Act 1985 (as amended by the 1989 Local Government and Housing Act).

2) It is in a reasonable state of repair
Homes which fail to meet this criterion are those where either: one or more of the key building components are old and, because of their condition, need replacing or major repair; or two or more of the other building components are old and, because of their condition, need replacing or major repair.

3) It has reasonably modern facilities and services
Homes which fail to meet this criterion are those which lack three or more of the following:

a reasonably modern kitchen (20 years old or less);
a kitchen with adequate space and layout;
a reasonably modern bathroom (30 years old or less);
an appropriately located bathroom and WC;
adequate insulation against external noise (where external noise is a problem);
adequate size and layout of common areas for blocks of flats.

4) It provides a reasonable degree of thermal comfort
This means that your home must have both effective insulation and efficient heating.

(ODPM, Tenants Guide to the Decent Home Standard)

ii. Assessment

6. The Government has stated that the current rate of progress in the council-owned sector means that the decent homes target is on track to be met by 2010.⁸³ Between 1998 and 2001, the number of council homes below the decent standard fell by 500,000 – from 2.1 million to 1.6 million. This is the same rate of progress achieved between 2001 and 2004, which also saw a drop of 500,000 non-decent homes in three years. Yet this earlier achievement was made *without* an explicit target to work

towards, or the various methods of government assistance given to local authorities, none of which were introduced until 2001. This suggests either that the target and government assistance have had no impact in speeding up the rate of improving council housing, or that improving council housing is becoming harder and requiring more and more resources just to sustain the same rate of progress. It may well be that councils are repairing the worst properties last – hence, progress towards the target will slow down as the target gets closer.⁸⁴

7. Another factor which may affect progress in both the council and private rented sectors is that the first of the four criteria used in the definition of a decent home (that a home should meet the minimum standard of housing in force at any given point) has recently changed. When the target was set, the minimum standard in force was the “Fitness Standard” of the 1985 Housing Act. However, the 2004 Housing Act has replaced the fitness standard with a new “Housing Health and Safety Ratings System” (HHSRS). The ODPM estimates that this is likely to result in an increase in the number of homes failing the decent homes standard by about 450,000. 20,000 of these are in the social housing sector, the rest in the private sector.⁸⁵ There have also been concerns expressed that the HHSRS standard is harder to measure than the old fitness standard, and open to more interpretation and subjectivity by housing inspectors. This may make progress towards the target harder to measure.⁸⁶

iii. Our assessment

8. We feel the decent homes target needs improvement both in delivery and design. Regarding the design of the target, we feel the true objective of the “decent homes” housing policy has been obscured in the target. The real objective should be to reduce the number of people living in poor-quality homes, not to ensure all social housing meets the decent home standard. This is a difference of substance, not merely drafting. It focuses attention away from improving “bricks and mortar”, and more towards ensuring people live in decent homes in communities in which they want to live. This appears to match better the underlying policy objectives. It could also lead to better focussed policy interventions; revitalising housing markets, as

84 “Government risks missing key homes target”, *The Guardian*, (December 9 2003).

85 ODPM: *A Decent Home: The Definition and Guidance for Implementation*, Annex A: para 11, (February 2004).

86 ODPM Select Committee, 5th Report (2004).

87 Oral evidence given by Neil MacDonald to the Public Administration Select Committee, (January 2003).

intended under the Housing Market Renewal programme, rather than simply spending money on improving the physical conditions of housing stock, some of which may not be in desirable locations or the right type of housing to match demand in the medium to long term.

9. Consequently, as local authorities start to focus their resources on improving the lowest quality stock, the current target might actually lead to sub-optimal investment. In areas where more radical housing solutions are required, the target might deliver decent homes now - but will these homes be in the places where people will want to live? In some areas the condition, unpopularity and age of the housing means it would be wiser to demolish rather than refurbish the property. For example, in the Midlands and the North of England there is over-supply of social housing, and medium to long term demand projections suggest that it makes little sense to bring the stock up to the decent homes standard by 2010.

10. We also feel that, although the decent home definition is detailed and thorough, it only focuses on the unit of housing itself and neglects to take into account the impact of public and external spaces, safety and security on tenants’ quality of life, and may not relate to what the actual tenant occupying the property regards as “decent”. In short, how do they feel about their housing?

11. It also seems highly likely that the “target” was in fact a forecast, given that the rate of progress appears to have been no higher after the target was set than before. It appears that the rate of housing improvement was simply projected forward and established as a target. Hence, its role in inspiring and focusing good performance may be limited. It is also appears that the definition of a decent home was set according to what was possible within the prevailing budget, rather than a separate and objective attempt to define the term “decent”. The ODPM has recently conceded this point. Their Director of Housing told the ODPM Select Committee that “when the Decent Homes Standard was set, ministers took a view as to the standard that could be afforded within the likely level of public expenditure”.⁸⁷

12. We are also concerned about the extension of the target into the private sector. First, it is extremely hard to measure. Second, private landlords may actually have a disincentive to rent their properties to vulnerable tenants, as this makes them responsible for ensuring the tenant's accommodation meets the decent home standard.

13. Third, it may be impossible to achieve. This is because enforcement may not be feasible as it relies on the goodwill of tenants and landlords. It is their responsibility to repair and maintain their properties in order for them to pass the decent homes standard, but the government is almost powerless to ensure they do. There is some financial aid, to encourage landlords and tenants to make the repairs themselves: a £30 million grant is available to be shared between local authorities to help them fund repairs, and the "Warm Front" initiative provides grants for insulation and energy efficiency measures.

14. However, this level of financial assistance is miniscule compared to the funds made available for council housing repairs. The Government also plans to make it easier to loan money to private tenants to carry out repairs and is undertaking an awareness campaign to encourage tenants to keep their homes in good condition. It has to be doubted whether this will encourage low income families to spend their own money or take out loans to improve their homes, simply to meet a government target. This aspect of the target is perhaps ill-judged as it attempts to regulate an area over which the Government has little control or influence.

15. As such, it seems the Government's target only has the power to affect council housing – only around 15% of the country's total housing stock. Given the relatively small effect this target will have, it is questionable whether this target is the most appropriate way of achieving the objective.

iv. How can these problems be resolved?

16. The decent homes target is, in theory, a well intentioned target. A "decent home" is something important to service users (i.e. tenants), something which is in principle in the

88 We recommend housing target setters use the decision guide at the end of this report to assess whether the decent homes target is justified.

power of local authorities to achieve in concrete terms, and something which is a simple, single-faceted objective, which can be translated to local level strategy quite easily. In the light of this, there are relatively few problems with the structure of the target.

17. However, we recommend a thorough reassessment of whether a target is the most appropriate tool to achieve this objective. If this target does remain in existence, we must consider whether it encapsulates the appropriate housing objective, and whether the decent home definition is sensitive enough to deliver acceptable standards in social housing stock.

18. The target also transfers imperfectly to the private sector. For the Government to be able to achieve the target it would require landlords to meet higher standards of building regulations when a "vulnerable" household moves into the property. As the majority of housing is managed privately, it might be wiser for the Government to employ alternative strategies to improve the condition of social housing overall. We recommend the Government reassesses the continued need for a decent homes target, which only has the scope to effect a small proportion of housing stock.⁸⁸

19. Should the target remain in place, we feel it would be worth considering whether a blanket strategy of improving the condition of all social housing is an efficient use of resources. We propose the PSA be reframed so that it aims to increase the number of people living in decent homes, not increase the number of decent homes per se. This may result in a varied strategy, involving the re-provision of stock in different communities, not simply the repair of existing stock.

20. In addition to this, including some form of "tenant satisfaction" standard in the definition of a decent home would help balance the definition to ensure the Government's perception of a decent home matches the standards expected by those actually living in the properties. This is in line with our general suggestion that user satisfaction of public services (in this case the tenant) be better integrated into individual targets where appropriate.

21. Including the somewhat subjective quality measure of “tenant satisfaction” alongside traditional objective measures will, of course, require a more sophisticated method of balancing them. For this, we might take inspiration from the “balanced scorecard” approach, used by the Healthcare Commission to assess hospital trusts. This would help avoid having to prioritise objective and subjective standards – houses could be assessed according to perhaps four key areas of “decency”, plus a fifth area of tenant satisfaction.

22. We also propose that one of the key areas of “decency” should cover outside spaces and communal areas. This should assess not only their general upkeep but also issues such as disabled access, lighting and safety and security. This is to ensure local authorities acknowledge that a person’s home does not begin and end at their front door.

23. We might expect to see some divergence between the four areas composing the objective definition of a “decent home” and the tenant’s actual opinion of their home. However, should we see a major divergence, this may be an indication that the objective criteria with which the “decency” of housing is being assessed are inadequate and does not provide a standard of living expected by council tenants.

24. In the box below we have re-drafted the decent homes target in light of the principles of a “good target” we outline in the introduction of this report.

Illustrating a good target: our version of the decent homes target

Objective:

Reduce the number of people living in poor-quality homes.

Target:

By 2010, ensure all people living in “non decent”^{*} social housing (approx 1.5 million households) can live in decent

housing, whether through the repair of existing stock, the re-provision of housing, or by a move into decent non-social housing.

^{*}(A decent home will be identified as meeting all four established criteria of a decent home as outlined above. In addition, its outside spaces and communal areas (such as halls, car-parks and stairwells) will be safe, clean and well lit. Finally, its tenants will be satisfied with their living conditions according to a standard tenant satisfaction survey which measures tenant perceptions of their quality of life, feelings of security, pride in their surroundings, and so on.)

Housing supply and demand target

i. The current regime

25. The second housing target, “achieve a better balance between housing availability and the demand for housing in all English regions while protecting valuable countryside around our towns, cities and in the greenbelt - and the sustainability of existing towns and cities”, is a broad objective. In order to make this PSA deliverable, the ODPM breaks it down into eight sub-sections regulating a number of different outcomes, called “progress indicators”. The ODPM further breaks down each indicator into a number of additional targets. A full breakdown of the performance indicators and their sub-targets for 2002 and 2004 have been listed in Appendix seven at the end of this report.

ii. Assessment

26. The housing supply and demand target has generated little controversy in comparison to the decent homes target, although it has generated some housing strategies which have not always proved popular. There has been a great deal of resistance in growth areas to the massive increase in housing that is planned, the impact of these increases on local communities and the lack of funding available to support the necessary accompanying infrastructure.

27. The ODPM is also still refining this PSA. Although it has kept the same performance indicators since the PSA was created, the sub-targets are still being modified. Some areas have yet to be measured as the ODPM is still waiting for the data to become available.

iii. Our assessment

28. The supply and demand housing target is a far less well designed PSA than the decent homes target. Its broad definition covers a number of vague (and possibly idealistic) outcomes, rather than concrete aims. As such, it is not a target focused on housing specifically, but rather covers everything from environmental to property market issues.

29. The target also uses terms such as “a better balance”, “protecting valuable countryside” and ensuring “sustainability”, without these being defined or quantified. Because of this, there are eight separate indicators for this PSA, reflecting the variety of elements it includes. Some are only loosely related to one another. For example, one indicator measures the number of statutory homeless households with children in temporary accommodation, whilst another measures the net change in the area of designated greenbelt in each region.

