Public Service Agreements
and the Prime Minister’s Delivery Unit

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The introduction of Public Service Agreements (PSAs) was unexpected and unplanned – proposed by the Chancellor’s special adviser just days before the 1998 spending review was announced. An initial set of 600 rapidly assembled PSAs matured and then burst into life when Tony Blair gave Michael Barber his ‘instruction to deliver’ in 2001. The Prime Minister’s Delivery Unit (PMDU) became the most notable component of the reform and, together with the later evolution of the PSA regime, is now the UK Civil Service’s best-selling reform export – from Haringey to California, the White House, the World Bank and Malaysia. In retrospect, the agenda was a natural consequence of a 20-year preoccupation with business planning and performance management in the public sector, but was not seen that way initially.

**Figure 1: Timeline of PSAs and PMDU, 1998-2010**

Phase 1: The accidental birth of PSAs (1998-2000)

There is a long history of performance management in local government and agencies. The ‘scrutinies’, Financial Management Initiative (FMI) and Next Steps were all in some way attempts to improve the quality of financial management, performance and efficiency (see Chapter 3). In 1991, the Citizen’s Charter was introduced, which directed involved the public in the assessment of local services,¹ and a year later the Local

http://www.johnmajor.co.uk/page2017.html
Government Act placed a duty on the Audit Commission to provide statutory performance indicators for local government. More widely, the introduction of market mechanisms in public services generated pressures to monitor and publish the performance of a diverse range of organisations, either to facilitate user choice or to demonstrate their accountability.

By the mid-1990s, attention increasingly turned to the accountability of central government. Following the 1997 election, David Blunkett (then Secretary of State for Education and Employment), Michael Barber (then a special adviser) and Michael Bichard (then permanent secretary at the Department for Education) held a shared view about the need to push for improvements in numeracy and literacy for primary school children to meet government priorities. Barber was appointed head of the standards and effectiveness unit within the department and took hold of the schools standards agenda, a key focus area for the department. A small team of ministers and officials (Blunkett, Estelle Morris, Barber, Bichard, Conor Ryan and Tony O’Connor) developed a framework that aimed to tackle failure and raise standards, which was seen by leading politicians as the lone example of progress on their key priorities.

Around the same time, the Treasury was in the process of developing a new performance framework called Output Performance Analyses (OPAs). This was an attempt to connect audit and budgeting with delivery as part of the Treasury’s programme of resource accounting. In the analyses, departments would have been required to report their success against departmental objectives. In many ways, this initiative was seen to be a logical continuation of earlier schemes, such as FMI, and OPAs were approved and signed off in advance of the 1998 comprehensive spending review.

Only two days prior to their announcement, however, Ed Balls, then economic adviser to the Chancellor, Gordon Brown, told Treasury officials to replace them with new performance measures called Public Service Agreements. This was primarily because OPAs were not aligned to the five key election pledges (such as reducing NHS waiting lists) and did not include targets, which would make it difficult for the Government to demonstrate measurable improvements in public services as a result of increased spending. Underlying this was the desire of Brown and Balls to demonstrate that New Labour was economically literate and a responsible steward of public money.

Immediately after the CSR announcement, the general expenditure policy team in the Treasury, led by John Gieve, was tasked with developing PSAs over the next few months. It ended up recycling OPAs, but departments themselves also added hurriedly developed targets – 600 in total – to heed Balls’s instructions. Given how little time the team had, PSAs were unsurprisingly highly variable in detail, specificity and measurability. During this initial period, little was known about PSAs among senior officials and politicians, beyond the fact that they represented a political statement that Labour would be tough on departments to deliver

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4 CSR, interview 14.
5 Ibid.
6 CSR, interview 14.
7 CSR, interview 17.
9 CSR, interview 17.
10 Ibid.
12 CSR, interview 18.
13 CSR, interview 17.
improvements in public services. Neither Brown nor Balls actively devoted any time or attention to the agenda, and Blair remained indifferent, having not yet developed a deep interest in delivery. The political cycle and the short-termism it induced meant that many could see no value in making progress against long-term outcomes that would take 10 or 15 years to materialise.

