

# Using targets to improve public services

# About this report

Targets have been applied to a wide range of public services. This report analyses whether targets improve the performance of public services and the reasons for this, making recommendations on when and how government should set targets.

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# Summary

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Targets have been used for more than a century by the UK government. Over the past four decades they have been combined with other measures such as outsourcing, service user choice, and an emphasis on professional management, as part of what has become known as new public management theory. Despite changes of emphasis between governments and in different parts of the public sector, this has been the dominant philosophy underpinning attempts to improve public services since the Thatcher era.

Targets have been applied to services ranging from immigration and welfare to education and health. Yet their use is controversial, in large part because it is difficult to answer the most important question: do targets improve the performance of public services?

In this paper, we answer that question.\* We focus on national targets and examine what evidence there is for how those have affected how efficiently public money is turned into outcomes for the public (this is a notion that is sometimes referred to as allocative efficiency). For example, that might be the extent to which spending on the NHS improves population health. However, outcomes are a result of the complex interaction between political, economic, social and environmental factors, and targets are just one contribution to the effectiveness of public services. This makes it hard to isolate their impact.

Despite these difficulties, we draw three main conclusions about whether targets work based on analysis of two service areas – health and education – where targets have been used extensively and where there is relatively good-quality evidence on the impact that targets have had on performance.

- **Targets have improved what was targeted**

There is good evidence that the performance management regime in England, of which high-profile targets were an integral part, reduced hospital waiting times and improved exam results. Following the introduction of this system in the English NHS from 2000, the waiting times for elective procedures fell much faster than in Scotland, Wales and Northern Ireland, which had different performance management systems. In schools, the Welsh government's decision to stop the publication of school league tables – which had effectively set a target for schools to outperform each other – led to students in Wales lagging behind those in England by the equivalent of almost two GCSE grades per student per year. There is also one good example of targets boosting overall performance and improving outcomes for service users. The four-hour A&E waiting time target resulted

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\* The report is based on an extensive literature review and interviews with more than 30 current and former civil servants, special advisers, academics and others.

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in a 14% reduction in the proportion of people dying within 30 days of attending A&E because of a reduction in waiting times for time-sensitive but hard to diagnose conditions, such as those suffering from strokes.

- **Improvements in what was targeted were partly the result of gaming**  
In hospitals, data was reclassified or manipulated, patients were left waiting in ambulances or on trolleys, and appointments that did not contribute towards meeting an explicit target were cancelled in pursuit of waiting time targets. In education, schools focused on pupils at the C/D grade boundary – at the expense of pupils far above or below this threshold – in response to the target for pupils to achieve five or more GCSEs at grades A\*–C. Improvements may also have come at the expense of overall performance. For example, targets probably encouraged the government to provide disproportionate funding to hospitals at the expense of other, potentially more cost effective, approaches to improving population health, though it is hard to draw firm conclusions.
- **Targets appear to be effective at raising minimum standards but not at driving excellence**  
In health, the gradually decreasing elective waiting time target had most impact on the longest waits, and the scrapping of school league tables in Wales had no effect on the top quartile of Welsh schools, only the bottom three quarters, with pupils in the poorest performing and most disadvantaged schools seeing their exam performance suffer the most. Conversely, targets, by constraining staff, can create a culture of compliance that discourages innovation and prevents adequate services from excelling.

## How do targets change the performance of public services?

This report sets out three ways in which targets can improve public services.

- **Targets signal political priorities and communicate them clearly to those responsible for delivering public services**  
A government aspiration to do better in a particular service area will mean different things to the sometimes hundreds of thousands of people involved in delivering that service. A clear target can remove ambiguity and focus the massive machinery of government on delivering specific objectives.
- **Targets can increase accountability between the centre of government, the front line and the public**  
They help the prime minister to track key priorities and interrogate relevant officials if targets are not being met. Setting targets and publishing the performance of individuals or organisations against those targets can also encourage those working in public services to learn from better performing peers.

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- **Targets can incentivise deeper analysis**

If government wishes to improve public services, then it must first understand existing performance. As such, the process of setting targets can lead to the collection of new data and more detailed analysis of the barriers to improvement. As one former official said: "You can't just set a target and hope things get better."

We also identify three ways in which targets can damage public services.

- **Targets can result in public services prioritising easy wins, ignoring important issues and manipulating data**

A recent example is the government's target to process 100,000 coronavirus tests a day by 30 April 2020, which was achieved only by encouraging testing of low priority cases and reclassifying what counted as a test, and took focus away from other important elements of a virus suppression strategy.

- **Targets reduce the ability of front-line staff to use their professional judgment**

This is a feature, not a bug, of targets – the intention being to align the priorities of staff with those of policy makers. However, it can be demotivating for well trained staff to feel unable to use their own judgment to provide the best support to those they are meant to be helping.

- **Front-line workers can be overwhelmed by the bureaucratic burden of complying with targets, spending time on inputting data that could be used more beneficially providing direct support to people**

The sheer volume of data can become overwhelming for policy makers too, with the data sometimes sitting in spreadsheets rather than being used to provide insights into how to improve services.

## Recommendations

Our research has identified four questions the government should consider before using targets.

- **Is it possible to design a target that is closely aligned with the desired outcome?**

Targets are necessarily imperfect proxies for the overall aims of a service and tend to focus on just one aspect of performance. There is therefore a risk that public services hit the target but miss the point. However, this is far less likely if the target is closely aligned with the desired outcome. The best example of this – the four-hour A&E waiting time target – shows just how difficult it is to get right, as it was through luck rather than judgment that this measure turned out also to drive reductions in mortality rates and therefore improved wider hospital performance as well as simply cutting waiting times in A&E.

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- **Are public expectations of a service different from those of front-line staff?**  
Public service staff and the public will sometimes have different perspectives. For example, long hospital waiting times were not a priority for staff, and some clinicians and managers had come to see hospital-acquired infections as inevitable until the government introduced targets to drive improvements in these areas. Politicians have a legitimate role in setting targets that direct staff to address public priorities, even in complex services where this is difficult to do well.
  - **Do those subject to a target have control over whether it is met?**  
There are perverse incentives for staff to game targets if their career prospects are dependent on something beyond their control. There must be a plausible way for staff to influence whether a target is met through true improvements to the desired aspect of performance, not just gaming.
  - **Is the service performing poorly?**  
Targets have been most effective at improving poorly performing services by raising the minimum level of acceptable performance. But because targets limit the ability of skilled staff to use their professional judgment, they are unlikely to be an effective tool for transforming adequate services into great ones.

Where the answer to each of these questions is no, the government should use alternative approaches – for example, outsourcing, peer learning, benchmarking, or the development of long-term relationships – to improving performance. In most cases, policy makers are likely to get a mixture of yeses and noes; in those cases, they will need to carefully weigh up the opportunities and risks from using targets. However, even if the answer to each of the above questions is yes, there is no guarantee that a target will deliver the desired performance improvement. We therefore make seven recommendations for how to design and use targets to make them most effective.

- **Understand demand and performance first**  
Before setting a target, government must understand existing demand for the service and the key factors that determine its performance. This will help them to identify perverse incentives that may be created and to distinguish – after the introduction of any target – between genuine changes in performance and natural variation.
- **Develop targets in partnership with those responsible for meeting them**  
Targets are more likely to be effective if designed with those charged with delivering the service. Front-line staff can help policy makers to understand existing performance and to structure targets so that they incentivise behaviour that improves public services.

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- **Carefully consider the data that is needed, how this is collected and how it will be used**

Policy makers must consider the practical implications of setting a target, including how much time it will take front-line staff to collect the necessary data and whether they have suitable systems in place (particularly technology) to do so. The government also needs the analytical capacity to make use of any data generated and we welcome the recent announcement that the government will rebuild a strong delivery unit in Downing Street to track implementation of key policies. Individual departments also require analytical capacity and those without their own delivery units should establish them.

- **Consider the system-wide impact of targets**

Policy makers must consider the broad impact of targets and assess whether targets are driving contradictory behaviour.

- **Review targets regularly**

Targets can distort behaviour in ways that are unforeseen. Governments should regularly review targets to make an honest assessment of whether they are driving the intended behaviour (especially if the target is consistently being met) and to avoid the prevalence of harmful gaming.

- **Set targets in context and use them to learn**

A single target will never provide an accurate representation of the overall performance of a public service. Politicians and officials must set targets in historical context and as part of a wider suite of indicators. This reduces the incentive to game any single one and can help ensure that services remain aligned with purpose.

Rather than seeing performance against targets as an answer or an easy way to assign blame, policy makers should instead use the data to ask questions and identify barriers to improvement.

- **Give targets sufficient attention**

Targets are an effective way of signalling that an issue is a priority, but the power of that signal will be weak and fade over time if little attention is given to the target. If targets are to be effective, then they must be seen as important. The new Downing Street delivery unit should regularly review central government targets to assess whether the issue is still of sufficient importance to justify a target.



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# The theory and history of targets

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Over the past 40 years, views on targets have been heavily influenced by new public management and stewardship theories. Governments in the UK from the election of Margaret Thatcher in 1979 onwards have been strongly guided by new public management\* – the idea that the public sector would work more effectively and efficiently if it behaved more like the private sector.<sup>1</sup> An emphasis on professional management, setting and holding public servants accountable for measurable targets, with support from a central delivery unit, was a major part of this approach – alongside increased use of markets (that is, introducing competition to provide certain public services and in some cases allowing citizens to choose their preferred provider).