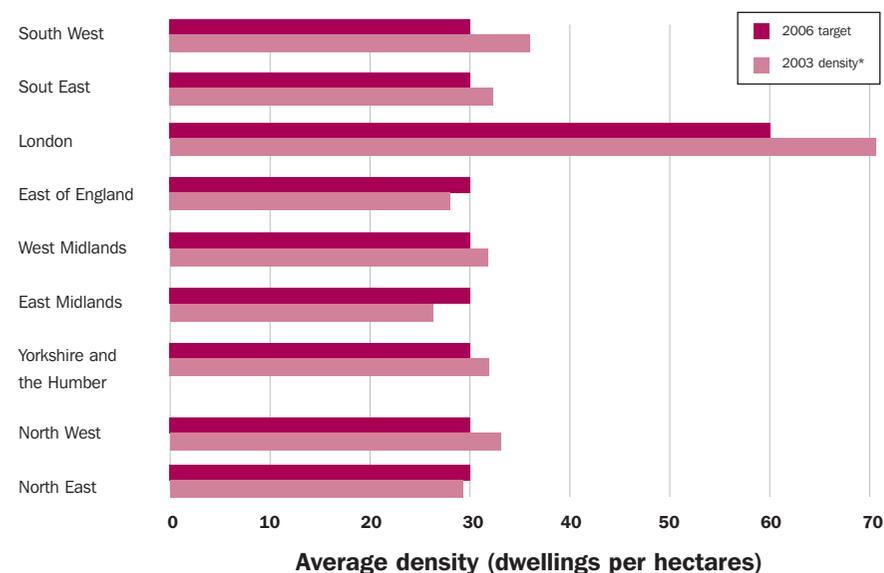
30. The Government has come to the conclusion that improving the outputs in these eight separate areas will combine to achieve the broad outcomes stated in the PSA. There is no evidence on which this assumption can be based, and so the target is rather subjective. The Government has decided that this PSA means an increase in greenbelt land, an increase in housing density, a reduction of children in temporary accommodation, and so on.

31. Even if we accept this definition, as progress is measured in each of these eight indicators separately, assessing how each may have contributed to the meeting of the target overall is difficult. This situation actually demonstrates very clearly the way in which a single PSA can cascade to form a multitude of targets. Each of the eight indicators are broad statements of intent, and each have a number of targets held within their Technical Notes. In fact, this one PSA actually contains 14

different targets reserved for different regions in 2002.

32. More specifically, a number of the PSA's indicators are flawed. For example, housing density figures for 2003 illustrate that housing density is already above the targets for 2006 of 30 dwellings per hectare (50 in London). This target represents no challenge whatsoever. We would also question whether such a target reinforces the “decent home” strategy. This target rules out the creation of several new types of housing, such as spacious new houses with gardens, on fairly spurious criteria.

2003 average regional densities (provisional)



*These updated densities include data received up to the end of June 2004 and were published on 21 October 2004.

SR 2004, PSA 2005–2008 ODPM Technical Notes.

33. It also seems odd that the Government should consider it appropriate that it should have an idea of acceptable house prices, and should set a target on this at all. Housing seems to be one of the very few markets where the Government has its own view of affordability. Whether supply, or demand for that matter, are sufficiently elastic and whether or not increases in supply will put a downward pressure on prices, is also questionable.

34. There was also, in 2002, a target for reducing the number of children in temporary accommodation by 8,000 by 2016. By the 2004 SR, this had increased to a reduction of 30,000, without any explanation as to why this figure had been recalculated. If anything, this unexplained adjustment of the parameters of the target by the Government demonstrates the lack of an evidential basis for this target – if the target can be increased by nearly 400% in just two years, then the original target could not have been based on any empirical evidence whatsoever. We can only assume that the adjustment was prompted by a review of the data.

35. Finally, the indicator or target regulating the percentage of housing development on previously developed land is interesting. The ODPM acknowledges that its target of 60% of housing to be built on previously developed land, which was set in the 2000 SR, was met by 2002 (when 64% of housing was built on previously developed land). This target had an eight year deadline. The fact it was met (and bettered by 4 percentage points) in two years suggests that the target was not particularly challenging. Rather than rectifying this in the 2004 SR by making the target more challenging, the Government has set itself the less demanding target of maintaining the 60% level until 2008. According to the Government's own definition, this should now be called a "PSA Standard" – and one which would actually allow for a 4% decline from the current position.

36. Overall, we feel the data used to monitor the housing and supply target is neither quantifiable nor measurable. In addition, the terms of reference make the PSA impossible to implement locally. Even the quantified indicators within the PSA are set regionally or nationally which means they cannot be used effectively by individual councils. Regional housing density, for example, should be 30 houses per hectare, whilst 64% of new houses in England are built on brown field sites. How can local authorities, responsible for housing in their area, know how much they need to achieve to contribute to these indicators? What role do Regional Development Agencies have to play? How does the ODPM divide up the responsibility for geographical developments if the only target they have is national?

The answers to these questions remain unclear.

37. What the outcome actually means in this target is, of course, open to interpretation. The indicators that have been selected are based on the Government's subjective assessment of what it thinks the PSA means. As the "target setters", this is, of course, at their discretion, but tensions may arise if there is not a consensus with those delivering the target on the ground: be they housing associations, local authorities or branches of the ODPM. For example, the indicator or target which aims for 30 dwellings per hectare (50 per hectare in London) may help with the supply of housing, but concentrating housing density to this extent in towns and cities may undermine their sustainability (in terms of public facilities, pollution, transport infrastructure and so on) which is another element of the PSA.

iv. How can these problems be resolved?

38. The housing supply and demand target needs a thorough review of the way it has been designed and the way it is measured. It is unlikely the nebulous collection of performance indicators and subordinate targets within the main PSA will be sufficiently co-ordinated to bring about the main outcomes aspired to in the PSA. The Government, when setting targets, must have as a starting point the principle that targets should only be set for areas where the target will maintain or influence behaviour and effect change.

39. We recommend, therefore, that the supply and demand PSA be stripped of all but its most concrete objectives, which are

Overall, we feel the data used to monitor the housing and supply target is neither quantifiable nor measurable. In addition, the terms of reference make the PSA impossible to implement locally.

measurable and which use clear definitions and data. The vaguer aspirations of this PSA may inform the direction of policy, but have no place in a public service target used for management purposes.

40. In order to fill the gaps in housing delivery left unregulated by the supply and demand target, Best Value Performance Indicators (BVPIs) seem a sensible alternative.

41. The breadth of the BVPIs at local level clearly fill some of gaps of the national housing PSAs. Most importantly, the BVPI areas - emergency repair response times, demolishing unfit dwellings, rent collection - are all things that housing departments genuinely affect and something that tenants will notice and appreciate. The BVPI regime also benefits from simplicity: it requires little regulation and no additional target-setting as it functions by one simple rule - to improve every year.

42. In order to strengthen the BVPIs to guarantee a set level of performance (at least in the most important BVPI areas), we propose the Government sets a fixed target in key BVPI areas, which would be reviewed annually as part of the CPA process. A lack of annual progress towards the target BVPIs would count negatively towards a council's CPA rating. These fixed targets might use as their baseline the performance of the best performing local authorities in the country, in order to ground targets in the reality of best practice.

43. Of course, introducing a fixed goal can discourage ambition, particularly in already successful councils. By introducing fixed goals to BVPIs we might undermine one of the BVPI system's key attractions – that it encourages “continual improvement” even amongst high performing councils. One way to resolve this might be to set target benchmarks high enough for all councils to find them a challenge. Councils would then be judged on their annual progress towards the target, rather than their meeting of the target per se. This is similar to the “Adequate Yearly Progress” assessment made in schools in the US.

v. Summary of recommendations

44. We recommend re-wording the decent homes target, bearing in mind its true objective – to ensure that everyone lives in a decent home. This should allow for a broader range of delivery methods, including a consideration of improving and building housing in areas people actually want to live.

45. We recommend introducing tenant satisfaction and a consideration of communal spaces in the definition used for the decent homes PSA. A balanced score-card system should be used to balance subjective and objective assessments.

46. An alternative strategy, not tied to the decent homes target, needs to be established to improve the quality of private rented accommodation.

47. The housing supply and demand PSA should be reduced to one or two clear, measurable outcomes. Aspirations and performance indicators which are vague, poorly defined or simply immeasurable should be abandoned.

48. Fixed targets in key BVPIs should be used to introduce quality control in the many areas of housing delivery omitted from the national PSAs.

89 See <http://medicine.ucsd.edu/fpm/hoap/eq5d.htm> for fuller description.

VII. Our general recommendations

1. Through the course of our assessment of the PSA regimes in four key public services, we have arrived at a number of general conclusions about how targets should be designed. The following section looks at a number of important elements of the approach to target-setting which we feel should be borne in mind by all public service managers.

i. What is a good target?

2. A good target would have a single, specific objective that is reasonably within the remit of the institution to affect. It would be easily measurable and would specify an outcome whenever possible, over a clear time period. The desired outcomes of any target need to be stated clearly, and must be measurable. If the problem of measurability is found to be intractable, targets are unsuitable.

3. Targets must be set only when change is required or for aspects of public services which are exceptionally important – not when the status quo needs to be maintained or standards upheld. Thus, targets are best used in times of service failure, or where there is a policy decision to significantly raise performance standards, or where there is a consensus that a service needs to be delivered in a radically different way. Targets should not simply act as a list of priorities. The regulatory framework surrounding each service (e.g. Ofsted in education, the CPA regime in housing, the Healthcare Commission in health) should be adequate to ensure those service areas which are important, but which are not instances of service failure, remain at adequate levels.

4. Consequently, there should be a fairly small number of targets in place at any one time. These targets will be dynamic – changing according to those aspects of service provision that require change or improvement at a given point in time.

5. Targets need not always be explicit output or outcome targets – “process” and “input” targets can be appropriate, especially if the organisation in question only has power to affect a process or input rather than an outcome. We would insist, however, that there was a strong evidential link between the input or process, and desired outcome. For example, increasing immunization rates is a valid input target, as there is an established body of evidence which links this to improved health outcomes.

Illustrating a good target: our version of Health PSA 4

Objective:

To improve the health outcomes for people with long term conditions.

Target:

By 2008, to improve health outcomes for people with long term conditions by an amount achievable but challenging* as measured by an improvement in factors such as mobility, self-care, usual activity, pain/discomfort, and anxiety/depression.

Points for Technical Note:

A suitable survey instrument to measure patient experience is the EQ-5D patient survey⁸⁹ which measures mobility, self-care, usual activity, pain/discomfort, and anxiety/depression. The EQ-5D would be applied periodically to a sample of patients. The survey will capture the extent to which the health status of patients is changing over time, disaggregated by age and condition. The target will be met if there is the agreed improvement in EQ-5D baseline scores of the sample patients compared with their expected end-point health status (if current trends continue).

*The expected percentage point improvement and time-scale will depend on the baseline data established for this target and so we are unable to give even an estimated figure here. The baseline would be established by carrying out the EQ-5D on a random sample of patients with long term conditions and comparing this to the expected end-point health status of the patients. The target will require some improvement between these two points. To make this figure achievable and challenging, the target might be set at the performance of the top 10% of PCTs in the country, for example.

6. Targets add most value where other mechanisms such as user choice and the threat of exit, or the contestability of providers, are not in place and are not adequate to affect the behaviour of service providers.

7. The list of questions we produce at the end of this report can act as a guide for target setters in trying to decide whether a target is truly required, and what needs to be considered when designing a successful target. We would also recommend that these questions be applied to existing targets, in order to identify whether some have outlived their usefulness.

ii. Sanctions and incentives

8. Throughout this paper, we have emphasised the importance of *proportionate* sanctions and incentives being used to drive targets – both in order to ensure that the reward or sanction is appropriate to the degree of success or failure, and also to place the meeting and missing of targets into the context of the wider performance management and audit regimes.