Nothing was done to change this prevailing attitude. It was unclear who was responsible for delivering PSAs and whether officials would even be held to account for failure. The accountability ‘wasn’t observable in any way’. More critically, PSAs were not tied to any levers, since spending allocations had already been agreed prior to their announcement: ‘We didn’t have anything to enforce discipline.’ As a result, the early PSAs had limited traction and little progress was made: ‘People weren’t really taking the performance agenda seriously.’

Despite the ineffectiveness of the first set of PSAs, Brown and Balls were keen to stick with what they had started, while recognising the need for improvement. Many officials and politicians also instinctively thought that the idea was good and worth evolving, even if it wasn’t seen as especially important at the time.

In 2000, Treasury officials made a number of technical improvements: ‘We tried … to put a bit of rationality and a bit more hard thinking about what we were trying to do with them.’ This led to a marked reduction in the number of targets from 600 to 160 and noticeable improvements in their scope and definition. Around the same time, the Government Resource Accounting Act was passed, which tasked the Public Spending Committee with scrutinising PSAs by asking departments to report on them through their resource accounts. Alongside improvements in the operating model, the negotiation of PSAs was now explicitly tied to the spending review process, which increased the potential for the Treasury to incentivise departments to deliver on government’s overall objectives in return for appropriate funding.

**Phase 2: The electrification of PSAs (2001-07)**

By 2001, Blair was frustrated with the lack of progress made during his first term and wanted to use his second term to push through radical public service reform. The shift to 24/7 news reporting meant that the Government was under constant scrutiny, which increased its desire to demonstrate that it had actually achieved something. At the same time, Blair was determined to seize the areas that were traditionally seen to be Conservative territory, such as reducing crime. Labour’s 2001 election manifesto focused heavily on improving public services in four key areas: education, health, crime and transport.

In the run-up to the 2001 election, Jeremy Heywood (then principal private secretary to Blair) and Barber worked closely to develop an approach that applied the success of the Department for Education model to other top priorities for government, but within the slow evolving PSA machinery. Immediately after the

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14 CSR, interview 17; CSR, interview 18.
15 Ibid.
16 CSR, interview 18.
17 CSR, interview 14.
18 CSR, interview 18.
19 CSR, interview 17.
20 CSR, interview 18.
21 CSR, interview 17.
22 Ibid.
23 CSR, interview 18.
24 CSR, interview 14.
25 CSR, interview 18.
27 CSR, interview 14.
election, in June 2001, the PMDU was created in the Cabinet Office, headed by Barber, to provide support and scrutiny on a selection of the Government’s high-priority PSAs. These broadly related to the 2001 manifesto commitments, and Balls helped negotiate the ‘alignment’ between them.28

At this point, the PSA agenda became significantly more ambitious, but more focused. The aim was to fundamentally change the course of delivery in four departments – the Home Office,29 Department for Health, Department for Education and Department for Transport – in order to meet the Government’s priority objectives across 17 PSAs. Barber deliberately chose to focus on a selected number of priorities where PMDU had relevant expertise and the targets were clearly measurable. This realism about what PMDU could achieve would be critical to its success.30

At first, the Treasury was highly sceptical, believing that PMDU would undercut its authority and work on PSAs.31 Heywood invested a significant amount of time in negotiating with and reassuring Sir Andrew Turnbull, then permanent secretary at the Treasury, while Barber developed a personal relationship with Nicholas Macpherson, then managing director of public services – their support was key to the early success of the unit. Efforts were made to align the 15-20 prime ministerial priorities to the 120 Treasury PSAs.32 Eventually, the teams were co-located in the Treasury building. This increased the receptiveness of the Treasury, which gave PMDU the ‘permission’ needed to drive the agenda.