Starting under Thatcher, successive governments set targets to align the interests of 'principals' – ministers setting objectives – and 'agents' – the civil servants and front-line staff delivering them. The implicit assumption was that most civil servants and front-line staff were, according to academic Julian Le Grand, "knavish"<sup>2</sup> and had different interests from ministers – and so had to be incentivised by targets to deliver ministers' objectives.

For new public management advocates, setting targets created a clear line of accountability from Whitehall to the front line,<sup>3</sup> with ministers able to use the data collected to force staff to improve performance either by promising rewards or threatening punishments.

According to proponents of stewardship theory – a rival to new public management – staff are motivated by mastery, autonomy and purpose – that is, a desire to improve at something meaningful under self-direction.<sup>4,5</sup>

In their view, because staff are intrinsically motivated – and because there is huge variance in the needs, wishes and capabilities of users of public services – the most effective way to manage public services is to allow trained professionals to use their judgment to tailor responses to individuals. No matter how well meaning, Whitehall cannot possibly design targets that are appropriate for every person or situation, the argument goes.

To this end, proponents of stewardship theory<sup>6</sup> argue that targets do exert control over staff, but in doing so disempower front-line staff and therefore result in worsening performance of public services.

While the influence of each of these theories has waxed and waned somewhat over the years, new public management has remained dominant in central government, including through the changes of government in 1997 and 2010. New public management was a recognisable part of New Labour's philosophy even in opposition.

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\* The term was coined in 1991 to describe a group of ideas that had gained prominence in the 1980s, <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-9299.1991.tb00779.x>

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Tony Blair promised, in his last party conference speech before becoming prime minister: “There will be defined targets set and kept to.”<sup>7</sup> These took the form of Public Service Agreements (PSAs) between the Treasury and spending departments. PSAs changed over the years that followed – reducing in number, while becoming cross-departmental and more outcome based – but the underlying theory was the same.

Similarly, just as Thatcher had established the Efficiency Unit and John Major had established the Citizen’s Charter Unit, Blair increased the capacity of the centre of government to implement ministerial priorities through the creation of the Prime Minister’s Delivery Unit (PMDU).

Initially, the coalition government seemed more sympathetic to stewardship theory, scrapping PSAs, Local Area Agreements\* and the PMDU. The break from the previous governing philosophy was explicit, with each Departmental Business Plan (DBP) – which replaced PSAs – opening with a criticism of PSAs as “old top-down systems of targets and central micromanagement”.

However, this was a change of emphasis, rather than direction. High-profile targets for the NHS and schools were retained. The functions of the PMDU were partially resurrected in 2012 with the creation of an Implementation Unit in the Cabinet Office, which was “responsible for turning government commitments into tangible successes”.<sup>8</sup> And DBPs and the Single Departmental Plans that replaced them still contained targets and performance indicators. Most recently, the Spending Review 2020 contained an update on the use of the Public Value Framework, first introduced in 2017, which will be used across government to monitor spending and performance. Each department has three or four ‘priority outcomes’, with metrics to assess performance against these. Some metrics have numerical targets and there is an implicitly preferred direction of travel for others. While not described by the government as such, it is effectively a system of departmental targets.

In our conclusions, we have agreed with parts of both theories. Proponents of new public management are right that targets can improve public services – particularly those that are performing poorly – but stewardship theorists are correct that targets disempower staff and can prevent adequate services from excelling.

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\* These contained performance targets for local government.

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# Do targets improve the performance of public services?

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## What do we mean by performance?

There are two main ways to judge the performance of public services. First, technical efficiency: how well services turn money into 'outputs' – for example, hospital appointments.\*

A second approach is to define performance as the allocative efficiency of public services. This is how effectively public money is turned into outcomes for the public – for example, the extent to which spending on the NHS improves population health. The great benefit of considering allocative efficiency is that it more accurately describes what government is seeking to achieve: real world improvements to the lives of citizens. It therefore provides a better yardstick for assessing whether targets improve the performance of public services and is the definition that we use throughout this report.

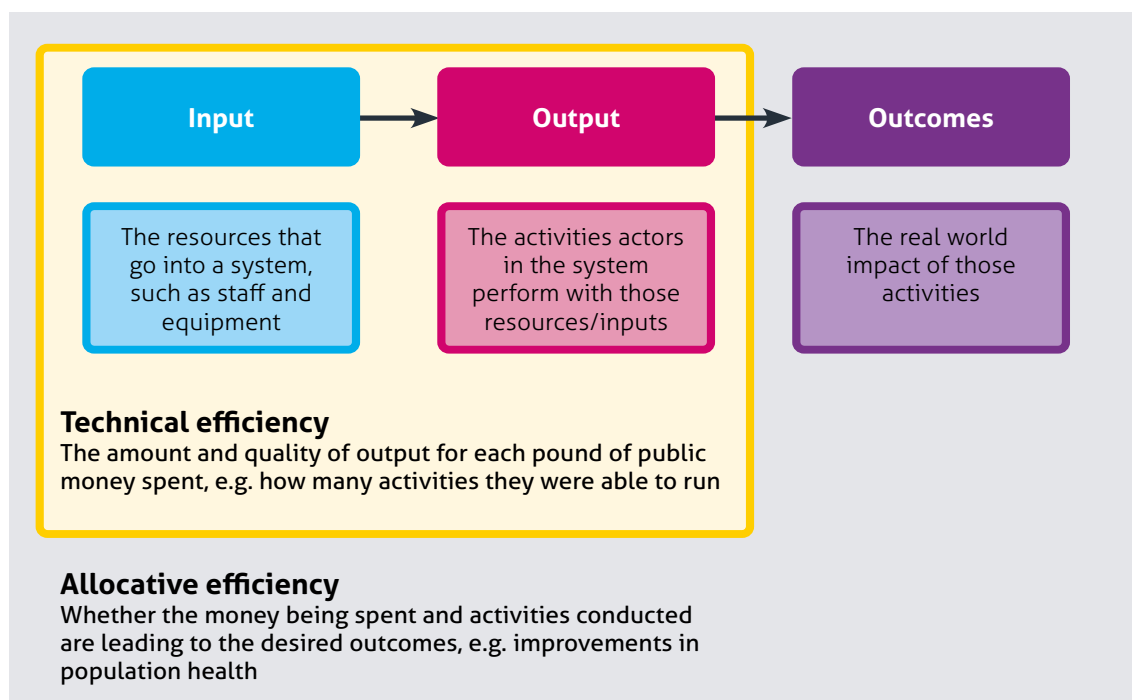
However, assessing the allocative efficiency of public services is difficult. Outcomes are usually multidimensional and are the result of many factors other than the quality and availability of public services. For example, population health includes outcomes for those with specific health conditions like cancer or cardiovascular disease as well as lifestyle risks such as smoking or obesity, all of which are impacted by wider economic, social and environmental factors.

As such, targets – which are usually based on a single input, output or outcome – will always imperfectly capture the ultimate objectives that policy makers are aiming for. For this reason, we cannot judge targets simply by whether they improve the specific metric chosen but must assess their wider impact.

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\* For an assessment of the technical efficiency of key public services see [Performance Tracker](#), an annual data-driven analysis of the performance of public services published by the Institute for Government and CIPFA.

Figure 1 **Judging performance: technical efficiency and allocative efficiency**



Source: Institute for Government analysis.

## Evidence on whether targets have improved performance of public services

In this section we focus on two areas – health and education – where targets have been used extensively and where there is relatively good evidence on the impact that targets have had on performance.

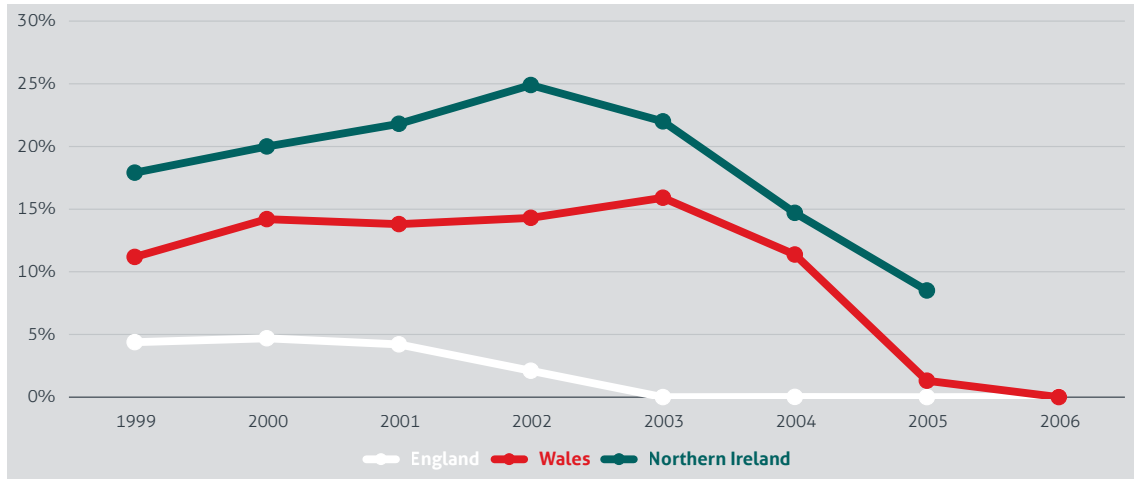
### Targets in health and education have improved the metrics targeted

There is good evidence that the performance management regime in England, of which high-profile targets were an integral part, reduced hospital waiting times and improved exam results.