9. The first point is particularly important to help reflect the ambitious nature of some targets. When setting stretching targets, the Government should make clear that an organisation missing such a target by a narrow margin will not be sanctioned for failure, but rather rewarded for its progress. The numeracy and literacy targets were a good illustration of why this point is important. Sanctions and incentives should not be used, however, to demarcate the relative “importance” of targets – this has proven, particularly in healthcare, to generate

perverse behaviour in healthcare staff.

10. Second, we would hope to see the targets framework of each of the public service sectors to be fully integrated into their respective performance management, audit and inspection regimes. We are thinking here, for example, of the management roles of LEAs and Strategic Health Authorities, the inspection and audit carried out by Ofsted, the Healthcare Commission, the HMIC and the Audit Commission. This would help ensure performance management and targets regimes were mutually reinforcing. So-called “P45” targets are a poor management tool, in that no one should be dismissed for missing a single target. The missing or meeting of targets should be taken into account in the wider performance management of chief executives of hospital trusts or head teachers of schools. Thus, missing a target might be a contributory factor to the overall poor performance of a head of an organisation, which may lead to him being replaced. The failed target would not, in itself, act as a trigger for this. Similarly, rewards should be related to overall performance, not the meeting of a single target. We feel this has been achieved in the ratings of hospital trusts carried out by the Healthcare Commission, for example, but less so in Ofsted’s assessment of schools.

11. Finally, we feel public service organisations should not be left to flounder if they are failing to meet a target. Flagging up problems before target deadlines, and providing interim intervention and technical assistance to address those problems, is an important responsibility of those agencies charged with performance auditing. This has been most successfully implemented in the “New Relationship with Schools” and Ofsted systems, but far less so in the Healthcare Commission’s inspection of hospital trusts – which act on failure, rather than declining performance. Strategic Health Authorities and School Improvement Partners or LEAs should be seen as culpable if a hospital or a school missed its targets, having received no support to help in the run-up to the target deadline.

12. Should sanctions or incentives be required, these could be delivered at organisational level, or individual-staff level,

depending on the case in hand. Similarly, the form in which these sanctions and incentives take will vary according to the organisational culture of the public service.

iii. Joint targets

13. It has been said that joint targets are more difficult to deliver, and cause complications for measuring progress and apportioning accountability between departments. However, some targets simply cannot be broken down into individual components and do require a joint effort by two or more departments. For example, reducing inequality in health outcomes is, at the moment, a single target under the responsibility of the Department of Health. However it is obvious that this should be a joint target. Obesity targets, too, must remain jointly held.

14. We therefore suggest, in order to overcome some of the difficulties associated with joint targets (such as confusion over delegating responsibility and accountability), that targets that need to be delivered by more than one department always have a “lead” department which takes responsibility for the meeting of the target. HM Treasury would, in return, give dedicated public funding for that target to the lead department, rather than distributing it between two or more. The lead department would then be expected to work in partnership with other departments, commissioning services from them, in order to help it meet the target. As a general rule, the department with the greatest leverage over the target should be given lead status.

15. Thus, the lead department for the child obesity target, we would argue, might be the DCMS, as the lack of sporting activity and reliance on sedentary pastimes in children is a key factor. The DCMS would then, with the public funding it might have otherwise shared with the DfES (as the child obesity target is currently a joint DfES/DCMS target), commission strategies with the DfES, DEFRA, and DH to help it meet the target.

16. The existence of joint targets should also prompt consideration as to whether the machinery of government is helping or hindering. If a cross-cutting problem is sufficiently important

then there is a case to be made for designing the machinery of government round the problem, not slicing up the problem into different component parts to fit a pre-existing departmental structure. For example the Rough Sleepers Unit, and more recently the Sure Start Unit, are two instances where cross-departmental government initiatives have been given their own organisational structure to aid their delivery and establish their identity as a single policy.

iv. Public satisfaction

17. In a number of our assessments on individual public service areas, we have stated that the regime could benefit from a target measuring public satisfaction with a particular service or organisation. In the absence of other mechanisms to detect user opinion (such as the ability to choose an alternative provider, or to vote), service providers must be systematic and rigorous in gathering feedback from its users.

18. A user-centred approach to public services is not very well advanced in this country. In healthcare, a 2004 survey of 8,672 randomly selected adults in Australia, Canada, New Zealand, United States and United Kingdom revealed that only 27% of UK respondents reported that their doctor always tells them about treatment choices and asks for their ideas and opinions, compared with 41% in New Zealand and 43% in Australia. Only 28% of UK patients reported receiving advice on weight, nutrition and exercise, compared with 52% in the United States. Among UK patients diagnosed with a chronic disease, only 45% had been given a plan for managing their care at home, compared with 63% in New Zealand and 64% in the United States.

In the absence of other mechanisms to detect user opinion (such as the ability to choose an alternative provider, or to vote), service providers must be systematic and rigorous in gathering feedback from its users.

19. However, although we feel user satisfaction should be a central driver of the targets regime, it might not always be specific enough to guide change. For example, in health, general satisfaction with NHS services is high, but a specific focus on waiting times uncovers considerable dissatisfaction. Thus, satisfaction measures will sometimes be more useful if they are included in specific targets rather than forming a target for the service itself.

20. Furthermore, using satisfaction as a guide for targets cannot be carried out in a vacuum. Satisfaction levels must be measured in conjunction with and compared to objective data, which will be specific enough to guide change, and able to verify the results of user satisfaction and to act as a proxy for that which would satisfy an informed user.

21. We therefore propose that each service area should have its own PSA dedicated to improving user-satisfaction with the service alongside more objective targets regarding quality and efficiency of service.

22. This is important for three reasons: the culture of public services in this country does not take citizens seriously enough. Objective improvements in service quality are rarely, if ever, assessed for their impact on the satisfaction felt by users. Second, not only would setting a target measuring user satisfaction and understanding experience be a significant change in itself, it would later also lead to identifying areas for improvement, future issues and priority setting. If services are to become and remain responsive, it is essential staff remain in touch with those who are in receipt of their services. Third, user satisfaction targets would act as a proxy for ensuring overall service quality in a system where objective targets are only set for specific service areas in need of change.

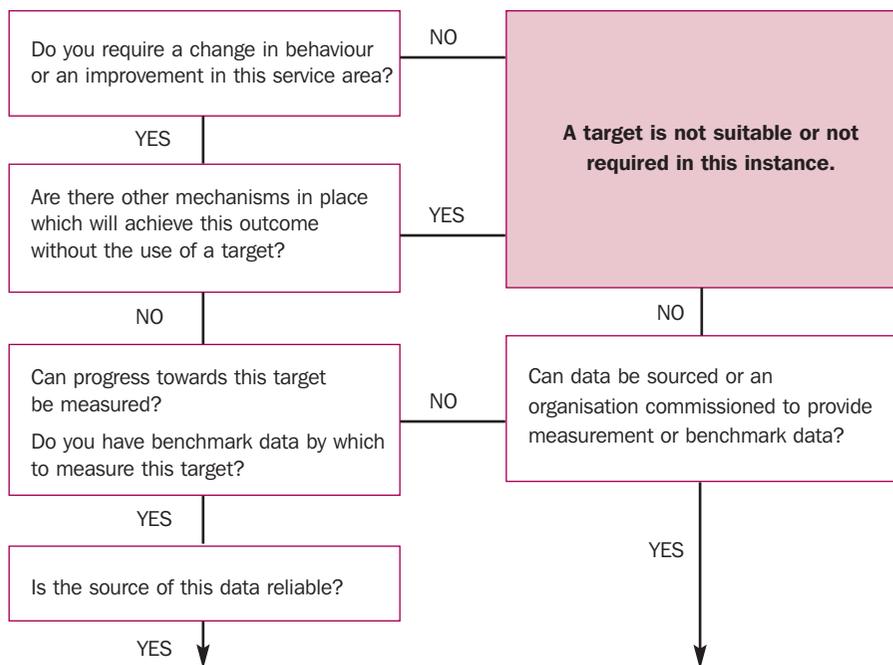
23. As mentioned above, we would also like to see individual targets including a user satisfaction element where appropriate. This would ensure target setters were able to judge which targets were making a difference to overall user satisfaction. For example, the health PSA concerning drug rehabilitation pro-

grammes might benefit from its own user-satisfaction measure, as this may not be picked up in the wider user-satisfaction score of patients in mainstream NHS services.

24. Domestic public services would benefit from the Canadian “Common Management Tool” or devising a similarly appropriate method for England as a means of standardising the measurement of user satisfaction. The CMT is a consistent set of questions and scales for conducting client satisfaction surveys which public-sector managers are able to use to help them understand client expectations, assess levels of satisfaction, and identify priorities for improvement. It was first put together by public service managers themselves, not the government.

25. The CMT takes the form of a set of core questions, along with a larger “item bank” of questions from which organisations select the most appropriate for their service. This makes it easy to customise to any public service, and would allow for a common scale to be used across all public services, which would make setting targets and benchmarking around this source of data far easier.

A decision guide for target setters



A target is required and suitable: consider the following questions.

- 1) What is your objective?
- 2) Is the department/agency for which you are setting the target able to affect this outcome?
- 3) If not, do they have the power to affect an input or process which will lead to this outcome?
- 4) Can this objective be better delivered with two or more departments working together?
- 5) If so, which department has the most leverage over the outcome?
- 6) Does the service's audit and inspection regime support the achievement of this target? If not, why not?
- 7) Can this target be met by other means except legitimate service improvement?
- 8) If so, how can this eventuality be guarded against?
- 9) Is there an element of "user satisfaction" relevant to this target?
- 10) Has this been included in the target?
- 11) Has the "user" been clearly defined?
- 12) Have all terms of measurement been clearly defined?
- 13) Have all the sources of data been identified?
- 14) Have the monitoring procedures for the target been explained?

Appendix one: PSAs between 1998 and 2002 that have been met

Department (as they were in 1998)	Total targets	Targets reaching their deadline by 2002	Met	Partly met	% of targets met or partly met as a proportion of targets reaching deadline
DFEE	11	11	6	1	64
DoH	14	10	7	1	80
DETR	41	35	29	1	86
HO	9	4	3		75
LCD	6	5	1	2	60
CPS	6	1	1		100
MOD	16	15	11	1	80
FCO	10	10	7	1	80
DFID	4	3	2	1	100
DTI	12	8	2	5	88
MAFF	12	12	8	1	75
DCMS	21	21	19	2	100
HMT	33	20	19	1	100
C&E	7	6	5		83
IR	8	6	6		100
CO	13	12	9	1	83
DSS	17	13	11	2	100
SS	12	2	2		100
TOTAL	252	194	0	87	

HM Treasury, March 2003

Appendix two: PSAs set for 2005 to 2008

Department for Education and Skills

1. Improve children's communication, social and emotional development so that by 2008 50% of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20% most disadvantaged areas and the rest of England. *Sure Start Unit target, joint with the Department for Work and Pensions.*

2. As a contribution to reducing the proportion of children living in households where no-one is working, by 2008:

- increase the stock of Ofsted-registered childcare by 10%;
- increase the take-up of formal childcare by lower income working families by 50%; and
- introduce by April 2005, a successful light-touch childcare approval scheme. *Sure Start Unit target, joint with the Department for Work and Pensions.*

3. Reduce the under-18 conception rate by 50% by 2010 as part of a broader strategy to improve sexual health. *Joint with the Department of Health.*

4. Halt the year-on-year rise in obesity among children under 11 by 2010 in the context of a broader strategy to tackle obesity in the population as a whole. *Joint with the Department of Health and the Department for Culture, Media and Sport.*

5. Narrow the gap in educational achievement between looked after children and that of their peers, and improve their educational support and the stability of their lives so that by 2008, 80% of children under 16 who have been looked after for 2.5 or more years will have been living in the same placement for at least 2 years, or are placed for adoption.