Departments initially viewed the agenda as another central diktat to avoid. Barber quickly developed personal relationships with all the relevant officials, helping them to accept the role of delivery in government.33 He was able to do this because of the reputation he had built for transforming school performance, his collaborative approach to solving delivery problems with departments, and the strength of his existing relationships with key ministers – Blunkett, now at the Home Office, Stephen Byers at Transport and Morris in Education. This meant that ‘he could easily pick up the phone and talk to them’.34

Prime ministerial support and drive gave Barber additional credibility, resources and leverage. He was given a £2 million consultancy budget and built a core team of approximately 40 people drawn from the Civil Service, local government and consultancies. Barber personally handpicked many of the applicants, tapping into the expertise that existed in different sectors. The team was deliberately kept small to maintain focus and momentum.35

While departments remained responsible for achieving their PSA targets, PMDU was seen to play a crucial support and challenge function through the deployment of a range of tools and processes. It adopted an evidence-based approach to identifying and tackling barriers to delivery. It used the RAG traffic-light rating system36 to assess the progress departments had made towards meeting targets, and gave them an opportunity to contest and change their ratings only if they had the evidence to underpin their claims (which was rarely the case).37 The first league table was produced four months into PMDU’s life and was intended

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28 Barber, M., Instruction to Deliver: Fighting to transform Britain’s public services, Methuen, 2008, p. 56.
29 Note that the Lord Chancellor’s Department, the Foreign and Commonwealth Office and the Crown Prosecution Service also played a role in some targets led by the Home Office – for example, reducing unfounded asylum applications.
30 CSR, interview 14.
31 Barber, op. cit., p. 57.
32 Ibid.
33 CSR, interview 14.
34 Ibid.
35 Ibid.
36 RAG is shorthand for the red, amber red, amber green, or green traffic-light ratings that PMDU applied when reporting on the prospects for delivery of the PSAs it worked on.
37 CSR, interview 14.
to ‘send shockwaves through the system’.

After this, the ratings featured regularly in the six-monthly delivery reports.

Although some departments would neglect their PSA targets during particularly busy periods (such as the run-up to an election), PMDU nonetheless continued to monitor and rate their business-as-usual activities. This element of compulsion seemed to concentrate minds. As one official explained: ‘They didn’t like it being done to them, but they recognised that there was a process which was methodological and evidence-based.

There were no material incentives operating on departments to make actual progress against their PSA targets, or any sanctions for failing to meet them (such as changes to funding levels). The incentive to improve rested solely on personal accountability arrangements. Ministers were now held formally accountable for the delivery of PSA targets.

PMDU provided regular delivery updates directly to the Prime Minister, who invested a significant amount of personal time – sometimes as much as half a day a week – to conduct regular stocktakes for the 17 priority PSAs.

These stocktake meetings took place every couple of months for each of the four departments and lasted from one to three hours. They were attended by the Prime Minister, Barber, the Cabinet Secretary Chief Secretary to the Treasury and departmental representatives (the secretary of state, permanent secretary, delivery leader, a treasury official and the Senior Responsible Office (SRO)). Each began with a short presentation from Barber, focusing on one particular delivery challenge. This created a strong sense of theatre and made governance arrangements feel ‘real’ by making the secretary of state, junior ministers and permanent secretaries directly accountable to the Prime Minister.

For example, on one health stocktake, Blair questioned the Secretary of State for Health, Alan Milburn: ‘This target looks like it has plateaued, Alan. What are you going to do about it?’

Although these meetings could easily have been used as a forum to cast blame and embarrass ministers and officials in front of the Prime Minister, Barber ensured that the dialogue remained forward looking and focused on practical steps for improvement. Underlying this was his philosophy that PMDU would never take credit for progress, but would always ‘share’ problems and work collaboratively with departments to solve them.

Over time, senior officials and ministers came to see the stocktake process as an opportunity to discuss specific issues and delivery challenges directly with the Prime Minister. Many also came to see progress against the targets as an opportunity to enhance their personal credibility in front of Blair. Prime ministerial leadership in the priority PSAs was therefore critical to giving formal accountability arrangements traction and incentivising people to care about the delivery agenda. As one former permanent secretary put it: ‘I saw it as defining my job.’