From 2000, the Blair government introduced a performance management regime in the English NHS that has been dubbed 'targets and terror'.<sup>9</sup> Hospitals in England were told that by March 2001 there should be a maximum wait for elective procedures of 18 months, with the waiting time target due to fall by a further three months in each subsequent year. Performance against this target was a key component of an annual star rating for each hospital, which was "published and used as a basis for direct sanctions and rewards".<sup>10</sup>

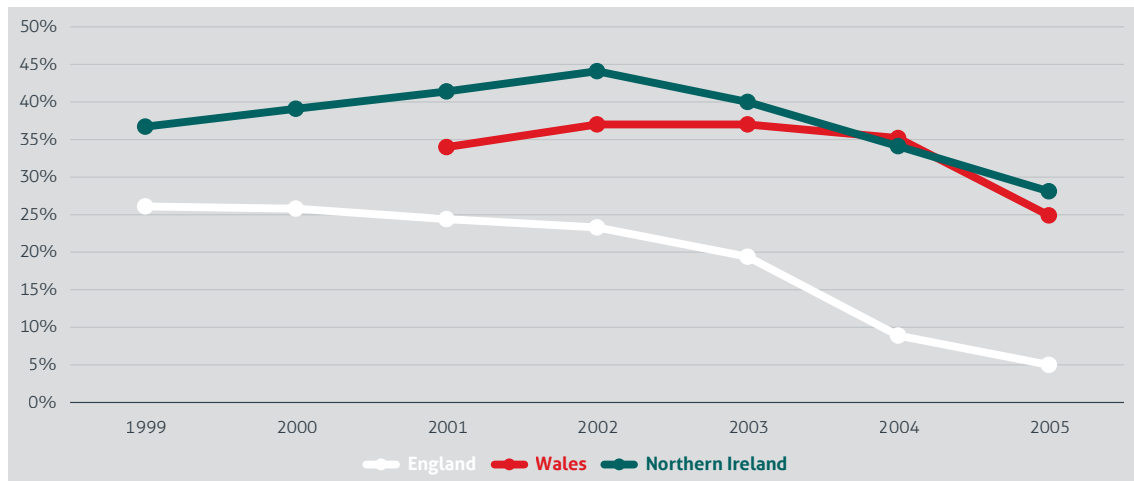
Despite some superficial similarities, targets were used quite differently in the NHS in Scotland, Wales and Northern Ireland. Scotland had a target for a maximum wait for elective procedures of 12 months, but this was not published and did not play an important role in performance management.<sup>11</sup> Similarly, Wales also had a target but "there were so many targets that it was unclear which mattered" and "failure to achieve waiting time targets was not publicized".<sup>12</sup> Northern Ireland also took a different approach to performance management, with less emphasis on targets and public accountability.<sup>13</sup>

Figure 2 **Patients waiting more than 12 months for inpatient elective care**



Source: Institute for Government analysis of Office for National Statistics, Department of Health, National Assembly for Wales, Godden S and Pollock A, 'Waiting list and waiting time statistics in Britain: a critical review', Bevan G and Hood C, 'Have targets improved performance in the English NHS?'

Figure 3 **Patients waiting more than six months for inpatient elective care**



Source: Institute for Government analysis of Office for National Statistics, Department of Health, National Assembly for Wales, Godden S and Pollock A, 'Waiting list and waiting time statistics in Britain: a critical review', Bevan G and Hood C, 'Have targets improved performance in the English NHS?'

Following the introduction of the new performance management regime in England, elective waiting times fell much faster there than in the other three nations. By 2003, England had no patients waiting more than 12 months for inpatient elective care, whereas the proportion of patients waiting that long in Wales and Northern Ireland had grown since 1999. Similarly, between 2001 and 2005 the proportion of patients waiting more than six months in England fell by 19 percentage points, compared to 13 in Northern Ireland and 9 in Wales.

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Differences in published data mean that Scotland's waiting times are not directly comparable. However, an academic analysis of the changes in waiting times in England and Scotland from 1997/98 onwards found that the "proportion waiting 6 months or more fell by between 6 and 9 percentage points more in England compared to Scotland".\*

After 2005, Scotland put greater emphasis on targets and performance management in relation to hospital waiting times. In 2014, the Nuffield Trust and Health Foundation concluded that "Scotland's hospital waiting times now match England's, suggesting, but not proving, a positive effect" from this change.<sup>14</sup>

The waiting time target for elective procedures was a success on its own terms and it helped ensure that the Labour government met a key pledge from its 2001 manifesto. The other totemic health target – a maximum of four hours' waiting time in A&E – appears to have been even more successful, not just improving the targeted metric but improving patient outcomes.

An analysis of waiting times in English A&E departments between 2011 and 2013 concluded that the target reduced waiting times by an average of 21 minutes.<sup>15</sup> The reduced wait resulted in a 14% reduction in the number of people dying within 30 days of being admitted to A&E and a 3% reduction in annual mortality rate for impacted patients. The authors of the study concluded that the reason for this was that reducing waiting times meant that patients with time-sensitive but hard to diagnose conditions – such as those suffering from strokes or other vascular injuries – are treated sooner.

It is important to note that this improvement in the performance of A&Es was achieved through luck rather than judgment. Labour targeted the A&E waiting time because it was an issue the public cared about. However, it turned out to be a metric that was also closely aligned with mortality rates and therefore the overall performance of hospitals. And although the target constrained the behaviour of doctors, doing so resulted in better outcomes for patients.

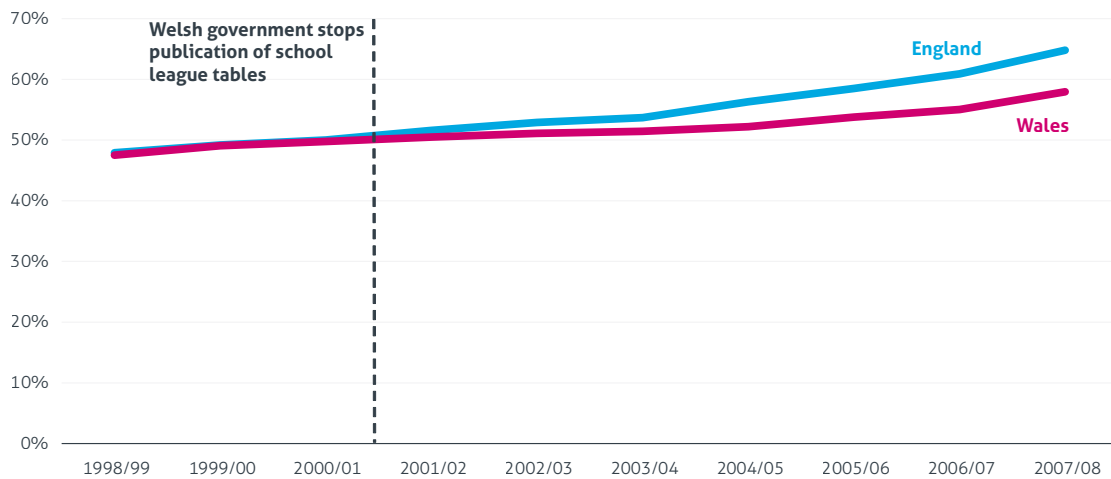
There is less evidence on the impact of targets for schools than for hospitals, but what there is suggests that targets were a success on their own terms, improving the exam results of school pupils. Just as with hospitals, a divergence in performance management approaches between England and Wales in the early 2000s has allowed academics to isolate the impact of targets.

In 2001, the Welsh government stopped the publication of school league tables – which had effectively set a target for schools to compete with each other. This was the only major difference in schools policy between England and Wales but it had a significant impact on exam performance. Two academic studies of this change found that, by 2007/08, the proportion of students in Wales receiving five or more GCSEs at grades A\*–C lagged 3.5% behind those in England – having been on a par in 2000/01 – with this gap being the equivalent of almost two GCSE grades per student per year.<sup>16,17</sup>

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\* This depends on the data source used and the time period (1997/98 to either 2003/04 or 2005/06).

Figure 4 **Percentage of pupils who achieved 5+ GCSEs at grades A\*–C**



Source: Stats Wales, 'Examination achievements of pupils in Year 11/aged 15 by year', 1998/99–2007/08; Department for Education, GCSE and equivalent results: 2009 to 2010

Another study analysed the impact of Local Public Service Agreements (LPSA), following their introduction in 2001. Under these, local authorities could secure a financial reward worth up to 2.5% of their revenue budget by hitting targets negotiated with central government. Local authorities were able to choose targets, some of which related to education, from a list provided by central government. Differences in the targets chosen allowed academics to assess the impact of education targets on school performance. The research found that authorities with education-related targets both improved their own performance and performed better than their peers on the metrics targeted.<sup>18</sup>

### **Improvements in targeted metrics are partly the result of gaming and may have come at the expense of overall performance**

Research suggests that targets improved performance of hospitals and schools against targeted metrics and, in the case of the A&E target, that it improved the performance of A&Es. However, these improvements can partly be explained by gaming and could have come at the expense of overall performance.