6. Raise standards in English and Mathematics so that:

- by 2006, 85% of 11 year olds achieve level 4 or above,

with this level of performance sustained to 2008; and

- by 2008, the proportion of schools in which fewer than 65% of pupils achieve level 4 or above is reduced by 40%.

7. Raise standards in English, Mathematics, ICT and science in secondary education so that:

- by 2007, 85% of 14 year olds achieve level 5 or above in English, Mathematics and ICT (80% in science) nationally, with this level of performance sustained to 2008; and
- by 2008, in all schools at least 50% of pupils achieve level 5 or above in each of English, Mathematics and science.

8. Improve levels of school attendance so that by 2008, school absence is reduced by 8% compared to 2003.

9. Enhance the take-up of sporting opportunities by 5 to 16 year olds so that the percentage of school children in England who spend a minimum of two hours each week on high quality PE and school sport within and beyond the curriculum increases from 25% in 2002 to 75% by 2006 and to 85% by 2008, and to at least 75% in each School Sport Partnership by 2008. *Joint with the Department for Culture, Media and Sport.*

10. By 2008, 60% of those aged 16 to achieve the equivalent of 5 GCSEs at grades A* to C; and in all schools at least 20% of pupils to achieve this standard by 2004, rising to 25% by 2006 and 30% by 2008. (This target may be reviewed in light of recommendations in the Tomlinson report.)

11. Increase the proportion of 19 year olds who achieve at least level 2 by 3 percentage points between 2004 and 2006, and a further 2 percentage points between 2006 and 2008, and increase the proportion of young people who achieve level 3.

12. Reduce the proportion of young people not in education, employment or training by 2 percentage points by 2010.

13. Increase the number of adults with the skills required for employability and progression to higher levels of training through:

- improving the basic skill levels of 2.25 million adults between the launch of Skills for Life in 2001 and 2010, with a milestone of 1.5 million in 2007; and
- reducing by at least 40% the number of adults in the workforce who lack NVQ 2 or equivalent qualifications by 2010. Working towards this, one million adults in the workforce to achieve level 2 between 2003 and 2006.

14. By 2010, increase participation in higher education towards 50% of those aged 18 to 30 and also make significant progress year on year towards fair access, and bear down on rates of non-completion.

Department of Health

1. Substantially reduce mortality rates by 2010:

- from heart disease and stroke and related diseases by at least 40% in people under 75, with at least a 40% reduction in the inequalities gap between the fifth of areas with the worst health and deprivation indicators and the population as a whole;
- from cancer by at least 20% in people under 75, with a reduction in the inequalities gap of at least 6% between the fifth of areas with the worst health and deprivation indicators and the population as a whole; and
- from suicide and undetermined injury by at least 20%.

2. Reduce health inequalities by 10% by 2010 as measured by infant mortality and life expectancy at birth.

3. Tackle the underlying determinants of ill health and health inequalities by:

- reducing adult smoking rates to 21% or less by 2010, with a reduction in prevalence among routine and manual groups to 26% or less;
- halting the year-on-year rise in obesity among children under 11 by 2010 in the context of a broader strategy to tackle obesity in the population as a whole. *Joint with the*

Department for Education and Skills and the Department for Culture, Media and Sport; and

- reducing the under-18 conception rate by 50% by 2010 as part of a broader strategy to improve sexual health. *Joint with the Department for Education and Skills.*

4. To improve health outcomes for people with long term conditions by offering a personalised care plan for vulnerable people most at risk; and to reduce emergency bed days by 5% by 2008, through improved care in primary care and community settings for people with long term conditions.

5. To ensure that by 2008 no-one waits more than 18 weeks from GP referral to hospital treatment.

6. Increase the participation of problem drug users in drug treatment programmes by 100% by 2008 and increase year on year the proportion of users successfully sustaining or completing treatment programmes.

7. Secure sustained national improvements in NHS patient experience by 2008, as measured by independently validated surveys, ensuring that individuals are fully involved in decisions about their healthcare, including choice of provider.

8. Improve the quality of life and independence of vulnerable older people by supporting them to live in their own homes where possible by:

- increasing the proportion of older people being supported to live in their own home by 1% annually in 2007 and 2008; and
- increasing by 2008, the proportion of those supported intensively to live at home to 34% of the total of those being supported at home or in residential care.

9. Standards:

- A four hour maximum wait in Accident and Emergency from arrival to admission, transfer or discharge.
- Guaranteed access to a primary care professional within 24 hours and to a primary care doctor within 48 hours.

- Every hospital appointment booked for the convenience of the patient, making it easier for patients and their GPs to choose the hospital and consultant that best meets their needs.
- Improve life outcomes of adults and children with mental health problems, by ensuring that all patients who need them have access to crisis services and a comprehensive Child and Adolescent Mental Health Service.

Department for Transport

1. The Department for Transport are developing better measures of inter-urban congestion and will publish a new target by July 2005. They will also publish annual long term projections of congestion.
2. Improve punctuality and reliability of rail services to at least 85% by 2006, with further improvements by 2008.
3. By 2010, increase the use of public transport (bus and light rail) by more than 12% in England compared with 2000 levels, with growth in every region.
4. Reduce the number of people killed or seriously injured in Great Britain in road accidents by 40% and the number of children killed or seriously injured by 50%, by 2010 compared with the average for 1994-98, tackling the significantly higher incidence in disadvantaged communities.
5. Improve air quality by meeting the Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3 butadiene. *Joint with the Department for Environment, Food and Rural Affairs.*
6. To reduce greenhouse gas emissions to 12.5% below 1990 levels in line with our Kyoto commitment and move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. *Joint with the Department for Environment, Food and Rural Affairs and the Department of Trade and Industry.*

Office of the Deputy Prime Minister

1. Tackle social exclusion and deliver neighbourhood renewal, working with departments to help them meet their PSA floor targets, in particular narrowing the gap in health, education, crime, worklessness, housing and liveability outcomes between the most deprived areas and the rest of England, with measurable improvement by 2010.
2. Make sustainable improvements in the economic performance of all English regions by 2008, and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006, *joint with the Department of Trade and Industry and HM Treasury*, including by establishing Elected Regional Assemblies in regions which vote in a referendum to have one.
3. By 2010, reduce the number of accidental fire-related deaths in the home by 20% and the number of deliberate fires by 10%.
4. By 2008, improve the effectiveness and efficiency of local government in leading and delivering services to all communities.
5. Achieve a better balance between housing availability and the demand for housing, including improving affordability, in all English regions while protecting valuable countryside around our towns, cities and in the green belt and the sustainability of towns and cities.
6. The planning system to deliver sustainable development outcomes at national, regional and local levels through efficient and high quality planning and development management processes, including through achievement of best value standards for planning by 2008.
7. By 2010, bring all social housing into a decent condition with most of this improvement taking place in deprived areas, and for vulnerable households in the private sector, including families with children, increase the proportion who live in

homes that are in decent condition.

8. Lead the delivery of cleaner, safer and greener public spaces and improvement of the quality of the built environment in deprived areas and across the country, with measurable improvement by 2008.

Home Office

1. Reduce crime by 15%, and further in high crime areas, by 2007-08.

2. Reassure the public, reducing the fear of crime and anti-social behaviour, and building confidence in the Criminal Justice System without compromising fairness.

3. Improve the delivery of justice by increasing the number of crimes for which an offender is brought to justice to 1.25 million by 2007-08.

4. Reduce the harm caused by illegal drugs (as measured by the Drug Harm Index encompassing measures of the availability of Class A drugs and drug related crime) including substantially increasing the number of drug misusing offenders entering treatment through the Criminal Justice System.

5. Reduce unfounded asylum claims as part of a wider strategy to tackle abuse of the immigration laws and promote controlled legal migration. *Joint with the Department for Constitutional Affairs.*

6. Increase voluntary and community engagement, especially amongst those at risk of social exclusion.

7. Reduce race inequalities and build community cohesion.

8. Standards

- Maintain improvements in police performance, as monitored by the Police Performance Assessment Framework (PPAF), in order to deliver the outcomes expressed in the Home

Office PSA. The links between the indicators in PPAF and the PSAs, and the performance improvement in these indicators implied by the PSAs, are set out and reported on in the National Policing Plan.

- Protect the public by ensuring there is no deterioration in the levels of re-offending for young offenders, for adults sentenced to imprisonment and adults sentenced to community sentences, maintaining the current low rate of prisoner escapes, including Category A escapes.

Department for Constitutional Affairs

1. Improve the delivery of justice by increasing the number of crimes for which an offender is brought to justice to 1.25 million by 2007-08.

2. Reassure the public, reducing the fear of crime and anti-social behaviour, and building confidence in the Criminal Justice System without compromising fairness.

3. Reduce unfounded asylum claims as part of a wider strategy to tackle abuse of the immigration laws and promote controlled legal migration. *Joint with the Home Office.*

4. By 2009-10, increase the proportion of care cases being completed in the courts within 40 weeks by 10%.

5. To achieve earlier and more proportionate resolution of legal problems and disputes by:

- increasing advice and assistance to help people resolve their disputes earlier and more effectively;
- increasing the opportunities for people involved in court cases to settle their disputes out of court; and
- reducing delays in resolving those disputes that need to be decided by the courts.

Crown Prosecution Service

1. Improve the delivery of justice by increasing the number of

crimes for which an offender is brought to justice to 1.25 million by 2007-08.

2. Reassure the public, reducing the fear of crime and anti-social behaviour, and building confidence in the Criminal Justice System without compromising fairness.

Ministry of Defence

1. Achieve the objectives established by ministers for operations and military tasks in which the United Kingdom's Armed Forces are involved, including those providing support to our civil communities.

2. By 2008, deliver improved effectiveness of UK and international support for conflict prevention by addressing long term structural causes of conflict, managing regional and national tension and violence, and supporting post-conflict reconstruction, where the UK can make a significant contribution, in particular Africa, Asia, Balkans and the Middle East. *Joint with the Foreign and Commonwealth Office and the Department for International Development.*

3. Generate forces which can be deployed, sustained and recovered at the scales of effort required to meet the Government's strategic objectives.

4. Play a leading role in the development of the European Security Agenda, and enhance capabilities to undertake timely and effective security operations, by successfully encouraging a more efficient and effective NATO, a more coherent and effective European Security and Defence Policy (ESDP) operating in strategic partnership with NATO, and enhanced European defence capabilities. *Joint with the Foreign and Commonwealth Office.*

5. Recruit, train, motivate and retain sufficient military personnel to provide the military capability necessary to meet the Government's strategic objectives.

6. Deliver the equipment programme to cost and time.

Foreign and Commonwealth Office

1. To deter, check and roll back programmes for the development of WMD and related delivery systems in countries of concern, and to reduce the supply of, and demand for, such weapons world-wide.

2. To reduce the risk from international terrorism so that UK citizens can go about their business freely and with confidence.