When delivery was off track, PMDU worked with departments to identify and tackle specific delivery challenges through the priority review, which was developed off the back of PMDU’s success on the ‘street

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38 Kemplay, M., Tony Blair Delivery Unit: Why did Tony Blair form the Prime Minister’s Delivery Unit and was it successful in the years 2001-05? BA undergraduate thesis.
39 CSR, interview 14.
41 CSR, interview 14.
42 Cleary, op. cit., p. 8.
43 CSR, interview 14.
44 Barber, op. cit., p. 95.
45 CSR, interview 14; CSR, interview 18.
46 CSR, interview 14.
47 Ibid.
48 CSR, interview 18.
crime’ target. The priority review was a short, intense period of work (usually six weeks) intended to identify barriers to delivery and develop solutions and recommendations. These reviews relied on a strong team comprising the right level of expertise and skill mix; challenging, but supportive partnerships between the PMDU and departments; and evidence to build a shared understanding of the main problems and priorities in each area. They culminated in a prioritised action plan. PMDU would then offer departments a dedicated resource in that area to help think through some of the issues.

The disciplined focus on four main departments meant that Barber had the time, energy and resources to develop high-quality personal relationships that reinforced the ways of working inherent to the operating model – the emphasis was not on telling people what to do, but on working together to solve problems. This distinctive way of working was highly valued:

‘Every other central unit still just questions – PMDU are genuinely part of the team trying to solve things.’

‘They challenge you, but also help you come to solutions.’

‘Staff seconded to work with PMDU on a priority review returned with a spring in their step.’

Once relationships with departments evolved, many were keen to deploy some of PMDU’s resources and tools themselves to help unblock delivery and find better ways to make progress. In non-priority areas, the Treasury was supposed to monitor progress. However, formal accountability arrangements were regarded as mere window dressing, which no one took seriously. This was because Brown did not have the same commitment to or interest in the agenda, which meant that non-priority PSAs were seen as a sideshow to more important budget negotiations between the Treasury and departments. This underlines the crucial importance of active prime ministerial support.

By 2003-04, however, the Prime Minister had become increasingly distracted by the Iraq war and was under intense pressure from Brown to stand down. He had less and less time to focus on the public service agenda and began to disengage. The stocktakes worked only because they were backed by the authority of Blair. As soon as his involvement dropped off and there was less expectation of a prime ministerial stocktake, PMDU struggled at times to broker action with departments.

Around the same time, the Public Accounts Select Committee (PASC) highlighted some key weaknesses with the regime – most importantly, the top-down nature of the targets and the potential for ‘gaming’ and other perverse consequences. In 2004, Brown asked Macpherson and Barber to set up a committee to consider the future of targets. This resulted in a joint HMT and PMDU publication, Devolving Decision Making, which recommended making targets less prescriptive and devolving more freedom to local practitioners.

49 Prime Minister’s Delivery Unit, ‘Welcome to the PMDU: Who we are and what we do’, presentation, 22 September 2006.
50 CSR, interview 14.
51 Ibid.
52 Private document, CSR, interview 2
53 Private document, CSR, interview 2
54 Private document, CSR, interview 2
55 CSR, interview 14.
56 CSR, interview 18.
57 Ibid.
58 CSR, interview 14.
60 Cabinet Office, Devolving decision making, March 2004, pp. 17-19
Soon after, in June 2005, Barber resigned as head of PMDU. Given the centrality of Barber to the PMDU regime, there was an overriding sense that PMDU had lost its key sponsor. As one official argues, ‘[PMDU] ceased to become as effective the moment that Michael left.’\(^{61}\) Indeed, his departure led to a potentially fatal exodus of some key talent, which affected the quality and composition of the core team.\(^{62}\)