In hospitals, there is evidence that at least some of the improvements in waiting times are due to gaming. This includes cancelling operations and drafting in additional staff for periods when performance was being measured, leaving patients waiting in ambulances, manipulating or misstating waiting list figures, cancelling and delaying follow-up appointments as these were not targeted,<sup>19</sup> reclassifying some procedures as planned operations and others as purely diagnostic, and putting fewer patients on the waiting list.<sup>20</sup>

It is unclear exactly how much of a role gaming played in the reported reductions in waiting times for elective treatment, but the impact may have been relatively small in the context of the sizeable reductions in the number of people waiting a long time for elective care<sup>21</sup> and there is little evidence that gaming had a severe negative

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impact on patient welfare.<sup>22</sup> Similarly, the best analysis of the impact of the four-hour A&E waiting time target found little evidence that reduced waiting times were the result of gaming.<sup>23</sup>

It is harder to judge what impact these targets had on the performance of the wider system. There is some evidence that the high profile of these targets encouraged the government to provide disproportionate funding to hospitals at the expense of other, potentially more cost effective, approaches to improving the health of the population. Between 2000/01 and 2017/18, hospital activity grew faster than other health and care services. For example, while the number of general practice consultations grew by only 0.7% a year on average through this period, the number of elective procedures increased by 9.6% each year.<sup>24</sup> This was a political choice, rather than a change driven by demographics. However, it is difficult to quantify either the impact of targets specifically – rather than wider policy changes – or what might have happened to population health outcomes had government focused resources and political attention on other parts of the health and care system.

In education, there is evidence that the target for pupils to achieve five or more GCSEs at grades A\*–C led schools to focus on pupils at the C/D grade boundary, at the expense of pupils far above or below this threshold.<sup>25</sup> More recent analysis of the introduction of Progress 8 – which replaced the old target and measures the average progress of pupils in a year group – suggests it resulted in fewer schools focusing on pupils at the equivalent to the C/D grade boundary, with this borderline group making “less relative progress compared to other groups”.<sup>26</sup>

This shifting of attention to those on the grade boundary may have contributed to the improved exam results of English schools relative to Welsh ones described above, but there is also evidence of improvements in wider measures of educational performance in England. Two studies found that there was a similar improvement in the mean GCSE scores in England – which were not targeted – as there was in the five GCSEs at grades A\*–C measure. Although some of the improvement on both measures reflects that pupils in England were more likely to enter vocational qualifications than pupils in Wales after 2005,<sup>27</sup> the results in the internationally comparable Programme for International Student Assessment (PISA) study – which is based on independent, standardised tests – also show lower performance of pupils in Wales compared to pupils in England.<sup>28,29</sup>

As with hospitals, it is difficult to assess what impact targets had on the overall performance of schools. Good schooling is about more than exam results, with the most recent Department for Education (DfE) strategy citing the development of skills, wellbeing and character as key goals for the education system.<sup>30</sup> Targeting exam results could have diverted time and resources away from these other objectives. However, this is difficult to demonstrate with evidence.



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## National targets appear to be effective at raising minimum standards but not at achieving excellence

In both schools and hospitals there is evidence that targets are more likely to have a positive impact on organisations that perform less well than on adequate or high performing services.

In education, targets and other performance management measures such as inspections have tended to focus on raising minimum standards, with better performing schools (particularly since 2010) allowed greater independence and to convert to academy status.<sup>31</sup> For targets that apply to all schools, there is evidence that they have the most impact on lower performing schools. The decision by the Welsh government to stop publishing school league tables had no effect on the top quartile of Welsh schools but did lead to poorer performance among the bottom three quarters, with pupils in the poorest performing and most disadvantaged schools seeing their exam performance suffer the most.<sup>32,33</sup>

In 2016, the government announced that schools in England that were not performing as well as they could (but weren't failing) on the measures included in national performance tables would be classified as 'coasting'. This was effectively a target to excel, and schools that failed to do so could be subject to a range of interventions, including forced conversion to academy status. However, the 'coasting' standard was dropped in 2019, with Ofsted judgments instead being used to identify whether schools require improvement support.<sup>34</sup> Though this isn't conclusive evidence that targets can't drive excellence, it is perhaps indicative of the challenges involved in using top-down targets for this purpose and of the appetite to do so.

In health, the gradual reduction in the target waiting time for elective treatments had most impact on the longest waits, with NHS trusts in England "focusing on eliminating the long waits that put them at risk of missing the targets for that and the following year, at the expense of those waiting much shorter times than either target".<sup>35</sup>

More broadly, there is an extensive literature on quality improvement in health services that argues that the best way to raise standards is by empowering patients and staff. For example, the 2008 government review by Lord Darzi, *High Quality Care For All*, stated that "change is most effective... when it is driven by clinicians based on their expert knowledge of conditions and care pathways".<sup>36</sup> In practice this means investing in and supporting staff, including training on constructing and interpreting statistics and understanding variation, employing small-scale trials of changes, supporting greater collaboration between staff and enabling contributions from all team members, and maintaining a focus on the needs of patients.<sup>37</sup>

Targets, by disempowering staff and by creating a "culture of compliance and risk aversion",<sup>38</sup> can limit the effective adoption of measures such as these, discourage innovation and therefore prevent NHS providers from properly pursuing quality improvement.<sup>39</sup> It follows that applying targets to an already high performing service could have a detrimental impact, though there is little firm evidence to prove this.

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Even Michael Barber, the architect of the Blair-era system of targets, has acknowledged that while “command-and-control done well can rapidly shift a service from ‘awful’ to ‘adequate’... it cannot deliver ‘good’ or ‘great’”. Rather, he argues that this must be “unleashed” through devolution, transparency and use of quasi-markets.<sup>40</sup>

This suggests that there is truth to both new public management and stewardship theories. New public management proponents are right that targets, by increasing accountability and improving data collection, can help to deliver ministerial objectives. However, it is part of the nature of targets that they constrain the actions of front-line staff. Staff do not always know or do what is best and targets may therefore lead to improvements – particularly in poorly performing public services – but stewardship theorists are correct that targets can prevent adequate services from improving and may potentially have a detrimental impact on the best public services.

Recent academic work has suggested a combined approach. A national performance management system, featuring targets, would be used to improve poor performance, but would be complemented by peer learning and benchmarking at the sub-national level to drive excellence.<sup>41</sup>

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# Why did some targets improve public services?

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## **Targets have provided a clear political signal to those delivering public services**

Governments have limited time and resources. They must prioritise if they want to govern effectively. Setting targets can be an effective way to signal these priorities to ministers and public servants.

## **Targets have been an effective way of communicating political priorities to those delivering public services**

The chain of command and communication from 10 Downing Street to a classroom in Coventry or a hospital ward in Harrogate is a long one. Clear targets leave civil servants and front-line service providers with little doubt about what the government wishes to focus on and achieve.

A government aspiration to do better in a particular service area, while worthy, will mean different things to the sometimes hundreds of thousands of people involved in delivering that service. There is rarely a single, objectively right answer to the question of what 'good' looks like. For example, the Department of Health and Social Care's 2019 Single Department Plan includes the following objective: "Enable an affordable, high quality and sustainable adult social care system that meets people's needs, whilst supporting health and care to join up services around people."<sup>42</sup>

Well-meaning and motivated social workers, civil servants and doctors will have a wide range of views about what an affordable, high quality and sustainable adult social care system should look like and how best to get there. As such, the objective above provides little guidance to front-line professionals on how to balance the competing cases and complex needs of the people they support, or to those overseeing budgets about which services, settings or systems to fund.

A clear target can remove ambiguity and ensure consistency. A former senior civil servant in the Department of Health told us that while additional funding for the NHS without targets may have led to increased performance, there would have been more variation across the country without national standardised targets accompanying the funding.<sup>43</sup> A current civil servant suggested that targets "encourage those responsible for delivery to focus more on the interventions that would be most likely to contribute to improvements in the metric targeted".<sup>44</sup>

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A good example of the power of targets to signal political priorities is the English Baccalaureate (EBacc). The EBacc shows the number of pupils undertaking GCSEs in five “core academic subjects”: English, maths, science, a language, and history or geography. Pupils are not directed to take particular subjects but following the introduction of the EBacc the proportion of pupils entered for all five EBacc components grew from 21.8% in 2010 to 40.0% in 2019.<sup>45</sup>

Targets that clearly communicate the ambition of political priorities can drive innovation if service providers acknowledge that the target cannot be met through the existing system. A former senior Department of Health official told us: “A lot of the NHS targets set in the 2000s were considered simply impossible and there was an understanding that meeting them would require significant organisational change.”<sup>46</sup>

To meet the waiting time target for routine treatment – initially 18 months but gradually reduced to 18 weeks – the NHS introduced Independent Sector Treatment Centres (ISTCs) to provide non-emergency services (such as outpatient care, diagnostics and planned surgery). It was hoped they would drive improvements in two ways: first, by adding capacity to existing NHS resources to reduce waiting times; and second, to act as competitors with NHS providers thereby stimulating productivity improvements in NHS facilities.<sup>47</sup> Their creation is an example of a novel solution to address an ambitious target and while their overall impact is difficult to fully evaluate, previous Institute for Government research found that they were “an example where, on balance, outsourcing worked”.<sup>48</sup>

### **Targets have helped public services secure additional funding**

Targets influence how much money public services receive.

