

Performance measurement: the history and future of Whitehall's target culture

Written by **Colin Talbot** on 23 June 2017 in **Feature**

Public management – both practice and scholarship – is getting awfully good at forgetting. The past is often obliterated altogether or conveniently revised to suit current nostrums. And it seems to be getting worse.

In the world of practice there seem to be multiple causes for the increasing lack of accurate memory – the rapid turnover of political and managerial leaderships, constant reorganisations, the disappearance of paper records and their replacement with all-too-easily “lost” e-documents.



For example, does anyone remember the three Government Annual Reports produced in the early days of the New Labour government? They were distributed in their thousands through WH Smith and other outlets. Yet when I tried to track down two missing copies (I already had one) a couple of years back, the only place I could find them was in the British Library – everywhere I asked in Whitehall drew a blank.

I wouldn't let scholars off the hook here either. The tyranny of the new has infected academia and all too often anything “old” is regarded as not worth looking at (I was told by one management academic that their institution encouraged research students not to

reference anything more than a decade old).

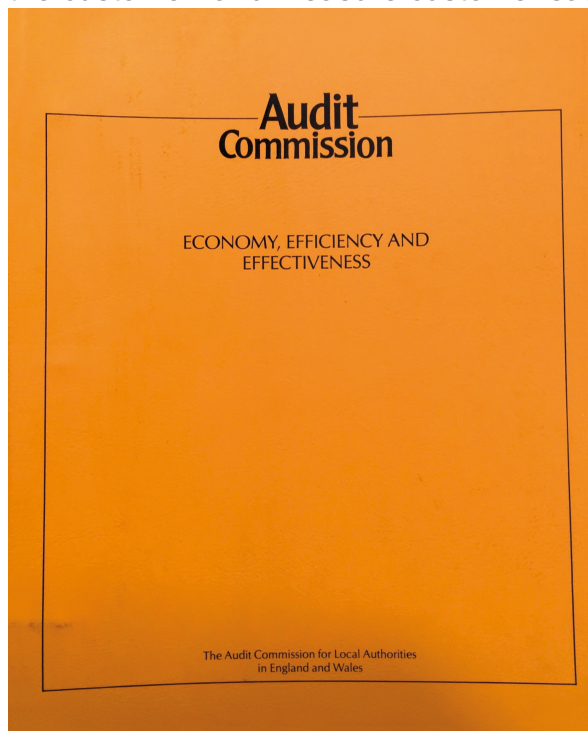
In 2005, the OECD published a review of all their members' attempts to reform public services from the mid 1980s onwards. They identified five principal reform areas: open government; public sector performance; accountability and control; restructuring; market-type mechanisms; and public employment.

I'm going to pick one of those – performance – to show there's been a lot more continuity than change in British government over the past three decades and it is most likely to continue that way.

I recently did a video conference call to a group of senior public servants in Canada. I was talking specifically about the history of performance measurement and management in the UK. One of the things I was pointing out was the amount of stuff that had been either forgotten or mythologised in the UK's own received "history" of the subject.

One myth is that the fashion for "targetry" started under New Labour, with all their targets for schools, for hospitals, police forces and the like. This is, of course, nonsense.

The start of performance measurement in UK public services can be traced back a century or more. But the more recent "performance movement" started mainly in (often Labour run) local government and the National Health Service in the early 1980s. Inspired by the hugely influential *In Search of Excellence* management book by Tom Peters and Robert H Waterman, local authorities decided they needed to be "closer to the customer" and measure customer satisfaction.



This movement was spurred on, and broadened, by the Audit Commission which published manuals on “achieving economy, efficiency and effectiveness” in 1984 that used – but didn’t credit – the In Search of Excellence framework.

By the late 1980s much of the local government sector was experimenting with forms of performance measurement and management and it spread into the civil service in 1988 with the creation of the first “Next Steps Agencies” and their key performance indicators (KPIs).

By the mid 1990s much of the civil service – about 80% – was in agencies or agency-like bodies with their own KPIs and this had been extended to executive, non-departmental public bodies. By then about the only part of UK public services that didn’t measure and publicly report on their performance were Whitehall ministries.

That started to change with the introduction of resource accounting from the mid-90s onwards. The architects of the new accounting system slipped in, almost unnoticed, a requirement for all ministries to produce a schedule to their annual accounts called an Output and Performance Analysis.