3. By 2008, deliver improved effectiveness of UK and international support for conflict prevention by addressing long term structural causes of conflict, managing regional and national tension and violence, and supporting post-conflict reconstruction, where the UK can make a significant contribution, in particular Africa, Asia, Balkans and the Middle East. *Joint with the Ministry of Defence and the Department for International Development.*

4. A reformed and effective (post-enlargement) EU, as measured by progress towards achieving UK policy priorities, including a robust and effective Common Foreign and Security Policy (CFSP) which complements NATO.

5. Play a leading role in the development of the European Security Agenda, and enhance capabilities to undertake timely and effective security operations, by successfully encouraging a more efficient and effective NATO, a more coherent and effective European Security and Defence Policy (ESDP) operating in strategic partnership with NATO, and enhanced European defence capabilities. *Joint with the Ministry of Defence.*

6. By 2008, deliver a measurable improvement in the business performance of UK Trade and Investment's international trade customers, with an emphasis on new to export firms; and maintain the UK as the prime location in the EU for foreign direct investment. *Joint with the Department of Trade and Industry.*

7. To increase understanding of, and engagement with, Islamic countries and communities and to work with them to promote peaceful political, economic and social reform.

8. To promote sustainable development, underpinned by democracy, good governance and human rights, particularly through effective delivery of programmes in these and related fields.

9. Effective and efficient consular and entry clearance services, as measured by specific underlying targets.

Department for International Development

1. Progress towards the MDGs in 16 key countries in Africa, demonstrated by:

- a reduction of 4 percentage points in the proportion of people living in poverty across the entire region, against the 1999 baseline;
- an increase in primary school enrolment by 18 percentage points and an increase in the ratio of girls to boys enrolled in primary school by 5 percentage points, both against the 2000 baseline;
- a reduction in under-5 mortality rates for girls and boys by 8 per 1000 live births, against the year 2000 baseline; and an increase in proportion of births assisted by skilled birth attendants by 11 percentage points, against the year 2000 baseline;
- a reduction in the proportion of 15-24 year old pregnant women with HIV; and
- enhanced partnership at the country and regional level, especially through the G8, to increase the effectiveness of aid and ensure that international policies support African development.

2. Progress towards the MDGs in 9 key countries in Asia, demonstrated by:

- a reduction in the proportion of people living in poverty of 5 percentage points in East Asia and the Pacific, and of 8

- percentage points in South Asia, both against the 1999 baseline;
- an increase in net primary school enrolment by 8 percentage points and an increase in the ratio of girls to boys enrolled in primary school by 5 percentage points, both against the 2000 baseline;
- a reduction in under-5 mortality rates for girls and boys by 24 per 1000 live births and an increase of 15 percentage points in the proportion of births assisted by skilled birth attendants, both against the 2000 baseline; and
- prevalence rates of HIV infection in vulnerable groups being below 5%; a tuberculosis case detection rate above 70%; and a tuberculosis cure treatment rate greater than 85%.

3. Improved effectiveness of the multilateral system, as demonstrated by:

- a greater impact of EC external programmes on poverty reduction and working for agreement to increase the proportion of EC official development assistance (ODA) to low income countries from its 2000 baseline figure of 38% to 70% by 2008;
- ensuring that 90% of all eligible Heavily Indebted Poor Countries committed to poverty reduction that have reached Decision Point by end 2005, receive irrevocable debt relief by end 2008. *Joint with HM Treasury;*
- international partners working effectively with poor countries to make progress towards the United Nations 2015 Millennium Development Goals, *joint with HM Treasury;* and
- improved effectiveness of United Nations agencies and the humanitarian aid system.

4. Ensure that the EU secures significant reductions in EU and world trade barriers by 2008, leading to improved opportunities for developing countries and a more competitive Europe. *Joint with the Department of Trade and Industry.*

5. By 2008, deliver improved effectiveness of UK and international support for conflict prevention by addressing long term structural causes of conflict, managing regional and national tension and violence, and supporting post-conflict reconstruc-

tion, where the UK can make a significant contribution, in particular Africa, Asia, Balkans and the Middle East. *Joint with the Foreign and Commonwealth Office and the Ministry of Defence.*

6. Ensure that the proportion of DFID's bilateral programme going to low-income countries is at least 90% over the period 2005-08, and achieve a sustained increase in the index of DFID's bilateral projects evaluated as successful.

Department of Trade and Industry

1. Demonstrate further progress by 2008 on the Government's long term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the gap with our major industrial competitors. *Joint with HM Treasury.*

2. Improve the relative international performance of the UK research base and increase the overall innovation performance of the UK economy, making continued progress to 2008, including through effective knowledge transfer amongst universities, research institutions and business.

3. Promote fair competitive markets by ensuring that the UK framework for competition and for consumer empowerment and support is at the level of the best by 2008, measuring the effectiveness of the regime through international comparisons, supported by a broader evidence base.

4. Lead work to deliver the goals of energy policy:

- to reduce greenhouse gas emissions to 12.5% below 1990 levels in line with our Kyoto commitment and move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. *Joint with the Department for Environment, Food and Rural Affairs and the Department for Transport;*
- maintain the reliability of energy supplies;
- eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy

objective. *Joint with the Department for Environment, Food and Rural Affairs;* and

- ensure the UK remains in the top three most competitive energy markets in the EU and G7.

5. Ensure that the EU secures significant reductions in EU and world trade barriers by 2008, leading to improved opportunities for developing countries and a more competitive Europe. *Joint with the Department for International Development.*

6. Build an enterprise society in which small firms of all kinds thrive and achieve their potential, with:

- an increase in the number of people considering going into business;
- an improvement in the overall productivity of small firms; and
- more enterprise in disadvantaged communities.

7. Make sustainable improvements in the economic performance of all English regions by 2008, and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006. *Joint with HM Treasury and the Office of the Deputy Prime Minister.*

8. By 2008, deliver a measurable improvement in the business performance of UK Trade & Investment's international trade customers, with an emphasis on new to export firms; and maintain the UK as the prime location in the EU for foreign direct investment. *Joint with the Foreign and Commonwealth Office.*

9. By 2008, working with other departments, bring about measurable improvements in gender equality across a range of indicators, as part of the Government's objectives on equality and social inclusion.

10. By 2008, promote ethnic diversity, cooperative employment relations and greater choice and commitment in the workplace, while maintaining a flexible labour market.

11. Reduce the civil nuclear liability by 10% by 2010, and

establish a safe, innovative and dynamic market for nuclear clean-up by delivering annual 2% efficiency gains from 2006-07; and ensure successful competitions have been completed for the management of at least 50% of UK nuclear sites by end 2008.

12. Standard:

- Maintaining the UK's standing as one of the best places in the world for online business.

Department for Environment, Food and Rural Affairs

1. To promote sustainable development across government and in the UK and internationally, as measured by:

- the achievement of positive trends in the Government's headline indicators of sustainable development;
- the UK's progress towards delivering the World Summit on Sustainable Development commitments, notably in the areas of sustainable consumption and production, chemicals, biodiversity, oceans, fisheries and agriculture; and
- progress towards internationally agreed commitments to tackle climate change.

2. To reduce greenhouse gas emissions to 12.5% below 1990 levels in line with our Kyoto commitment and move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. *Joint with the Department of Trade and Industry and the Department for Transport.*

3. Care for our natural heritage, make the countryside attractive and enjoyable for all and preserve biological diversity by:

- reversing the long term decline in the number of farmland birds by 2020, as measured annually against underlying trends; and
- bringing into favourable condition, by 2010, 95% of all nationally important wildlife sites.

4. Reduce the gap in productivity between the least well per-

forming quartile of rural areas and the English median by 2008, demonstrating progress by 2006, and improve the accessibility of services for people in rural areas.

5. Deliver more customer-focused, competitive and sustainable farming and food industries and secure further progress, via Common Agricultural Policy (CAP) and World Trade Organisation (WTO) negotiations, in reducing CAP trade-distorting support.

6. Enable at least 25% of household waste to be recycled or composted by 2005-06, with further improvements by 2008.

7. Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy objective. *Joint with the Department for Trade and Industry.*

8. Improve air quality by meeting the Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3 butadiene. *Joint with the Department for Transport.*

9. To improve the health and welfare of kept animals, and protect society from the impact of animal diseases, through sharing the management of risk with industry, including:

- a reduction of 40% in the prevalence of scrapie infection (from 0.33% to 0.20%) by 2010;
- a reduction in the number of cases of BSE detected by both passive and active surveillance to less than 60 in 2006, with the disease being eradicated by 2010; and
- a reduction in the spread of Bovine TB to new parishes to below the incremental trend of 17.5 confirmed new incidents per annum by the end of 2008.

Department for Culture, Media and Sport

1. Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy objective. *Joint with the Department for Trade and Industry.*

2. Halt the year-on-year rise in obesity among children under 11 by 2010, in the context of a broader strategy to tackle obesity in the population as a whole. *Joint with the Department for Education and Skills and the Department of Health.*

3. By 2008, increase the take-up of cultural and sporting opportunities by adults and young people aged 16 and above from priority groups by:

- increasing the number who participate in active sports at least twelve times a year, by 3%, and increasing the number who engage in at least 30 minutes of moderate intensity level sport at least three times a week, by 3%;
- increasing the number who participate in an arts activity at least twice a year by 2%, and increasing the number who attend arts events at least twice a year by 3%;
- increasing the number accessing museums and galleries collections by 2%; and
- increasing the number visiting designated historic environment sites by 3%.

4. By 2008, improve the productivity of the tourism, creative and leisure industries.

Department for Work and Pensions

1. Halve the number of children in relative low-income households between 1998-99 and 2010-11, on the way to eradicating child poverty by 2020, *joint with HM Treasury*, including:

- reducing the proportion of children living in workless households by 5% between spring 2005 and spring 2008; and
- increasing the proportion of Parents with Care on Income Support and income-based Jobseeker's Allowance who receive maintenance for their children to 65% by March 2008.

2. Improve children's communication, social and emotional development so that by 2008 50% of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20% most disadvantaged areas and the rest

of England. *Sure Start Unit target, joint with the Department for Education and Skills.*

3. As a contribution to reducing the proportion of children living in households where no-one is working, by 2008:

- increase the stock of Ofsted-registered childcare by 10%;
- increase the take-up of formal childcare by lower income families by 50%; and
- introduce by April 2005, a successful light-touch childcare approval scheme. *Sure Start Unit target, joint with the Department for Education and Skills.*

4. As part of the wider objective of full employment in every region, over the three years to Spring 2008, and taking account of the economic cycle:

- demonstrate progress on increasing the employment rate, *joint with HM Treasury*;
- increase the employment rates of disadvantaged groups (lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications and those living in the local authority wards with the poorest initial labour market position); and
- significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate.

5. By 2008, improve health and safety outcomes in Great Britain through progressive improvement in the control of risks in the workplace.

6. By 2008, be paying Pension Credit to at least 3.2 million pensioner households, while maintaining a focus on the most disadvantaged by ensuring that at least 2.2 million of these households are in receipt of the Guarantee Credit.

7. Improve working age individuals' awareness of their retirement provision such that by 2007-08 15.4 million individuals are regularly issued a pension forecast and 60,000 successful pension traces are undertaken a year.