In January 2006, Ian Watmore was appointed the head of PMDU. He had previously been the UK managing director of Accenture (2000-04) and had joined the Civil Service as head of the e-government unit in 2004. He broadened the focus of PMDU and developed a new product: Capability Reviews (see Chapter 6).\(^{63}\) Early on, Watmore had ‘less obvious explicit visible backing from the Prime Minister and politicians’ because of the pressure Blair was coming under to step down.\(^{64}\)

The change in prime minister could have resulted in PMDU – widely seen as Blair’s tool in the centre of government and heavily reliant on him for its authority – falling with the departure of its creator. However, Treasury officials were well prepared for the role of PMDU in a new approach to performance management, and the transition was managed well.\(^{65}\) The fact that many of Brown’s advisers joined him in No. 10 meant that the previously difficult relationship between No. 10, the Cabinet Office and the Treasury improved rapidly.

Shortly afterwards PMDU was formally integrated into the Treasury, which was seen as a ‘natural location for the team because of the traction of the Treasury’.\(^{66}\) During the same month, Watmore resigned as head of PMDU to become Permanent Secretary at the Department for Business, Innovation and Skills. There was a three-month gap before Ray Shostak, a Treasury official who was driving the major review of the PSA and performance framework, and had previously worked in local government, was appointed director general for performance and head of PMDU, sitting on the Treasury board, in September 2007.

**Phase 3: Going cross-cutting and comprehensive (2007-09)**

In the troublesome lead-up to the change in prime minister from Blair to Brown, the timing of the planned 2006 spending review was delayed to fit with the expected transition. This created an opportunity for a fundamental rethink about the Government’s performance management framework. Treasury thinking evolved in close discussion with key advisers to the Chancellor and a group of senior officials from across Whitehall, including PMDU.\(^{67}\) This ensured that departments were aware of the likely approach to PSAs and performance well before the formal publication of the guidance for the 2007 Comprehensive Spending Review.

During this time, there was an increasing realisation among politicians and officials that a number of high-level priority outcomes straddled departmental boundaries and thus improvements had to be made in the delivery of ‘cross-cutting’ outcomes. There was strong support for this approach from several senior secretaries of state – for example, John Prescott reportedly remarked: ‘This is why I came into politics.’\(^{68}\) There was also a conscious effort to change the language and style of performance, reflecting many of the persistent criticisms of top-down targets.\(^{69}\)

The comprehensive spending review in 2007 announced the new framework and set out the 30 government priorities, covering most departments and cutting across multiple departmental boundaries. These were

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\(^{62}\) CSR, interview 14.

\(^{63}\) CSR, interview 14.

\(^{64}\) CSR, interview 2.

\(^{65}\) CSR, interview 31.

\(^{66}\) Ibid.

\(^{67}\) CSR, interview 31, CSR, interview 34.

\(^{68}\) Ibid.

underpinned by 153 measures. Each PSA had a single delivery agreement, which was shared across all contributing departments. These were the result of extended collaboration between the Treasury, PMDU and departments – with substantial involvement from ministers and their advisers – and each was subjected to challenge by a sample of frontline professionals and experts.

Some of these PSAs were seen to be a ‘wrapper on to an existing structure’, for example in transport and health, while for others, who had never worked with PMDU before (such as the Department of Energy and Climate Change, Department for Environment, Food and Rural Affairs and Department for International Development), the new framework was seen as a substantial departure from the past. Of the 153 measures that underpinned them, only about a third had targets.

The degree of challenge inherent in the reform dramatically increased. It involved transforming the ability and willingness of officials to deliver improvements against high-level, priority outcomes that cut across departmental boundaries. It pushed against the federal structure of the Civil Service and directly challenged long-standing vertical governance and accountability arrangements. The scope of ambition was also large – PMDU was tasked with supporting the delivery of all 30 cross-cutting PSAs rather than just the Prime Minister’s priorities – which meant working with more departments in a broader range of areas, many of which were new to PMDU tools, processes and routines.

PMDU officials understood the implications of this increase in ambition and established a comprehensive range of governance arrangements. Each cross-cutting PSA was overseen by a cabinet committee, had a lead department, lead secretary of state and SRO and a delivery board comprising senior officials from contributing departments. The SRO for the PSA would submit a report to the cabinet committee following the six-monthly delivery reports. The delivery board would also escalate issues they could not resolve to the cabinet committee.