Having a target can be a powerful lever for public bodies when negotiating funding settlements with the Treasury. Funding is more likely to be provided if there is a risk that a high-profile target could be missed. A former senior official at the Department for Environment, Food and Rural Affairs responsible for delivering certain departmental objectives told us: “Having [the targets] allowed me as the official responsible to argue more powerfully with the finance director and on budget resource bids. It gave me a locus to keep a budget bid on the spreadsheet, which I don’t think would have remained without the target.”<sup>49</sup> A current official agreed that “targets encourage prioritisation by departments towards bidding for programmes that support delivery of... targets (instead of lower-priority activities)”.<sup>50</sup>

In some cases, the government has linked additional funding for a service to the setting of a target. For example, the government provided £250 million for a crime reduction programme alongside a performance objective outlined in the 2000 PSA to “reduce the long run rate of growth of crime, and to reduce to the fear of crime [...] including reducing vehicle crime from its current level by 30% within 5 years”.<sup>51</sup>

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## **Targets have increased accountability to the public, political leaders and colleagues**

Accountability is at the heart of UK democracy but the lines of accountability from the public to front-line public services can be weak. Ultimately, government is accountable to the public, but people may get a chance to vote politicians out of office only every four or five years. The prime minister, though politically powerful, is administratively weak, directly controlling only a relatively small number of civil servants and advisers. Individual ministers can have the opposite problem, struggling to effectively oversee tens of thousands of staff.

Targets can help the public, ministers and civil servants to more easily track what has been promised, when it is due to be delivered, and who is responsible.

### **Targets have increased accountability to the public**

Government is ultimately accountable to the public, but people have few opportunities to exercise that power. When there are elections, voters are electing a single MP or handful of councillors, standing on a wide-ranging manifesto that even some of the politicians won't have read. Targets enable politicians to explain to the public in a readily understandable way what people can expect of their government.

The Labour Party's manifesto for the 1997 election contains more than 17,000 words, but these were famously distilled into just five pledges. From getting 250,000 young people off benefits and into work to cutting class sizes to 30 or under, the pledges set clear targets for the prospective government – most of which were met.<sup>52</sup> So effective was the pledge card that Tony Blair repeated the trick in the 2001 and 2005 elections.

More recently, the Conservative manifesto for the 2019 election was prefaced by six guarantees from Boris Johnson, including 50 million more GP surgery appointments a year and boosting the number of police officers by 20,000. Both the Labour pledges and Conservative guarantees were sealed by a signature from the party leader, leaving no doubt as to who would be accountable if promises were not met.

Public awareness of targets tends to be relatively low. For example, despite its relatively high profile, only one in five people in a 2019 survey thought they knew what the A&E waiting time target was, and of those, less than three quarters correctly identified the target as four hours.<sup>53</sup> However, as noted above in the discussion about the impact of star ratings in the NHS and league tables for schools, it is publishing performance against targets, rather than just targets themselves, that appears to drive improvement.

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## Targets have increased accountability to political leaders

The biggest government departments have tens of thousands of staff. There are many layers of hierarchy between a minister and most front-line public services. Targets make it far easier for political leaders to hold those working for them to account.

Civil servants working in a departmental delivery unit told us that targets limit the ability of civil servants to make excuses for not doing something. "If you don't have a target, no policy director is going to walk up to a minister and say: 'This is going poorly.' They will find a narrative."<sup>54</sup> Another interviewee made the same point about PSAs, which often had a clear line of accountability to a specific senior civil servant, and therefore couldn't be dodged.<sup>55</sup>

The ability of targets to increase accountability to political leaders can extend far beyond Whitehall. During his time as secretary of state for health, Jeremy Hunt used weekly meetings on a Monday to track progress on priorities.<sup>56</sup> According to a former civil servant who attended these, in one meeting Hunt directed those in the room to call the chief executives of NHS trusts that were performing poorly against the A&E target to discuss how waiting times could be improved.<sup>57</sup>

## Targets have increased accountability to the centre of government

Targets enable those at the centre of government – particularly No.10 – to keep track of key priorities and hold ministers and their departments to account where performance has slipped.

Targets can be particularly powerful tools when they are combined with delivery units. The PMDU conducted regular stocktakes, collecting and analysing data, interrogating each part of the delivery system, and offering a helping hand to the delivery functions when needed.

Knowing that the PMDU would be regularly checking in on progress against targets strongly motivated civil servants. One former senior official told us that the Department of Health was professionalised by the process of being put through its paces every month. And while some resented the additional scrutiny from the centre, most realised that it was good to have No.10 fully engaged in the work of the department. "It wasn't a walk in the park, but it was hugely beneficial."<sup>58</sup>

Another former senior civil servant told us that the coalition's decision to scrap most targets in 2010 reduced the accountability of departments to the centre. "You felt like you were as accountable to the minister... but less accountable to the system as a whole and the government's overall objective."<sup>59</sup>

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### **Targets have increased accountability to colleagues**

Setting targets and publishing the performance of individuals or organisations against those targets can encourage those working in public services to learn from better performing peers. While highly trained professionals such as doctors tend to be relatively self-motivated, the comparison with colleagues can add further motivation.

The National Joint Registry – a database of information on surgeon and hospital performance on joint replacements – was set up by the Department of Health and the Welsh government in 2002 and launched in 2003. The database includes a notification system where surgeons are told if their performance falls below a certain threshold compared to their peers (effectively a target) and recommends that they review their data with local colleagues. Interviewees told us that this has led surgeons to reflect, ask for help, and improve.

Although this is a national system, the effect has been to encourage the type of peer learning that academics have suggested can be helpfully combined with targets to both raise minimum standards and drive excellence.<sup>60</sup>

### **Targets have incentivised deeper analysis of performance and collection of new data**

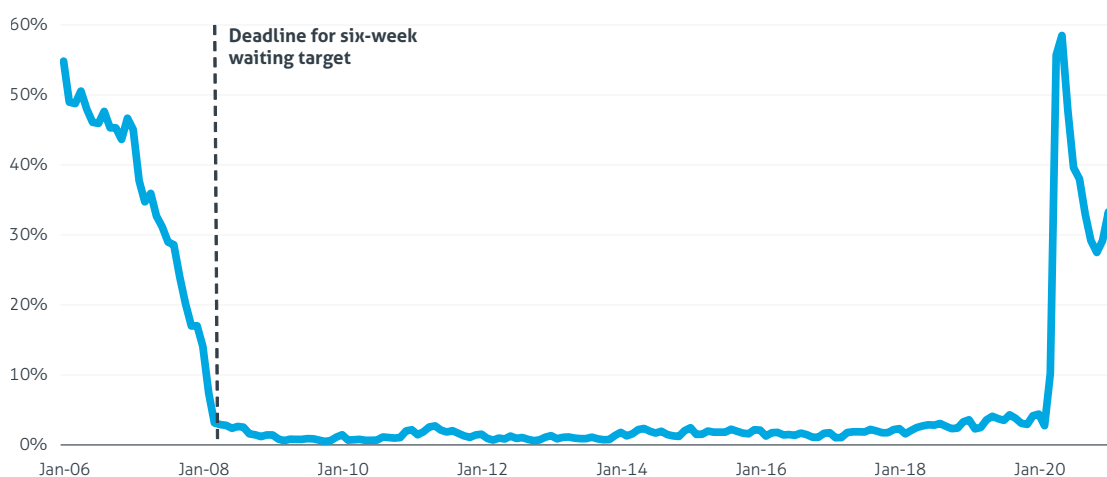
Targets necessitate the collection of new performance data. Targets can also prompt more detailed research and analysis, which improves policy design and implementation.

### **Setting targets has led staff to collect new performance data**

A government cannot understand whether it is on track to meet a target unless it measures the metric it is targeting. In some cases this will require collecting new data.

The elective waiting times target that the Labour government set in 2004 – that no patient would wait longer than 18 weeks for hospital treatment after a referral from a GP by 2008<sup>61</sup> – required the Department of Health to collect new data. The prior targets measured waits between a GP referral and initial hospital appointment and waits between an initial appointment and any subsequent surgery separately, and did not include waits for diagnostic treatments, which anecdotal evidence suggested were very long.<sup>62</sup> The revised target required putting new systems in place to collect data on diagnostic waiting times (the Labour government had also pledged that no patient would wait longer than six weeks for these by March 2008). Waits for diagnostic treatments declined rapidly between 2006, when the data was first published, and the March 2008 deadline.

Figure 5 **Percentage of patients waiting longer than six weeks for a diagnostic test**



Source: NHS England, Diagnostic Waiting Times and Activity

This new data informed politicians about the length of overall waits, focusing their attention on part of the patient journey that had previously been hidden in official statistics. The subsequent decision to allocate additional funding for diagnostic services appears to have been informed by the improved understanding of waiting times that resulted from setting the target.<sup>63</sup>

### **Targets have encouraged civil servants to analyse performance in greater depth**

Targets can prompt civil servants to undertake or commission additional research to understand performance, and what policies would be required to meet a target. As one former civil servant summarised: “You can’t just set a target and hope things get better – you need more data.”<sup>64</sup> Targets have given politicians and civil servants a reason to collect this data and gain better insight into how public services operate.