8. In the three years to March 2008:

- further improve the rights of disabled people and remove barriers to their participation in society, working with other government departments, including through increasing awareness of the rights of disabled people;
 - increase the employment rate of disabled people, taking account of the economic cycle; and
 - significantly reduce the difference between their employment rate and the overall rate, taking account of the economic cycle.
9. Improve Housing Benefit administration by:
- reducing the average time taken to process a Housing Benefit claim to no more than 48 days nationally and across the bottom 15% of local authorities to no more than 55 days, by March 2008;
 - increasing the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by 2008; and
 - increasing the number of cases in receipt of the Local Housing Allowance where the rent is paid directly to the claimant to 470,000 by 2008.
10. Reduce overpayments from fraud and error in Income Support and Jobseeker's Allowance and in Housing Benefit.

Northern Ireland Office

1. Increase confidence in the police throughout all parts of the community in Northern Ireland by 3% by April 2008 to be measured by a composite suite of measures on public views on the fairness and effectiveness of the police and policing arrangements. In addition, increase the Catholic representation in the police service to 30% by December 2010 as proposed by Patten with an interim target of 18.5% by March 2006.
2. Increase confidence in the criminal justice system throughout all parts of the community in Northern Ireland by 3% by April 2008 measured by a composite suite of measures on public views on the fairness and effectiveness of the criminal justice system.

3. The Northern Ireland Office, working in conjunction with other agencies, will:

- reduce domestic burglary by 2% by April 2005 and by 15% by April 2007;
- reduce theft of and from vehicles by 6% by April 2005 and by 10% by April 2007; and
- by April 2008, reduce the rate of reconviction by 5% compared to the predicted rate.

4. Ensure that the annual cost per prisoner place in Northern Ireland falls to £82,500 by 2007-08 with interim targets of £86,290 for 2005-06 and £85,250 for 2006-07.

HM Treasury

1. Demonstrate by 2008 progress on the Government's long term objective of raising the trend rate of growth over the economic cycle by at least meeting the Budget 2004 projection.

2. Inflation to be kept at the target as specified in the remit sent by the Chancellor of the Exchequer to the Governor of the Bank of England (currently 2% as measured by the 12-month increase in the Consumer Prices Index).

3. Over the economic cycle, maintain:

- public sector net debt below 40% of GDP; and
- the current budget in balance or surplus.

4. Demonstrate further progress by 2008 on the Government's long term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the gap with our major industrial competitors. *Joint with the Department of Trade and Industry.*

5. As part of the wider objective of full employment in every region, over the three years to spring 2008, and taking account of the economic cycle, demonstrate progress on increasing the employment rate. *Joint with the Department for Work and Pensions.*

6. Make sustainable improvements in the economic performance of all English regions by 2008, and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006. *Joint with the Office of the Deputy Prime Minister and the Department of Trade and Industry.*

7. Halve the number of children in relative low-income households between 1998-99 and 2010-11, on the way to eradicating child poverty by 2020. *Joint with the Department for Work and Pensions.*

8. Promote increased global prosperity and social justice by:

- working to increase the number of countries successfully participating in the global economy on the basis of a system of internationally agreed and monitored codes and standards;
- ensuring that 90% of all eligible Heavily Indebted Poor Countries committed to poverty reduction that have reached Decision Point by end 2005, receive irrevocable debt relief by end 2008 and that international partners are working effectively with poor countries to make progress towards the United Nations 2015 Millennium Development Goals. *Joint with the Department for International Development;* and
- working with our European Union partners to achieve structural reform in Europe, demonstrating progress towards the Lisbon Goals by 2008.

9. Improve public services by working with departments to help them meet their:

- PSA targets, *joint with the Cabinet Office;* and
- efficiency targets amounting to £20 billion a year by 2007-08, consistently with the fiscal rules.

10. Deliver a further £3 billion saving by 2007-08 in central government civil procurement, through improvements in the success rate of programmes and projects and through other commercial initiatives.

HM Customs and Revenue

1. By 2007-08, reduce the scale of VAT losses to no more than 11% of the theoretical liability.

2. By 2007-08:

- reduce the illicit market share for cigarettes to no more than 13%;
- reduce the illicit market share for spirits by at least a half; and
- hold the illicit market share for oils in England, Scotland and Wales at no more than 2%.

3. By 2007-08, reduce underpayment of direct tax and national insurance contributions due by at least £3 billion a year.

4. By 2007-08, increase the percentage of individuals who file their Self-Assessment returns on time to at least 93%.

Cabinet Office

1. Improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules. *Joint with HM Treasury.*

2. By April 2008, work with Departments to build the capacity of the Civil Service to deliver the Government's priorities, by improving leadership, skills and diversity. On diversity meeting the specific targets of:

- 37% women in the Senior Civil Service (SCS);
- 30% women in top management posts;
- 4% ethnic minority staff in the SCS;
- 3.2% disabled staff in the SCS;

and, in the longer term, work to ensure that the Civil Service at all levels reflects the diversity of the population.

3. By April 2008, ensure departments deliver better regulation and tackle unnecessary bureaucracy in both the public and private sectors.

Appendix three: the PASC's assessment of reporting standards for the 1998-2002 PSAs

PSA	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
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 Commonwealth 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

Appendix four: education – our analysis of the progress made in the 2002-04 PSA round

2002 SPENDING REVIEW TARGET	POINTS OF NOTE
<p>PSA1 By 2004 85% of 11 year olds achieve level 4 or above; and 35% achieve level 5 or above with this level of performance sustained to 2006.</p>	<p>PSA1 Not met – the 2004 results show 78% of 11 year olds met the English benchmark and 74% in Mathematics.</p>
<p>By 2006, the number of schools in which fewer than 65% of pupils achieve level 4 or above is significantly reduced.</p>	<p>Not met – at level 5 or above the results in 2004 were 27% for English and 31% in Mathematics. This figure has been reduced, but “significantly” is not defined and so there is no way to tell whether a target has been met.</p>
<p>PSA2 By 2004 75% of 14 year olds achieve level 5 or above in English, Mathematics and ICT (70% in science) nationally, and by 2007 85% (80% in science);</p>	<p>PSA2 Not met – figures in 2004 were 71% (English), 73% (Mathematics), 67% (ICT), 66% (science).</p>
<p>By 2007, the number of schools where fewer than 60% of 14 year olds achieve level 5 or above is significantly reduced; and</p>	<p>The number of schools below 60% was said to be 1021 in 2002. But no further data has been provided (2004 figures yet to be published) and no target for a “significant” reduction has been set.</p>
<p>By 2007 90% of pupils reach level 4 in English and Mathematics by age 12.</p>	<p>This has been reworded in the 2005-08 PSAs as 85% by 2006 and then “sustained” to 2008.</p>
<p>PSA3 By 2004 reduce school truancies by 10% compared to 2002, sustain the new lower level, and improve overall attendance levels thereafter.</p>	<p>PSA3 The indicators used to measure this target are inadequate. The measure of “Percentage of half days missed through unauthorised absence” was 0.7% in 1996. The 2004 figure was also 0.73%, so no progress has been made according to this data.</p>
<p>PSA6 By 2004, at least 28% of young people to start a Modern Apprenticeship</p>	<p>PSA6 Potentially “failed” target. Performance information is only given</p>

by age 22.

up to 2003 for this target. However, between 2002 and 2003 the Government made 1.1% progress from 22.8% to 23.9%. It is questionable whether 4.1% progress could be achieved between 2003 and 2004. However, the DfES states in its 2004 Autumn Performance Report states this target is “on course”, but a final assessment will be made in its 2005 Departmental Report if data is available.

PSA7

By 2010, 90% of young people by age 22 will have participated in a full-time programme fitting them for entry into higher education or skilled employment.

PSA7

The Government says it is “on track” to meet this target. However, starting from 79% in 2002, the Government achieved only a 1% increase by 2004. At a continuous rate, the Government would miss its 2010 target by 5%. Indeed, the DfES reported that its interim target for 2004 was “not met”. In the 2004 Spending Review, the target was dropped, “in the context of a more streamlined and outcome based package of SR2004 targets and supporting performance indicators.”

PSA9

By 2010, increase participation in Higher Education towards 50% of those aged 18 to 30. Also, make significant progress year on year towards fair access, and bear down on rates of non-completion.

PSA9

The Government changed the way participation rates were measured within a year of setting this target, and so there is no information regarding its progress. “Bear down” on non-completion is ill-defined with no target actually being set. However, the % of full time students not completing their degree courses has remained static between 1999 and 2001 at 17% (no more recent data has been provided).

PSA10

Improve the basic skill levels of 2.5 million adults between the launch of Skills for Life in 2001 and 2010, with a milestone of 1.5 million achievements by 2007, and an interim target for 750,000 learners to have achieved a national qualification in literacy, numeracy or language by 2004.

PSA10

The interim target of 750,000 learners achieving a national qualification by 2004 has been exceeded with 839,000 qualifications attained. The department is therefore on target to meet the 2007 target, and is confident that it will achieve the PSA target for 2010.

PSA 12 (formerly DH PSA 9)

Reduce by at least 40% the number of adults in the workforce who lack NVQ 2 or equivalent qualifications by 2010. Working towards this, one million adults in the workforce to achieve level 2 between 2003 and 2006.

PSA 12 (formerly DH PSA 9)

The indicators for this target are misleading. The indicator measuring adults lacking NVQ2 is measured from 1996, which begs the question where the baseline of this target has been set – a 40% reduction by 2010 from 1996 level, or from 2002 level when this target was set?

Improve the level of education, training and employment outcomes for care leavers aged 19, so that levels for this group are at least 75% of those achieved by all young people in the same area by 2004.

Possibly “failed” target. Achieved progress from 53% to 58% between 2002-2003 (latest available). At this rate, meeting 75% by 2004 is unlikely. The DfES, in its Autumn Performance Report, said this target was suffering from “slippage” (i.e. progress was slower than expected).

Substantially narrow the gap between the educational attainment and participation of children in care and that of their peers by 2006.

Target achieved if:

- (a) outcomes for 11-year-olds in English and Mathematics are at least 60% as good as those of their peers;
- (b) the proportion who become disengaged from education is reduced, so that no more than 10% reach school leaving age without having sat a GCSE equivalent exam; and
- (c) the proportion of those aged 16 who get qualifications equivalent to five GCSEs graded A*- C has risen on average by 4 percentage points each year since 2002; and in all authorities at least 15% of young people in care achieve this level of qualification.

There has been a small reduction in the attainment difference between cared for children and their peers, though again the DfES says this target is suffering from “slippage” – it states the 60% attainment target for 11 year olds will probably be met by 2006, though the other two targets would require “rapid rises” if they are to be met too.

Reduce the under-18 conception rate by 50% by 2010.

No data was provided for this target beyond 2001 by the HMT, though the DfES states there was a 8.6% drop by 2002. The BBC produced government figures showing a 9% drop between 1998-2003. A 50% drop by 2010 given this rate of achievement may not be attainable.

Appendix five: health – our analysis of the progress made in the 2002-04 PSA round

2002 SPENDING REVIEW TARGET

POINTS OF NOTE

PSA1

Reduce the maximum wait for an outpatient appointment to 3 months and the maximum wait for inpatient treatment to 6 months by the end of 2005, and achieve progressive further cuts with the aim of reducing the maximum inpatient and day case waiting time to 3 months by 2008.

PSA1

The Department of Health Autumn Report states that in September 2004, 77,503 patients were waiting more than 3 months for their outpatient appointment and 69,638 were waiting more than 6 months for their inpatient appointments. It is uncertain whether this target will be met by the end of 2005.