In the new governance structure, the cabinet committee was responsible for holding the lead minister to account for progress. This meant that ministers rarely had face-to-face contact with Brown in the way they did with Blair under the previous regime. This inevitably diluted the personal accountability some ministers felt for their contribution to PSAs. As one former permanent secretary explained, the secretary of state in his department wanted them to ‘focus on the things he thought he would be judged on’, which were specific departmental objectives rather than cross-cutting ones. Essentially, it was difficult to ‘motivate departments to be a good number-two or number-three player when somebody else would take all the credit for what was achieved’.

PMDU’s role and focus shifted to match this new approach. It had four roles:

- performance policy, i.e. the PSA framework; developing the public service reform agenda and approach to cross-departmental working
- capability building and cross-government learning on delivery, i.e. knowledge management; encouraging departmental delivery units; and running SRO network and training
- performance monitoring, i.e. data tracking and reporting
- unblocking delivery obstacles, i.e. priority reviews; problem solving; follow-up work with, and

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71 CSR, interview 34.
72 CSR, interview 11.
73 CSR, interview 14.
74 CSR, interview 31, CSR, interview 34.
75 CSR, interview 31.
76 CSR, interview 31, CSR, interview 34.
77 CSR, interview 21.
78 Ibid.
brokering between, departments.

Of these roles, the fourth consumed the bulk of PMDU resources. Brown showed sustained interest in priority reviews, which were often used to respond to concerns he or No. 10 had about particular programmes that were felt to be off-track.

When the global financial crisis hit in 2008, the recently established National Economic Council became a top prime-ministerial priority. Dissatisfaction with the progress made on some of the 17 economic programmes the NEC was overseeing led to PMDU being asked to apply its methodology and approach to scrutiny and challenge progress. The NEC met every month in COBRA (Cabinet Office Briefing Room A), with Brown playing a role similar to that of Blair in the early years of PMDU, challenging ministers face-to-face on progress and plans. Despite this major overhaul, commentators, academics and opposition parties continued to advocate abolishing central targets altogether. In opposition, the Conservatives explicitly rejected ‘big government’, ‘central control’ and ‘target culture’, which were seen as the hallmarks of the New Labour Government. They made it clear that they would dispense with Labour’s performance management framework, if they came to power. This reflected the Conservatives’ ideological position that it wasn’t government’s place to control or interfere in a number of outcomes (for example, making older people happier). It also reflected a pragmatic view that the Government couldn’t actually control these outcomes and therefore should not be promising something it could not deliver.

Although there was some pre-election contact, senior civil servants who believed the PSA/PMDU approach could adapt to help deliver the agenda of any government of the day found it hard to challenge this narrative or repackage the machinery of delivery such that it could survive a change in government.

The abolition of PSAs (2009-10)

After coming to power in May 2010, the Coalition Government immediately abolished the PSA/PMDU machinery and replaced it with Structural Reform Plans as part of a broader suite of documents collectively known as the Departmental Business Plans, which reflect the position that government cannot commit to outcomes, but can commit to inputs. The Structural Reform Plans set out groups of actions under each coalition priority for each department, outlining what the department plans to do to implement the coalition’s programme of reforms. Each of these actions has a due date and a current status marked against it, and departments are required to provide a written explanation for any missed deadlines. The plans have been refreshed several times since their initial publication to allow departments to add new actions or remove obsolete ones. While PMDU itself was abolished in name, the Coalition’s reinvented Implementation Unit deploys many of the same staff and tools.

