

EVERYTHING YOU WANTED TO KNOW ABOUT OUTCOMES, BUT WERE AFRAID TO ASK.....

More than sixty delegates from across the public sector, private and voluntary sector were treated to a learned and comprehensive review of the development, strengths and weaknesses of outcome-based performance measures in Professor Colin Talbot's lecture to the PMPA in September 2007.

Performance Management in the 1990s

Starting with the history of performance management approaches in the UK, Professor Talbot suggested that their use had moved along a continuum first focused on inputs and processes, then on the relationship between inputs and outputs (efficiency measures) and finally on the relationship between outcomes and inputs (measures of value), with the first expression of this seen in "Schedule 5 to the Resource Accounts" introduced in the mid-1990s. Public Service Agreements (PSAs), adopted in 1998 following the first Comprehensive Spending Review, were considered to be the culmination of this approach.

Public Service Agreements: What are they good for?

There continued to be a debate about the intended role of PSAs. Sometimes they were described as a "contract" between the Treasury and the Spending Departments – the expression of the "investment for reform" mantra. At other times they were presented as a contract between the Government and the people. There were mixed views about their impact – MPs did not appear to take them seriously, judging by the level of Parliamentary scrutiny they received, and very few of them had popular salience – the possible exception being school performance information. And they were continuing to develop – the next round following CSR07 would be fewer, more complex, and more cross-departmental.

Could do better....

In the final part of his lecture, Professor Talbot suggested five areas where improvements could be made in order to make the PSA approach more effective. The first was to address data availability and data quality. There were still areas where the key issues weren't measured and proxies were being used because of unavailability of data. Linked to this, there continued to be an issue of timeliness – where performance information was available too slowly to influence policy and practice, and attribution, where it continued to be unclear whether policy interventions or other changes were being measured. The final area of concern was the costliness of the system to operate – at one stage there were 400 PSAs with many sub-parts, all spawning data and review systems. Was the impact worth the effort? Finally, he suggested, in order to maximize the value of PSAs in future, there should be more scrutiny by MPs. If PSAs purported to represent the 30 most important priorities of the Government, this should be where Parliament should be focusing its eyes.

Debate and Discussion

In a rich discussion following the lecture, four main themes emerged:

- Whether the right people were involved in drawing up PSAs? For example, the private sector were a key partner in delivering many of the targets, through contracts for IT systems, locally-run services or participation in local economies. But they were not treated like a stakeholder in delivery.
- There were still technical and policy difficulties with the model – accounting requirements did not match the drive to understand the costs of delivery, and the PSA regime and Local Area Agreement (LAA) regime seemed to be developing in isolation from each other.
- There continued to be concerns about perverse incentives – managers focusing on the target rather than the policy intention behind it. And there was concern that public service organizations were becoming dependent on the targets – innovation or new creative models were being driven out because of the risk to performance.
- Finally, there was concern that the linking of performance information to targets was missing the point – the value of reviewing information and adding with expert and experienced judgement in order to seek areas for further improvement.

The Way Ahead

Towards the end of the discussion there were two more positive notes. Firstly there was a suggestion that public managers should be using PSA performance data to celebrate the improvements being achieved and to demonstrate the success of public services. Finally, Professor Talbot recounted a development from the Department of Health and Human Services in the US where they had realized they were not using the data that hospitals were sending in and asked local hospitals to send in data that mattered to them. This more creative, bottom-up approach led to real improvements both in data collection and in performance. Could this be the way ahead for PSAs?