In the latest PSAs, this target has been modified: the maximum wait must be 18 weeks for both inpatient and outpatient appointments by 2008. This seems a little under-ambitious as an inpatient target – in September 2004 only 31 patients in England were waiting more than 17 weeks for their inpatient appointments.

PSA2

Reduce to four hours the maximum wait in A&E from arrival to admission, transfer or discharge, by the end of 2004; and reduce the proportion waiting over one hour.

PSA2

96.4% of patients were admitted, transferred or discharged within four hours of arrival in October 2004 and in the 2004 SR this target became a PSA Standard. However, the one hour target was never specified and no data was provided on how many patients waited more than one hour, or whether this figure has increased or decreased over the target period.

PSA3

Guarantee access to a primary care professional within 24 hours and to a primary care doctor within 48 hours from 2004.

PSA3

In November 2004, a national survey showed that 99.2% of patients were able to be offered a GP appointment within two working days and 99.3% of patients were able to be offered a primary care professional appointment within one working day.

This data is aggregated to a national

scale so may hide considerable regional and local variation. In addition, the results specify “one working day” and “two working days”, whilst the target simply aims for within 24 or 48 hours. This may have led to confusion in the meeting of this target if the access targets were taken to mean to include weekends and holidays (on which some GP surgeries open).

PSA4

Ensure that by the end of 2005 every hospital appointment will be booked for the convenience of the patient, making it easier for patients and their GPs to choose the hospital and consultant that best meets their needs.

PSA4

This is a very vague target. The Technical Note explains that an appointment “booked for the convenience of the patient” actually means giving the patient a range of dates for the appointment. Might this target be met, therefore, if a patient is given a choice of two appointment dates? Similarly, giving patients a choice of hospital and consultant is a very broad aim and could be taken to mean almost limitless, or quite a narrow choice of hospital.

Neither of these aims have been quantified or given measurable definitions, leaving much to be interpreted by GPs and hospitals.

Consequently, the results reported by the Department of Health in 2004 hardly relate to the target – increases in the number of day cases and inpatient appointments booked have been used as a means of measuring progress towards this target, though it is hard to see how this related to the “convenience” of the booking system. Some form of user-satisfaction survey would be more appropriate here.

PSA5

Enhance accountability to patients and the public and secure sustained national improvements in patient experience as measured by independently validated national surveys.

PSA5

This target fails to give a specific target but rather only aims for an “improvement” year on year. There is also no time-scale for this target by which a certain satisfaction level

should be met. In 2004, the survey method was changed and thus the 2004 results cannot be directly compared with the 2001-02 results, so it is unclear whether an annual improvement has yet to be achieved.

PSA6

Reduce substantially the mortality rates from the major killer diseases by 2010: from heart disease by at least 40% in people under 75; from cancer by at least 20% in people under 75.

PSA6

The baseline for this data is the three year average of 1995/6/7. It will only be known if the 2010 target has been met by 2011 (when the three year average of 2009/10/11 has been calculated). There is no explanation why this 3 year baseline has been chosen. The 2001/2/3 average shows a 27.1% and 12.2% drop in heart disease and cancer mortality rates respectively.

PSA7

Improve life outcomes of adults and children with mental health problems through year on year improvements in access to crisis and CAMHS services, and reduce the mortality rate from suicide and undetermined injury by at least 20% by 2010.

PSA7

There is no explanation in this target why access to CAMHS and crisis services have been chosen as the two key determinants in improving the life outcomes of mental health patients. Improvements in access to these services have been measured by increases in the number of staff and investment (which may have little or no effect on how accessible they are). Similarly, the DH reports on the number of crisis teams in place, however, this does not give any indication of how many patients have been treated. The caseload figures provided are more useful, showing that 69,700 people were treated by CAMHS in 2004/5. However, this is not accompanied by any additional data (such as what percentage of the total population requiring these services this represents, or whether the instance of mental illness is increasing in line with an increasing caseload).

PSA8

Improve the quality of life and independence of older people so that they can live at home wherever possi-

PSA8

The number of people living at home with intensive support was 29% in 2004 so the target will probably be

ble, by increasing by March 2006 the number of those supported intensively to live at home to 30% of the total being supported by social services at home or in residential care.

met. However, the PSA narrowly links the objective to improve the quality of life of older people to allowing more older people to live at home rather than in care. It is obvious the objective cannot be met with this target alone. Other important factors - such as improving the quality of in-home care and helping older people remain independent in old people's homes - have been neglected.

PSA9

Improve life chances for children, including by:

improving the level of education, training and employment outcomes for care leavers aged 19, so that levels for this group are at least 75% of those achieved by all young people in the same area, and at least 15% of children in care attain five good GCSEs by 2004; and

narrowing the gap between the proportions of children in care and their peers who are cautioned or convicted; and

reducing the under-18 conception rate by 50% by 2010.

PSA9

As this target became DfES PSA 5 during this period, the DH did not report on the progress towards this target.

This target is now shared with the DfES but the 2004 DH Autumn Performance Report only provides data up to 2002 on conception rates. It shows an 8.6% reduction in the under-18 conception rate for England since 1998. However, this national figure hides local variations, which is unsurprising given the multitude of local factors which can effect teenage pregnancy rates. The DH says in London there has actually been an increase during this period, whilst only local authorities saw a decline in their under-18 conception rates.

PSA10

Increase the participation of problem drug users in drug treatment programmes by 55% by 2004 and by 100% by 2008, and increase year on year the proportion of users successfully sustaining or completing treatment programmes.

PSA10

Drug treatment participation increased by 54% between 1998 and 2003/4, however, the second element of the target has failed to specify an exact figure for a year on year “increase”. It also counts “sustaining” treatment programmes in this target, not just completing them. This is a loophole for manipulation here: drug treatment centres must simply keep their residents on the programme for more than one year to have met this target, even if a completion of rehabilitation is not achieved.

PSA11

By 2010 reduce inequalities in health outcomes by 10% as measured by infant mortality and life expectancy at birth.

PSA11

The DH states that infant mortality between routine and manual groups and the rest have increased since the baseline year of 1998: that whilst infant mortality has decreased for all groups, the reduction is slower among routine and minimal groups.

The latest data shows that gaps in life expectancy has also increased, thus this PSA is proving challenging. It is also notable that this target is a DH target when factors outside the DH's control may arguably have a larger impact on infant mortality and life expectancy, such as income, education, employment and housing inequalities.

There is also no evidential explanation for why 10% was chosen as a reduction figure.

PSA12

Value for money in the NHS and personal social services will improve by at least 2% per annum, with annual improvements of 1% in both cost efficiency and service effectiveness.

PSA12

This is an extremely difficult target to measure and a fairly narrow definition of value for money must be used in order to make this in any way quantifiable. The experimental model used to measure VFM showed a 0.4% improvement in 2002/03,

though this will mean little without more concrete financial background data (e.g. such as quantifying in millions how much the NHS saves on its annual budget). The measures for cost efficiency and service effectiveness were never developed even though the target was set in 2002 and dropped in 2004 when it was combined with the Government's broader efficiency targets.

Appendix six: criminal justice – progress on the Home Office's 2002 SR targets

2002 TARGETS	PROGRESS MADE
<p>PSA1</p> <p>1. Reduce crime and the fear of crime; improve performance overall, including by reducing the gap between the highest crime Crime and Disorder Reduction Partnership areas and the best comparable areas; and reduce:</p> <ul style="list-style-type: none"> • vehicle crime by 30 % from 1998-99 to 2004; • domestic burglary by 25 % from 1998-99 to 2005; • robbery in the ten Street Crime Initiative areas by 14% from 1999-2000 to 2005; • maintain that level. 	<p>PSA1</p> <p>The 2003-04 British Crime Survey showed the following: Crime Overall had fallen by 7%. Vehicle Crime was down 30%, Burglary was down 27%, Robbery up 12%. Fear of burglary was down 3%, fear of vehicle crime down 4% and fear of violent crime down 6%. The gap between the highest and lowest crime areas has fallen by 3.8%.</p>
<p>PSA2</p> <p>Improve the performance of all police forces;</p>	<p>PSA2</p> <p>This target will be met if the 6 areas the PPAF (Policing Performance Assessment Framework) measures have improved. The Home Office Autumn Performance Report only gives details for 3 of these areas but states all 6 areas have improved.</p>
<p>Significantly reduce the performance gap between the best and worst performing forces;</p>	<p>This will be met if no force has performance 10% worse than similar forces. This has not been met. 7 forces had a performance gap <10% in crime reduction in 1004, 5 forces had a <10% performance gap in investigative performance.</p>
<p>Significantly increase the proportion of time spent on frontline duties.</p>	<p>In 2003/04, 63.6% of police time was spent on frontline policing. The Home Office states 12,000 police officers will be added to the front line in 2008. No further data available.</p>
<p>PSA3</p> <p>Improve the delivery of justice by increasing the number of crimes for which an offender is brought to</p>	<p>PSA3</p> <p>Not met: the number of offenders brought to justice in June 2004 was 1,084 million.</p>

justice to 1.15 million by 2005-06;

<p>Improvement in all CJS areas by 2005-06.</p>	<p>By the end of June 2004, 35 of the 42 Criminal Justice Areas had improved their performance in terms of the number of offences brought to justice over the baseline year 2001/02.</p>
<p>A greater increase in the worst performing areas by 2005-06.</p>	<p>The target will be met if the average performance improvement of the worst 18 performing Criminal Justice areas is greater than the national average in year ending March 2006. 18 areas have been classified as 'worse performing'. Home Office states their performance is "on track" – no further data.</p>
<p>A reduction in the proportion of ineffective trials by 2005-06.</p>	<p>This target will be met if ineffective trials are reduced by 27% or more in Crown and Magistrates courts. This was reached in magistrates' courts, but not in crown courts by September 2004.</p>
<p>PSA4</p> <p>Improve the level of public confidence in the Criminal Justice System.</p>	<p>PSA4</p> <p>Public confidence as recorded by the BCS shows an increase of 3% in public confidence.</p>
<p>Increase the level of confidence from ethnic minorities in the CJS.</p>	<p>The BCS recorded an increase of 6%.</p>
<p>Increase year on year the satisfaction of victims and witnesses, whilst respecting the rights of defendants.</p>	<p>Performance for victims and witnesses is not known until July 2005. Respecting the rights of defendants is countered with a Home Office statement that it will investigate any complaints if evidence shows defendants' rights are not protected.</p>
<p>PSA5</p> <p>Protect the public and reduce reoffending by 5% for young offenders.</p>	<p>PSA5</p> <p>Possibly met. Young offender reoffending rates were 3.6% lower than predicted in 2002 (latest data available).</p>
<p>Protect the public and reduce reoffending by 5% for both adults sentenced to imprisonment and adults</p>	<p>Possibly met. Adult reoffending rates were 1.8% lower than predicted in 2001 (latest data available).</p>

sentenced to community sentences.

Maintain the current low rate of prisoner escapes, including Category A escapes.

The rate of prisoner escapes was 0.067 in 2002/03 compared to the 1997 figure of 0.17. There have been no category A escapes since 1995.

PSA6

Reduce the use of Class A drugs and the frequent use of any illicit drug among all young people under the age of 25, especially by the most vulnerable young people.

PSA6

Class A drug use among young people fell from 8.6% to 8.2% between 1998 and 2003.

Reduce drug related crime, including as measured by the proportion of offenders testing positive at arrest.