Reflections on the reform lifecycle

PSAs began life with an unambitious agenda, weak leadership and virtually no operating model, but were electrified by the Prime Minister’s desire to grab hold of the public services agenda after the 2001 election. The core approach was highly effective when focused on a limited number of priorities with sustained prime-
ministerial interest. The regime was refreshed in 2004 in an attempt to ameliorate criticism of top-down targets. In 2007, the move to cross-cutting PSAs was a far more ambitious attempt to reinvent the Government’s performance management framework and supported by many senior politicians and officials. It involved substantial investment in new cross-departmental governance arrangements, which were conceived as a necessary first step to more radical changes to the federal structures of Whitehall, such as pooled budgets. But this ambitious experiment was brought to a premature end by the Coalition Government in 2010. That many inside and outside government saw the abolition of PSAs and their associated machinery as a mistake is perhaps now acknowledged by the recent re-emergence of much of the approach and tools of PMDU in the guise of the revamped Implementation Unit.
Figure 2: Three phases of PSAs

**Phase 1: 1998-2000 The accidental birth of PSAs**
The accidental birth of PSAs meant that reform aims were not clearly thought through. The ambition was low - creating a loose narrative about a 'contract' between government and citizens about the quality of public services that could be expected. The agenda fitted the prevailing context, but was new in central government. This made the degree of challenge intrinsic to reform modest. But the leadership and reform design was insufficient even for this. Gordon Brown did not commit his own time to following the reform through. There were no accountability arrangements in place to incentivise departments – many didn’t even know their target existed.

**Phase 2: 2001-2007 The electrification of PSAs**
The establishment of PMDU by Tony Blair electrified the PSAs it focused on. The ambition substantially increased to changing the course of delivery in four departments in order to meet 17 'priority' PSA targets. There was some resistance, but the leadership and reform design was sufficient to meet this degree of challenge. Michael Barber, head of the PMDU, had the credibility and leverage to persuade departments to accept the role of delivery. He carefully secured the support of the Treasury. The strong operating model drew on a well-resourced, diverse team and a collaborative style of working. Prime ministerial support was integral to the operating model, governance and incentives.

**Phase 3: 2007-2010 Going Cross cutting and comprehensive**
A major overhaul of the government’s performance management framework shifted the focus of PSAs to 30 comprehensive high-level outcomes that cut across departmental boundaries, with a stronger focus on VFM delivery systems and customer service. There were far fewer targets. New governance arrangements at the ministerial and official level were established. Now integrated into HMT, PMDU overhauled their operating model, and took a much more collaborative approach to developing PSAs and the delivery agreements. But the cross cutting, shared nature of PSAs challenged the federal nature of the civil service. This increased the degree of challenge sharply, inevitably diluting the accountability felt by secretaries of state.

**Legacy**
The PSA framework was never a perfect system, but it was a flexible system that evolved because people thought it was worth evolving. The targets gradually became smarter in response to challenges, difficulties and unintended consequences. In particular, there was, over time, an explicit limit on target numbers and a shift from inputs to outputs and sometimes even outcomes, which forced departments to prioritise and
differentiate their approach depending on local circumstances, in a way that had not really been seen before in the context of performance management in government. The 2007 reforms were a substantial step to comprehensive government performance management.

The performance management machinery of PSAs and PMDU is widely seen as ‘a good thing’ among officials and ministers who worked with it. It offered a framework for setting long-term priorities and aligning organisational resources behind them. As one official explained, it was clear that the Government cared about certain issues, such as health waiting times or school standards, which meant that, even if ministers came and went, the department nonetheless continued to know where to focus attention and resources. Essentially, the PSA machinery provided a ‘guiding star to the policy direction of the whole government’.

As a result, in those areas where PMDU focused, the machinery led to a strong stock of departmental delivery success stories, some of which have been sustained long beyond the decline of the reforms (see Figure 3).

More fundamentally, the approach is seen to have made civil servants and ministers feel directly accountable for delivery. Permanent secretaries began to accept that delivery was a major part of their day job – whether it was reducing crime in the Home Office or raising educational standards in the Department for Education. This would have been unthinkable in the 1970s and 1980s, when most officials thought they were supposed to focus only on policy formulation and legislation.