So most of the public sector and Whitehall itself already had some form of performance measurement when New Labour came to power. They were hardly starting from “year zero” when they introduced public service agreements (PSAs) in 1997-98. In fact in one of the earliest internal Whitehall documents I have on PSAs (from 1998) the pages are still strap-lined with “Output and Performance Analysis”.

So there was a great deal of continuity about New Labour’s supposed “innovations” but some things did change – the labels and, crucially, the amount of political weight given to PSAs. Whilst this was a bit slow to develop, when the Prime Minister’s Delivery Unit was formed in 2001 and started work, with the very active engagement of Tony Blair, it was clear this was now a high priority.

With Blair’s demise as PM in 2007 it was obvious both the PSA system and the PMDU had far less political support – indeed former chancellor Alistair Darling once told me he tried to get rid of PSAs entirely in 2007 but was blocked by then-prime minister Gordon Brown. The compromise was the much slimmed down set of 30 PSAs.

It was left to Darling’s successor at the Treasury, George Osborne, to finally bury PSAs entirely – which he did as soon as he came to office, along with the PMDU. Or did he really?

The coalition government did get rid of PSAs formally (but retained the Spending Reviews to which they were linked). But they also introduced “new” Departmental Business Plans, which contained more measures and targets than under the old system. Indeed, by my count the number of targets had more-or-less quadrupled. National Audit Office officials confirmed to me, privately, that they thought there had been very little real change in the amount or types of performance data being collected across government.

These new-style targets were not the same as their predecessor PSAs (and related “departmental strategic objectives” that were also abandoned). Where PSAs in particular had focused much more on “outcomes” – the social and economic results of services – the new targets tended to fixate on processes, milestones, and to some extent actual service delivery. But in key areas like health and education the measurements and targets remained broadly the same as they had been under New Labour.

Nor did the abolition of the PMDU last long – it was replaced within two years by the “new” Implementation Unit.

So – as is so often the case in central government – the names get changed but things have tendency to carry on more or less as they did before. Or at least apparently they do. What is clear, though, is that the political drive behind performance improvement that characterised the middle part of the New Labour government and was symbolised by the “deliverology” of the PMDU has waned considerably since 2007.

Interestingly, however, just as support for the PMDU was waning in the UK, more than two dozen countries were copying the initiative, as a recent Institute for Government report outlined.

The increase in the number of targets under the coalition and the replacement of the PMDU did not signify any renewed interest in “governing by numbers”. The whole performance system seems now more like a convenient and routine additional management control system rather than a platform for promoting transformational changes as it was at the height of the PSA/PMDU in the mid-noughties.

Like many other initially revolutionary changes in Whitehall the whole performance movement seems to have been tamed and absorbed. Many other initiatives have suffered the same fate. The 1979-1997 Tory government introduced Efficiency Unit ‘scrutinies’ of departments or functions; the Financial Management Initiative; Next Steps Agencies and the Citizen’s Charter – all of which left a mark that has since faded.

As I write, the Conservative Party is on course to retain power for the next five years, begging the question of whether we can expect anything different in terms of performance. If Theresa May’s election manifesto is anything to go by, the answer is “probably not”.

The document pledged: “We will publish operational performance data of all public-facing services for open comparison as a matter of course – helping the public to hold their local services to account, or choose other better services if they prefer.”

That implies some possible changes – the “public-facing” phrase suggests performance data for other areas will no longer be published, which is not to say it won’t still be collected and used for internal management purposes.

More broadly, Theresa May does not seem to have any great ambition to be seen as a public-management or Whitehall-reforming PM. Her six years as home secretary were hardly characterised by reforming zeal or even interest in structures, systems, administration and management.

But maybe she will surprise us. One recent report has suggested that HM Treasury might be broken-up, with the creation of a new department to “monitor spending and drive efficiency” which would be more under the control of No. 10 than the Treasury. If such a development did happen then “performance” would obviously form part of the remit of the new department and might creep up the political agenda.

That said, it’s unclear whether this would be driven by the desire to solve a short-term personnel issue or as part of a long-debated reform of Whitehall. What we know for certain, however, is that the next five years in Whitehall will be dominated by two words – austerity and Brexit. The first is not the best environment for radical reform but Brexit is already leading to some important structural changes and many more will follow.

At the moment most interest is focused on the politics and policy issues, but the administrative problems are going to be immense. All of which suggests we will see no big new public or Whitehall reform agenda. But then who knows – we certainly didn’t expect to have a general election, either.

About the author

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