The Home Office states it is still determining how to measure this target and is using entry rates to drug rehabilitation programmes as a proxy in the meantime.

PSA10

Increase value for money from the Criminal Justice System, and the rest of the Home Office, by 3%; and ensure annual efficiency gains by the police of at least 2%.

PSA10

The target is to deliver by 2005/06 improvements worth at least £210 million compared with the baseline expenditure as in 2002/03.

Home office states the 3% and 2% efficiency gains have already been met.

Appendix seven: housing – a breakdown of the supply and demand PSA by progress indicator and sub-target

As explained by the ODPM

Progress Indicator	Targets within the Indicator: 2002	Targets within the Indicator: 2004
Percentage by which the regional long term vacant dwellings rate exceeds the national long term vacant dwellings rate.	<p>The North-West: reverse the upward trend in vacant dwellings by 2006 and ensure that the region is less than 40% above the national average by 2008.</p> <p>North East and Yorkshire and the Humber: ensure that the situation in these regions does not deteriorate compared to the average rate for England. Our target for both regions is that long term vacancies should be less than 20% above the average by 2008.</p> <p>At the same time, we will aim to ensure that London, the East Midlands, East, South East and South West remain below the national average and that the West Midlands does not fall back from its current position (around 7% above the average).</p>	<p>We aim to ensure that there is a downward trend in long term vacancy rates in all three regions and to achieve vacancy rates of no more than 1.65% in the North East and North West regions and 1.35% in Yorkshire and Humber region by 2016.</p>
Number of local authorities where a basket of house price comparison measures is substantially lower than equivalent national house price figures.	<p>Our target is to reverse the upward trend by 2005 and then achieve a gradual reduction to around 50 local authorities by 2008.</p>	<p>We have already achieved our original target of reversing the upward trend in this indicator by 2005.</p> <p>Our new target is to sustain the current downward trend and aim to reduce the number of local authorities caught by the indicator to 47 by 2008.</p>
Number of statutory homeless households with children in temporary accommodation.	<p>For the purposes of the initial trajectory, we have assumed that they will result in homelessness acceptances levelling out by the end of 2005-06 and reducing by 1% per annum thereafter.</p>	<p>Our policies aim to reverse the current upward trend in this indicator by 2007 and reduce the numbers of homeless households with children in temporary accommodation by over 30,000 in com-</p>

Based on our initial assumptions and analysis for this indicator, we expect that our policies will lead to the numbers of homeless households with children in temporary accommodation reducing by 8000 in comparison with current levels by 2016.

Ratio of lower quartile house prices to lower quartile earnings in the regions characterised by high demand.

Our target is to reverse the upward trend by 2005 and to reduce levels to below 7 for London and the South East, and below 6 for the South West and the East of England regions by 2008. If the downward trend this represents was to continue until 2016, the target date for the delivery of additional dwellings under indicator 5, 1999 levels of between 4 and 5 times average earnings would be achieved by 2016. 1999 was a year when the market was reasonably strong, and the indicator ratio was around 25% above the "floor" level seen during the mid-nineties. However, it has been chosen as a base year as the more stable market conditions that should result from implementation of the Communities Plan, coupled with greater stability in interest rates that are lower than those seen in the early 80's, should lead to a sustainable but buoyant market that is not comparable to past "troughs".

This indicator has changed to: *Long term trends in the ratio of lower quartile house prices to lower quartile earnings in all English regions.*

By the end of 2005, we will set a national market affordability goal couched in terms of a target for this indicator. National and regional targets for the headline indicator will be long term targets, the aim being to improve access to market housing over the long term. The timescale for the targets will be announced when the Government announces a national affordability goal in 2005.

Annual net additions to the dwelling stock in the South East, London and East Government Office regions.

Our targets are: Current Regional Planning Guidance (RPG) targets to be met by 2006/7, on the basis of three year average performance levels.

The home provision deficit accrued between 2001 and 2007 (relative to current targets) to be

Same as 2002 SR.

made up by 2011/12, by which point we will also be delivering additional homes in the growth areas at the overall mean rate.

All homes planned for the period 2001-2016, including additional homes in the Thames Gateway and the growth areas (insofar as they fall into the RPG9 area), to be built by 2016.

Net change in the area of designated green belt in each region.

Sustainable Communities, published in February 2003 states that we will protect the countryside through a target for each region to maintain or increase the current area of land designated as green belt land in local plans. Our specific target will be to achieve a positive average annual change in Green Belt in each region over the period 2002-07, and on a five year rolling average basis thereafter.

The Government is currently working to a target to achieve a zero or positive average annual change in green belt in each region over the period 2003-07, and on a five year rolling average basis thereafter. The baseline year was 2003. The measure of success will be to maintain this position through the SR 2004 period to 2008.

Percentage of housing development on previously developed land/created through the conversion of existing buildings.

We are currently achieving the 60% (by 2008) target set in PPG3 and reinforced in the Communities Plan. 64% of housing development was built on previously developed land or created through the conversion of new buildings in 2002.

The national target is 60% of all new housing development on previously developed land, or provided through the conversion of existing buildings by 2008. Success will be measured by maintaining this level through the SR 2004 period to 2008 taking account of the regional brownfield targets set in RPGs/RSSs.

Average density of new housing development in each region.

Our target is that the average density of new housing development in each English region (other than London) should reach 30dph (dwellings per hectare) by 2006. For London, where densities have historically been rather higher than in the rest of England, the target is 50dph by 2006. We will review performance and other relevant factors before 2006 with a view to setting targets beyond this period.

Targets are the same as the 2002 SR.

Seminars held during the course of the Commission

20th July 2004

Launch of the Targets Commission

Speakers: David Walker and Andrew Lansley MP

13th September 2004, TUC Conference

On target: do targets improve public services?

Speakers: Dr Beverley Malone, General Secretary, Royal College of Nursing; Heather Wakefield, Head of Local Government, Unison; John Bangs, Head of Education, NUT; Philip Collins, SME, (Chair)

21st September 2004, Liberal Democrat Conference

On target: do targets improve public services?

Speakers: Vincent Cable MP, Shadow Chancellor; Mike Storey CBE, Leader, Liverpool City Council; Chris Huhne MEP; Steve Richards, Independent (Chair)

27th September 2004, Labour Party Conference

On target: do targets improve public services?

Speakers: Rt Hon. Stephen Byers MP; Dr Tony Wright MP; Philip Collins, Director, SME; Professor Tony Travers, LSE; John Carvel, Social Affairs Editor, The Guardian (Chair)

5th October 2004, Conservative Party Conference

On target: do targets improve public services?

Speakers: Caroline Spelman MP, Shadow Secretary of State for Local and Devolved Government; Rt Hon. Francis Maude MP; Sandy Bruce-Lockhart, Leader, Kent County Council; Patrick Hennessy, Political Editor, Sunday Telegraph (chair)

19th October 2004

The challenge of delivering cross-cutting targets

Speakers: Nick Holgate, Director of Welfare Reform, HM Treasury; Scott Dickinson, Senior Fellow, Office of Public Management; John Bridge, Land Restoration Trust and former Chair, One Northeast RDA

29th March 2005

Education Targets: a help, a hindrance or both?

Speakers: Andrew McCully, Director of School Standards, DfES; Chris Kirk, Education specialist, PricewaterhouseCoopers; Chris Davis, Chair of Primary Headteachers Association

4th April 2005

Targets and the criminal justice system

Speakers: Moira Wallace, CEO, Office for Criminal Justice Reform; Ed Straw, PricewaterhouseCoopers; and Professor Mike Hough, Director, Institute for Criminal Policy Research

6th April 2005

Housing targets

Speakers: Roger Jarman, Head of Housing Strategy and Resources, Audit Commission; Liban Ali, Chair of Ealing Homes ALMO; Cllr Raj Chada, Executive Responsibility for Housing, Camden Council; Richard Parker, PricewaterhouseCoopers

SMF Publications

Whose Responsibility is it Anyway?

Jessica Asato (ed.)

This collection of essays brings together different perspectives on the public health debate, seeking to find the balance between state intervention and individual responsibility. Published in the lead up to the second White Paper on public health, it considers who should take responsibility for changing public behaviour and when it is legitimate for the state to intervene.

October 2004, £8.00

Reinventing Government Again

Liam Byrne and Philip Collins (eds.)

Ten years had passed since the publication of Osborne and Gaebler's landmark book *Reinventing Government*. Thus, in 2004, the Social Market Foundation commissioned several authors to reflect on the ten principles for entrepreneurial government that were set out in the original.

December 2004, £15.00

Limits of the Market, Constraints of the State: The public good and the NHS

Rt Hon. Dr John Reid MP

In this essay, Dr John Reid, then Secretary of State for Health, lays out the case for extending patient choice within the NHS. He tackles two misconceptions head-on: the belief that 'choice' is a value solely for those on the ideological right; and the idea that choice is only meaningful within markets where the chooser's own private money is brought to bear.

January 2005, £10.00

Choice and Contestability in Primary Care

Social Market Foundation Health Commission Report 3

This paper examines the case for introducing certain kinds of choice into the primary care sector of the NHS. It describes the evolution of the current PCT structure of primary care and the reasons for thinking that it is theoretically possible for PCTs to improve the quality and cut the costs of service. It

also presents the case for allowing GP practices to choose the PCT to which they wish to belong, explains how this system could operate in practice and considers the limitations of the system.

February 2005, £10.00

News Broadcasting in the Digital Age

Ann Rossiter

Rossiter argues for the introduction of 'genre' licences, providing commercial broadcasters with the opportunity to bid for financial support to provide specific public service broadcasting (PSB) programming, paid for by 'top-slicing' the BBC licence fee. She argues that the switch from analogue to digital broadcasting removes the incentive for commercial broadcasters to make and show PSB content, particularly at peak times.

February 2005, £10.00

The Future of Incapacity Benefit Report of the Social Market Foundation Seminar of December 2004

Moussa Haddad (ed.)

Figures produced in 2004 show that more than 50 percent of claimants have been on incapacity benefit for more than five years. Drawing on thoughts presented at an SMF seminar, Jane Kennedy, then Minister for Work at the Department for Work and Pensions, outlines the steps government is taking to combat the 'incapacity trap'.

February 2005, £10.00

Too Much, Too Late: Life chances and spending on education and training

Vidhya Alakeson

This report argues that the link between educational attainment and family background will not be broken as long as the pattern of spending on education and training continues to offer a far greater public subsidy to tertiary rather than preschool education. The report proposes a reallocation of spending in the medium term in favour of children under five.

March 2005, £15.00

This is the final report of the Social Market Foundation's Commission on public sector targets. It is a thorough examination of the Government's use of targets in four public services: education, health, housing and the criminal justice system. The report sets out the design flaws in the current targets regime: a haphazard approach to data collection, the setting of targets based on little or no evidence and the possibility of manipulation by public service staff.

The Commission concludes, however, that these flaws are the result of specific design problems. They are not intrinsic to the very existence of targets and they certainly do not constitute a compelling case for abandonment. Well designed targets, the report argues, can be a very useful tool in improving public service performance. This is especially true when other forms of service improvement – such as user choice – are absent.

This report presents a range of practical proposals to improve the way in which targets are designed in the future. These are illustrated with a definition of a “good target”, encapsulating the principles of how, and when, targets should be set.

The SMF Commission on Targets has aimed to provide an invaluable source of practical guidance to government target setters, based on a thorough review of the lessons learnt from previous targets rounds. The objective has been to ensure future targets are designed to achieve their full potential.

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