In the 2015 Spending Review, the government set a target for schools to make “£1 billion a year in procurement savings by the end of the parliament”.<sup>65</sup> To understand how schools made budgeting decisions and the barriers to greater savings, DfE added questions to its regular school surveys in 2017 and 2018 to assess whether schools were using the online financial resources provided by the department. DfE undertook a new survey of school business professionals<sup>66</sup> – non-teaching staff who manage school finances – in 2019 to understand how many school business professionals there were, and how many used the online resources. A central unit within DfE also investigated why schools were not taking advantage of deals struck by the Crown Commercial Service (CCS) – the Cabinet Office’s central agency for buying common goods and services. It found that this was because schools were confused by the language on CCS’s website.<sup>67</sup>



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The additional analysis that targets can prompt has been used to better understand problems and target interventions. As previous Institute for Government research has shown, the introduction of more performance management structures under New Labour – particularly the way the PMDU monitored targets after 2001 – “resulted in a genuine dialogue between the Treasury, the Cabinet Office and departments about performance”.<sup>68</sup> A former civil servant interviewee similarly noted that targets created a “culture of data and measurement” and created a “different discipline in terms of collecting evidence” when first introduced in the public sector. They did add, however, that if targets are applied too rigidly they can also reduce staff’s ability to ask “intelligent questions” and understand underlying problems.<sup>69</sup>

Where it worked well, interviewees told us that the PMDU had supported those managing public services to diagnose specific problems and translate operational data into usable insights that informed decisions, akin to an in-house consultancy. The four-hour A&E waiting target prompted the PMDU to set up weekly performance reports and survey A&E departments to ask them about the most common causes of delays, and at what times of day these occurred.<sup>70</sup> This kind of detailed analysis subsequently became routine. Monitor, the former NHS regulator, produced a detailed analysis showing that the increase in A&E waiting times in the 2014/15 winter was primarily due to high bed occupancy in 2015,<sup>71</sup> for example.

Analysis like this was not limited to the centre of government. For targets monitored by the PMDU, “departments mimicked the behaviour of the PMDU” – analysing delivery chains and holding regular ‘stocktake’ meetings to update ministers on progress.<sup>72</sup> Setting targets encouraged greater use of real-time data, for example, to model patient flow – how patients move through hospitals. In the case of NHS targets, the NHS Modernisation Agency offered hospitals ‘toolboxes’<sup>73</sup> of what had worked to decrease waiting times elsewhere, such as ‘see and treat’ triage procedures to speed up treatment of minor injuries, and rescheduling inpatient operations and release to free up more beds for admission when A&Es were busiest.<sup>74</sup> Civil service interviewees thought that the Modernisation Agency worked effectively because it provided “supportive and permissive” advice to NHS trusts. Rather than presenting a single correct answer, it offered advice based on ‘what worked’ to reduce waiting times in other NHS trusts.

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# Why did some targets damage public services?

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## **Targets have encouraged public services to prioritise easy wins, ignore important issues and manipulate data**

Targets are powerful drivers of behaviour, prioritising particular aspects of performance and increasing accountability. However, prioritising the wrong thing can reduce the overall performance of services. And high stakes accountability – meeting a target could be the difference between promotion and dismissal – has encouraged staff to game the system, particularly in cases where the outcome targeted is beyond their control.

## **Targets have incentivised public services to prioritise easy wins**

Targets can lead to public services being designed and delivered so that they meet a target as easily as possible. Often known as 'cream-skimming', services have tackled the easy issues first, to give the impression that a service is on track, or largely ignored individuals who were meant to benefit.

When the Blair government introduced a new process for handling asylum applications (the New Asylum Model) in 2006, there was a backlog of up to 450,000 cases that remained unresolved.<sup>75</sup> The UK Border Agency aimed to clear this backlog by 2011. A 2009 National Audit Office report found that of the 90,000 cases concluded by then, 40% of them were "mostly cases where it was found that no action was required" – for example, because the applicant's country had joined the EU or the applicant had already been granted asylum.<sup>76</sup> Meanwhile of the cases yet to be determined, around one fifth could not be resolved owing to external factors.

In schools, the national five A\*–C GCSEs target<sup>77</sup> incentivised schools to concentrate their support on those just above or below a C grade, at the expense of both pupils who were likely to comfortably meet the target and those who were unlikely to achieve a C even with additional help.<sup>78</sup>

## **Some public services have hit their targets but missed the point, ignoring important issues**

A target can usually focus on only a single aspect of performance, acting as a proxy for a wider objective. As such, targets can incentivise those delivering public services to prioritise the proxy, while ignoring the overall goal: that is, they hit the target but miss the point.

A notorious example of this is the 48-hour GP appointment target. To address a common complaint that it was often difficult to get a GP appointment quickly, the Blair government introduced a target that nobody should have to wait more than 48 hours to see their GP. However, to guarantee meeting this target, GP surgeries changed their policy so that patients could get a GP appointment only in the following 48 hours.

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Michael Barber himself admitted that this “caused as many problems as it solved”.<sup>79</sup> Before the target, the problem had been getting a GP appointment in the next couple of days; after the target, the problem became getting an appointment in the next couple of weeks.

### **Targets have incentivised staff to game the system**

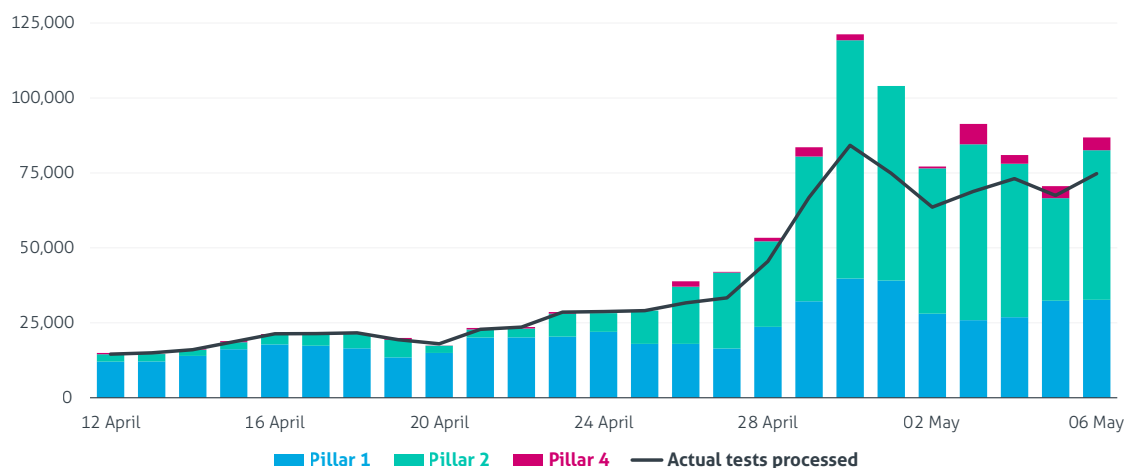
If the stakes for meeting a target are high – with career prospects in the balance – then those held accountable are incentivised to game the system, in some cases reclassifying or even manipulating data. The higher the stakes, the greater the incentive.

In response to criticism over its handling of the coronavirus crisis, particularly testing capacity, the government set a target of conducting 100,000 tests a day by the end of April 2020. There was some sense in setting a target as the UK could not implement a workable test and trace programme, a crucial element of an effective virus suppression strategy, without substantially increasing the number of tests. However, the target became untethered from this wider objective because of the high stakes involved. Matt Hancock, the health secretary, reportedly risked losing his job if the target was not met,<sup>80</sup> and this appears to have influenced the government’s approach. Rather than focusing on optimising the testing regime for the exit strategy, the government put substantial effort into gaming the target.

In the days before the 30 April deadline, Hancock emailed Conservative Party members encouraging them to book tests<sup>81</sup> as part of a ‘get the vote out drive’. Hospitals were also sent emails shortly before the deadline encouraging them to test large numbers of staff. Following this flurry of activity, some labs subsequently ran short of the reagents needed to conduct tests.<sup>82</sup>

The government further gamed the target by including in the testing figure antibody tests, which show whether a person has had the virus, rather than just swab tests, which determine whether someone currently has it, despite acknowledging that only the latter should be included.<sup>83</sup> Finally, the government reclassified what counted as a test – including not just those processed in laboratories, but also those sent to people’s homes (although not yet received back and processed). Of the 122,347 tests carried out in the last 24 hours before the end of April deadline, a third had been sent out, rather than processed.<sup>84,85</sup>

Figure 6 **Number of Covid-19 tests carried out per day in the UK**



Source: Institute for Government analysis of Department of Health and Social Care, 'Coronavirus (COVID-19) in the UK', 13 April–7 May 2020

Targets have also created perverse incentives for those dealing directly with the public. According to an article by a Department for Work and Pensions call handler, staff would be measured on their average call handling time and would get in trouble if that slipped beyond 23 minutes per call. Performance management could involve “anything from stern words and increased micro-management from your line manager right up to written warnings and dismissal”. As a result, staff were incentivised to move through their scripted questions and end the call quickly, rather than resolve the problem of the person seeking help.<sup>86</sup>

An interviewee told us of staff in a housing repair call centre keeping empty crisp packets on their desks so that they could rustle them next to the phone, simulating static on the line, if they needed to bring the call to an abrupt end to meet their target call handling time.<sup>87</sup>

Many public services are complex, with no direct relationship between the service provided and potential outcomes. Even the performance of schools, which provide children with thousands of hours of education, has only a relatively small impact on academic achievement. Government analysis from 2003 found that no more than 8% of variation in Key Stage 3 results could be accounted for by differences in school effectiveness.<sup>88</sup> And most public services have far less impact, eclipsed by familial, economic and social factors.

The fewer levers that public services have to affect change, the bigger the risk that an outcome target will hold people accountable for things outside their control. If meeting a target is out of someone’s control but the stakes for failure are high, then there is a strong incentive to falsify the data.