‘The big change, really, that PSAs introduced was the idea that you might set explicit, clear objectives and targets for the mainstream departments and not just for their agencies … [there was] a tremendous battle to get the Home Office to accept that it had the objective of reducing crime. Within the Home Office at the time … the idea was offensive; a lot of people [thought their job] was more to do with justice.’

Particularly for departments working with PMDU, the whole process embedded a set of positive routines. Some departments put PSAs at the core of their board reporting system, which increasingly focused on the delivery of long-term outcomes regardless of political cycles and day-to-day urgencies.

‘It gave me a … starting point for outcome-based management and it helped me make sure in the thick of handling events … launching initiatives, that we didn’t lose sight of the fact there was a longer-term purpose here.’

Furthermore, many officials came to value the more recent cross-cutting delivery boards which, in some cases, continued to function for a while after the 2010 election and the formal abolition of the PSA performance framework. Less tangibly, most ex-PMDU officials and many of those who worked with the approach in departments still use the tools and processes. The newly beefed-up Implementation Unit in the Cabinet Office uses people and tools from the PMDU era as an integral part of how it works. The conduct of, and input into, today’s regular stocktakes on areas of prime-ministerial interest would be recognisable to officials and ministers from that era.

The PMDU model and later iterations of the PSA framework have come to be regarded as good practice by global institutions such as the World Bank for the seemingly universal challenge facing governments of how

87 CSR, interview 11; CSR, interview 14; CSR, interview 16; CSR, interview 18; CSR, interview 21; CSR, interview 31.
88 CSR, interview 18.
90 Ibid.
91 Ibid.
92 Ibid.
93 CSR, interview 14.
94 CSR, interview 11; CSR, interview 14.
to ‘grip delivery’.\textsuperscript{95} There is a mini-industry helping to apply the approach abroad in the US, Malaysia, Pakistan and Kurdistan. For example, Barack Obama’s administration introduced High Priority Performance Goals modelled on PSAs.\textsuperscript{96}

Although the Coalition’s Business Plans look and feel very different to the PSAs, they would not have been introduced if PSAs hadn’t already instilled a mentality that it was civil servants’ job to deliver.\textsuperscript{97} Some officials, however, regret the loss of what they saw as an invaluable comprehensive performance management framework for government and argue that they no longer feel accountable for public service outcomes, as they once did: ‘I’ve never felt less scrutinised by the centre, and less held to account by the centre, which is very lovely in some senses, but feels completely wrong.’\textsuperscript{98}


\textsuperscript{97} CSR, interview 15.

\textsuperscript{98} CSR, interview 16.
Improving the performance of London Schools.

PMDU/DFES identified 5 boroughs and 60 schools in London with a gap between their performance and national performance of 17.5 percentage points. Tim Brighouse worked with the boroughs and the schools. Expert practitioners, most of whom were head teachers, went into the schools drawing on established best practice to construct a tailored package to help the schools improve performance. DFES and PMDU jointly managed the programme. While national performance continued to improve they closed the gap by eight percentage points by 2005.

Reduced waiting times – 98% of patients treated or admitted within 4 hours.

Weekly monitoring was introduced; the indicator was included in the hospital star ratings; a proven best practice “see and treat” dealing with minor injuries promptly rather than using triage was rolled out and had an immediate impact. Programmes which weren’t delivering results, such as the emergency care collaborative were refocused or bypassed. Best practice in bed management and the deployment of consultants was analysed, identified, disseminated and increasingly adopted. Those A&E departments which were some way adrift were provided with extra support from respected experts.

A 78% reduction in the rate of unfounded asylum applications

The much maligned Immigration and Nationality Directorate achieved an astonishing turnaround against a steep upwards trend. The chart shows how they modelled their planned trajectory (in red) with the actions they proposed, and the impact they expected. Their model combined insights from frontline managers with bold thinking about how to reform the system worked. They exceeded a very ambitious target.

Sources: Barber, M., ‘Speech to the Chief Education Officers’ Conference’, 26 May 2004; Thomas, P., ‘Presentation to the NAO. Performance Management Conference’, 26 November 2005