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An excellent example of this can be found in an oft-cited international example of performance management: the New York Police Department's Compstat system. It is credited with playing a key role in the dramatic decline in crime in the city since 1990. However, academic analysis suggests that the pressure from politicians and management to lower crime rates resulted in systematic manipulation of crime reports. According to one retired police officer: "The pressure from the advent of Compstat on was enormous. Commanding officers lived in mortal fear of being embarrassed or removed from command due to poor performance at the podium. Otherwise ethical men were driven to cook the books on major crimes to keep the Compstat gods appeased."<sup>89</sup>

In England, Helene Donnelly, a whistle blower, told the inquiry into failures at Mid Staffordshire NHS Foundation Trust that she had been asked to fabricate notes to give the impression that patients were not in breach of the four-hour A&E target. The report noted how staff "below corporate level" believed that targets and finances were more important than clinical governance and their own morale.<sup>90</sup>

### **Targets have reduced the ability of front-line staff to use their professional judgment**

Targets, by prioritising particular aspects of performance, shape how public services are designed and delivered. It is part of their nature that they limit the ability of doctors, social workers, teachers and others to exercise their professional judgment. As noted above, this can better align the priorities of service users with those of staff and drive improvement in poorly performing services, but it can prevent improvement in better performing services if well trained staff are unable to innovate.

As such, targets can result in the atrophy of critical skills. Trained practitioners can become accustomed to operating within rigid procedures and lose some of their ability to assess the complexity or nuances of individual cases. Jeremy Hunt, then secretary of state for health and social care, recognised this problem in 2015. "The truth is that decades of building processes around system targets and system objectives, often with the best of intentions, has demoralised staff and patients and dehumanised what should be some of the most human organisations we have," he said.<sup>91</sup>

The 2011 Munro review – established following several high-profile child abuse cases, including the death of Peter Connelly – explored the demotivating impact of targets in the field of children's social care. Practitioners and managers told the review that "statutory guidance, targets and local rules have become so extensive that they limit their ability to stay child-focused".<sup>92</sup> The report warned that rather than using their professional judgment, this system of performance management "can lead to people *just* following procedures and not seeking to understand them or trying to become more effective in their complex tasks".<sup>93</sup> This reduced the quality of services as a key skill in child protection work is the need to "make complex interpretations of the information about a child or young person's needs and circumstances".<sup>94</sup>

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The Curtis review into the use of targets in policing found similar issues. The review was set up by the then home secretary, Theresa May, who cited research by Her Majesty's Inspectorate of Constabulary showing the "existence of a target mentality on the front line of some forces".<sup>95</sup> The report recorded considerable anecdotal evidence of how police officers felt that numerical targets could not capture the essence of their work, with one constable noting: "You cannot measure a lot of the work that we do such as victim care (there is a difference between a phone call and a supportive phone call)."<sup>96</sup> The report added that a shift from meeting numerical targets to more problem solving would require police forces to adopt "a significant change in mindset", change systems and processes, understand demand, and make better use of data.<sup>97</sup>

### **Targets have forced staff to focus on administration at the expense of delivering services**

The additional analysis that the data from targets generates can be helpful, but it has costs. All data requires staff to collect, record and input numbers into collection systems, reducing the time they have available for other activities. The risk is that staff focus on data collection at the expense of helping people.

A review of police targets in 2015 surveyed more than 6,000 police officers,<sup>98</sup> and many gave credible accounts of how various police targets had created unhelpful bureaucracy. One constable noted that measurement "invariably means more paperwork" and the number of police targets meant "ironically, less time dedicated to customers". Similarly, one sergeant worried that a target for updating crime victims about case investigations in a timely way was overly bureaucratic and that "a system designed to measure a policing activity ending up replacing it". Another worried that "creating and updating spreadsheets [was a] massive inefficiency as [officers] spend more and more time doing this rather than core role". The primary concern was that "more time is spent on the admin in a police building (in order to get the credit towards the target) than is actually spent dealing with the public".<sup>99</sup>

In some cases, staff may not think that all the data collected is valuable. In interviews with the Health Foundation, hospital clinicians and managers did not always agree that performance indicators in breast cancer care, renal care and children's mental health care were relevant.<sup>100</sup> Few teams said that they used nationally mandated quality indicators to derive insight, and learnt more from locally generated data, such as how many surgeries had post-operation complications or how many children were in out-of-area placements, instead.<sup>101</sup>

In other cases, the sheer volume of data that government asks for from services can become overwhelming to the extent that it is not helpful or insightful to policy makers or managers. One interviewee who had worked at an NHS trust thought that the amount of data his hospital produced as a result of national collections meant that most data "isn't turned into information or business intelligence" and as a result "senior management meetings are all about 'have we met our target?' rather than 'can we learn something about this service?'".<sup>102</sup>

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# Conclusions and recommendations

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Targets have been used extensively by central government policy makers over recent decades – from health and education to criminal justice and immigration. They have been applied to central government departments, local authorities, hospitals and schools. Few, if any, public services have remained untouched by them.

Despite this, it is far from simple to answer the critical question of whether targets actually improve the performance of public services. Throughout this paper, we have taken performance to mean allocative efficiency: how effectively public money is turned into outcomes for the public. While this is a good yardstick for target effectiveness, outcomes are not just the result of government actions. Rather, they are the product of the complex interactions between political, economic, social and environmental factors.

Targets are also not the only government policy decision contributing to this maelstrom. Though important, they have been just one of the many tools – including outsourcing, service user choice and delivery units – that have been deployed as part of central government’s commitment to the tenets of new public management. Even more importantly, services subject to these measures have also seen huge changes in their funding, with big increases during the Blair era, and severe spending restraint under the subsequent coalition and Conservative governments.

All of this makes it difficult to isolate the impact that targets have on public service performance – but not impossible. There is strong evidence that targets can work on their own terms, improving the metric that is targeted. Even critics of targets would accept this. However, that does not necessarily mean that they have improved the overall performance of services because targets can create distortions in areas that are not directly targeted. There are many examples of targets encouraging those delivering public services to prioritise easy wins, ignore important issues and manipulate data. Equally, targets can be administratively burdensome and limit the ability of front-line staff to use their professional judgment.

Taken together, these negative impacts can and have sometimes reduced the performance of some public services or prevented services from improving. But there are also examples of well-designed targets where the negatives have been outweighed by positives, such as greater prioritisation, accountability and analysis of performance. There is evidence that in some cases targets have improved the lives of people using public services. The difficulty for policy makers is balancing the risks and rewards to decide when and how to use targets.



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## Government should consider four questions before using targets

Our research has identified four questions the government should consider before using targets.

- **Is it possible to design a target that is closely aligned with the desired outcome?**

This is not easy. Targets are necessarily imperfect proxies for the overall objective of a service and tend to focus on just one aspect of performance. There is therefore a risk that public services hit the target but miss the point. However, there is less chance of this if the target is closely aligned with outcomes. The best example of a target that improved overall service performance is the four-hour A&E waiting time target. But this case shows just how difficult it is to get the design of targets right, as it was through luck rather than judgment that this measure turned out to be a good proxy for mortality rates and therefore hospital performance.

Policy makers will not always be sufficiently fortunate or skilled that they are able to create targets that are so well aligned. Indeed, the complexity of human lives and society means there will often be uncertainty or disagreement about the mechanisms by which public services influence outcomes, or even which outcomes are most desirable. As discussed in more detail below, this means policy makers should have a clear logic model for how a target is expected to achieve the desired outcome and should monitor the impact of targets on a wide range of indicators, adapting them if necessary.

- **Are public expectations of a service different from those of front-line staff?**

The distinction between public and staff priorities does not emerge just because staff are self-interested, but because they have a different perspective. Staff can also be fatalistic, normalising some problems as inevitable features of a service – even when they are not. For example, long hospital waiting times were not at the top of staff priorities<sup>103</sup> and some clinicians and managers had come to see hospital-acquired infections as inevitable<sup>104</sup> at the start of the New Labour era. Yet both declined rapidly once targets were set. Politicians have a legitimate role in setting targets that reflect public priorities, even in complex services where this is difficult to do well. Given that all public services are ultimately paid for by the public, there is a strong case for politicians to set targets reflecting public priorities in cases where these are different to those of staff and it is difficult to understand what, if any, the optimal allocation of resources might be.

- **Do those subject to a target have control over whether it is met?**

It is easy to set a target that is perfectly aligned with the desired outcome – for example, improve healthy life expectancy by one year by 2025 – but doing so makes little sense if those tasked with it (such as hospitals, GPs and social care providers) have only a marginal impact on whether it is met. In most cases targets focus on outputs – which ought to be much more controllable by front-line staff – but even these can be influenced by factors well beyond the influence of those held responsible. Such targets may create perverse incentives that negatively impact on public service performance, with staff potentially left with little choice but



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to reclassify or manipulate data if their career prospects are dependent on something beyond their control. There must be a plausible way for staff to influence whether a target is met through true improvements to the desired aspect of performance, not just gaming.

- **Is the service performing poorly?**

There is good evidence to suggest that targets are more likely to improve poorly performing services. The introduction of elective waiting time targets in the English NHS had the biggest impact on the longest waits, and the decision of the Welsh government to stop publication of school league tables led to the exam performance of the poorest performing and most disadvantaged schools suffering the most. Conversely, by constraining staff, targets can create a culture of compliance that discourages innovation and can have a detrimental impact on high performing services or prevent adequate services from excelling.

Where the answer to each of these four questions is no, the government should use alternative approaches to improving performance. This might mean relying on some of the other new public management tools mentioned above, such as outsourcing or delivery units.\* Alternatively, some parts of government, predominantly local authorities, have discarded these approaches and had success aligning the interests of policy makers with those delivering public services through the development of long-term partnerships based on trust.\*\*

This may be easier to do locally than nationally for two reasons. First, central government in the UK has such a large remit and is so far from the front line that it is harder to drive performance through building strong relationships. Second, new public management and stewardship theories have fundamentally different beliefs and assumptions.<sup>105</sup> As such, mixing and matching approaches may result in neither being done well. It will be easier for a smaller public body to fully embrace a different approach than it is for central government in a large country like the UK to do the same.

As noted above, some academics have suggested taking a combined approach, with national new public management methods being complemented by the use of peer learning and benchmarking more locally.

For most of the questions, national policy makers are likely to get a mixture of yeses and noes. Indeed, the questions are not independent of each other. For example, front-line staff may have little control over a target that is closely aligned with the desired outcome. And opinions may differ between politicians, the public and professionals as to whether a service is meeting expectations or performing well. As such, policy makers must weigh up the opportunities and risks from using targets.

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\* Previous Institute for Government research has identified how both can be used effectively. See [www.instituteforgovernment.org.uk/publications/government-outsourcing-reform](http://www.instituteforgovernment.org.uk/publications/government-outsourcing-reform) and [www.instituteforgovernment.org.uk/publications/tracking-delivery](http://www.instituteforgovernment.org.uk/publications/tracking-delivery)

\*\* See, for example, the Plymouth Alliance, [www.humanlearning.systems/case-studies](http://www.humanlearning.systems/case-studies)

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Even if the answer to each of the above questions is yes, there is no guarantee that a target will deliver the desired performance improvement. Government should therefore think carefully about the design and use of targets to maximise the chances of success.

## **Government must design and use targets carefully**

Based on our research we make seven recommendations for how to design and use targets.

- **Understand demand and performance first**

Before setting a target the government should first try to understand demand for the service and the key factors that determine its performance.

Demand factors will include the number of people eligible for a service, their level of need, how often they use a service, which specific parts of the service they use and how these factors have changed over time. Performance should be primarily considered from the perspective of the people who need to use the service, including the timeliness of support, the end-to-end time for an issue to be resolved,<sup>106</sup> and customer satisfaction. It may be helpful to map the service user journey to understand when people seek support, who they contact and how they navigate the system. In addition, public bodies may also wish to consider factors like staff costs and turnover.

In many cases, what looked like poor performance of some providers may in fact just be natural variation. To avoid knee-jerk reactions, policy makers should use a technique called statistical process control (SPC). SPC entails plotting data over time to understand normal levels of performance. As such, it can be used to assess the capability of a service to meet a particular target level.<sup>107</sup>

- **Develop targets in partnership with those responsible for meeting them**

Targets are more likely to be effective if they are developed in partnership with front-line staff.\*

Front-line professionals can help policy makers to understand existing performance. Data can provide useful information on inputs, outputs and outcomes but will provide little insight into *how* services do or could change lives. Yet this information is critical if policy makers are to design targets that incentivise behaviour that will improve public services.

This might involve working closely with front-line staff to develop logic models that explain how services are expected to contribute towards desired outcomes.\*\* Using those models can make it easier to agree metrics that are closely aligned with the purpose of services and will provide a good indication of whether they

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\* This may not always be easy given that front-line staff may have different expectations of a service than policy makers or the public.

\*\* Where possible, these logic models should incorporate evidence on which outputs are most likely to contribute to the desired outcome. However, it will often be necessary to proceed on the basis of unvalidated assumptions. Policy makers should therefore proceed carefully, collecting evidence and amending models if assumptions prove to be incorrect.

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were performing well or not. This can also help ensure that front-line staff better understand how their work influences performance, buy into targets and are therefore less likely to try to game them.

- **Carefully consider the data that is needed, how this is collected and how it will be used**

Before setting targets, policy makers should consider the practical implications of collecting the data needed to assess performance. Collecting comprehensive metrics will aid analysts and political leaders but doing so may require front-line workers to spend hours each day inputting data rather than working face-to-face with the public. Several interviewees told us that inflexible legacy IT systems made it difficult for them to efficiently collect new data.

The fundamental challenge is that different people will use the data related to targets in different ways: front-line staff for designing and improving support for individuals; central government for spending and commissioning decisions; politicians for performance management, and inspectorates for evaluating impact.<sup>108</sup> Policy makers must balance these often competing interests when choosing the metrics for targets.

They must also ensure that they have the analytical capacity to make use of any data generated. Following the scrapping of the PMDU in 2010, No.10 and the Cabinet Office have lacked this, despite the creation of the Prime Minister's Implementation Unit. Previous Institute for Government work has recommended that the government rebuilds a strong delivery unit in the Cabinet Office to track implementation of key policies.<sup>109</sup> We therefore welcome the recent announcement that Boris Johnson is rebuilding a delivery unit in Downing Street.<sup>110</sup> Individual departments also require analytical capacity and those without their own delivery units should establish them.

The principle that data collection needs to be turned into insights applies locally, too. The 2015 review of police targets found that performance data was most useful where police performance analysts had a clear voice in the force, a defined role to provide insight, and worked closely with other officers.<sup>111</sup>

- **Consider the system-wide impact of targets**

Targets are a proxy for what governments are seeking to achieve, prioritising a particular aspect of public service delivery. As such, there is a risk that targets will incentivise behaviour that is contrary to the overall purpose of a service or the wider overall objectives of the government. To avoid this, policy makers must consider the system-wide effect of targets and ensure that they are not driving contradictory behaviour. This is particularly important when the targets for one government department may impact on the activities of another part of government.

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More than a decade ago, a local authority chief executive complained to the Institute about contradictory targets, saying: "The Met has a target about children entering the criminal justice system and children's services are pushing in the opposite direction, so reconciling that is tricky."<sup>112</sup> Unfortunately, targets are still set without sufficient thought being given to the impact on the wider system. For example, the government's target to increase the number of police officers by 20,000 could result in the prison population rising to record levels. This is beyond the capacity of the prison estate, making it difficult for the government to achieve its target of having enough decent prison places, even with plans to build thousands more.<sup>113,114</sup>

- **Review targets regularly**

Too often, ministers and officials have thought of target setting as a single action but it should be an iterative process, which improves as more data and information become available, or when circumstances change. Politicians must modify or scrap targets that are failing to meet their goals, even if this is politically difficult.

The purpose of a target is to change behaviour, but in complex systems it is difficult to predict how exactly behaviour will change. As this report has demonstrated, many of the perverse incentives that performance targets have created were unforeseen. In other cases, targets have initially changed behaviour as hoped but over time front-line service providers have become more familiar with the targets and developed ways to game them. While some gaming is probably inevitable, many targets have been undermined by extensive gaming, which could have been addressed if the target had been redesigned.

A good example of a target that was amended to align it more closely with the purpose of the service was the four-hour A&E waiting target. When it was originally set, the waiting time was measured from when patients were admitted into the A&E department. This encouraged hospitals to keep patients who arrived by ambulance waiting inside the ambulance and admit them to A&E only once the hospital was confident that they could be seen within four hours.<sup>115</sup> There is at least one recorded instance where holding a patient in an ambulance for this purpose led to a fatality.<sup>116</sup> The target was later amended so that the clock starts either 15 minutes after the ambulance arrives or when the patient is transferred to A&E, whichever happens first. A correction such as this is easy to make once the gaming is observed and removes the need to abolish the target entirely, which may cause considerable service disruption.

Setting an expected trajectory for performance can support the process of regularly reviewing targets and progress towards them. In instances where performance has not improved as anticipated, this can prompt a useful assessment of the target, logic model and service design, allowing policy makers and front-line staff to make corrections if necessary.

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- **Use targets in context and use them to learn**

It is natural for political leaders to focus on fewer, easy-to-understand metrics to understand performance. They have limited time and may oversee thousands of staff, delivering scores of services. But targets can give only a partial picture of service performance and must be set in context if policy makers wish to use them to improve public services.

Undue focus on a single target ignores the complexity of services and increases the likelihood that services will hit the target but miss the point. Setting targets as part of a wider suite of indicators, which measure different aspects of performance, reduces the incentive to game any single one and can help ensure that services remain aligned with purpose. This might include using pairs of indicators that measure an effect and its likely counter-effect<sup>117</sup> – for example, measuring not just how long those calling a helpline wait, but also what proportion of calls are resolved first time, to reduce the likelihood that staff rush calls to prevent anyone from waiting too long.

As noted above, targets should also be set in historical context, otherwise there is a risk that natural variation is confused with changing performance.

Rather than seeing performance against targets as an answer, policy makers should instead use the data to ask questions. The headline figures will rarely provide a clear picture of how services are doing but can usually help to inform discussion about how they could be doing better and what the main barriers to improvement are. If political leaders put greater emphasis on building understanding and supporting services to improve, rather than who to blame if something goes wrong, then there is less chance that staff will attempt to game the system through cream skimming, data falsification or reclassification.

- **Give targets sufficient attention**

Targets are an effective way of signalling that an issue is a priority, but the power of that signal will be weak and fade over time if little attention is given to the target. Someone delivering front-line public services is far less likely to change their behaviour in response to a target if they are never asked about it by their manager or if no details of their performance against it are ever published. As noted above, both Scotland and Wales had waiting time targets for elective procedures in the early 2000s but these did not play an important role in performance management and subsequently had far less impact than the system of 'targets and terror' that was used in England.

In some cases the value of a target will become embedded in local accountability structures and continue to be seen as important even without substantial political attention from the centre of government. Either way, if targets are to be effective, then they must be seen as important. The new Downing Street delivery unit should regularly review central government targets to assess whether the issue is still of sufficient importance to justify a target.

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