

Improving Service Delivery The Role of Executive Agencies



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Preface

Executive agencies provide services direct to the public, support service delivery by other parts of government or act to safeguard the public. Agencies operate at arm's length from their parent departments and have considerable autonomy and freedom of action. This freedom is accompanied by obligations to meet specific financial and operational targets set by their departments. Their annual expenditure of £18 billion places them at the heart of the Government's drive to improve public services - a key objective of the Prime Minister.

This report presents an assessment of whether executive agencies have successfully used targets to achieve continuous improvement in service delivery. It highlights the common themes that all agencies must address to achieve this goal. Targets need to be challenging and focused on those aspects of the service that deliver most benefit to service users. Timely and credible information is needed to alert agencies to new demands and opportunities to improve their performance. At the same time, agencies must ensure that they can demonstrate that they are cost effective. In taking forward the issues highlighted in our report, we conclude with a set of questions for those who manage and work in agencies when seeking to improve service delivery.

The starting point for this report was an overview of the performance of 30 agencies in meeting their targets, and improving service delivery in recent years. This work was further refined by more detailed analysis of eight agencies to determine how the achievement of targets is monitored and lessons learned. Finally, we have incorporated the good practice points identified from in-depth examinations of three different public bodies: two executive agencies, the **Veterans Agency** and the **Forensic Science Service**, and a Non-Ministerial Department - a rather different type of arm's length body - the **Food Standards Agency**. These organisations were examined because they reflect three types of service delivery. The specific results of our investigations are published in parallel as separate reports¹.

¹ The other three related reports are *Improving Service Delivery: The Veterans' Agency (HC 522, 2002-03)*; *Improving Service Delivery: The Forensic Science Service (HC 523, 2002-03)*; and *Improving Service Delivery: The Food Standards Agency (HC 524, 2002-03)*;

executive summary

The Role of Agencies in Service Delivery

- 1 Since 1988 executive agencies have had a crucial role in service delivery. They now employ some 277,000 staff - just over half the Home Civil Service - and provide many services that have a high impact on the public. As a consequence they are of great importance in the achievement of better public services.
- 2 There is no typical executive agency. They exhibit great diversity in function and scale of operation. Some, such as the Passport Office, provide a direct service to the public while others, such as the Forensic Science Service, contribute indirectly by supporting other government services. At the same time, Jobcentre Plus has around 90,000 staff while, at the other end of the scale, Wilton Park Conference Centre has 50.
- 3 A common feature of executive agencies is that they operate at arm's length from their parent departments and have considerable autonomy and freedom of action. Agency framework documents set out the structure for interaction between agencies and their parent departments. They also cover arrangements for reporting and performance assessment. Their performance is regulated by key targets covering their financial and operating performance that are agreed with their parent department or Minister.



- 4 There are a range of other possible constitutional and administrative arrangements for establishing organisations able to operate at arm's length from Ministers. These include non-departmental public bodies, which normally report to, and may be wholly or partly funded by, a sponsor department but are usually governed by a non-executive board; and non-ministerial departments, which are small government departments in their own right (that is, they are not funded via a sponsor department) governed by a non-executive board or a statutory office holder. This report makes reference to one such body, the Food Standards Agency - a Non-Ministerial Government Department set up in 2000. Some agencies may also be departments in their own right, for example the Public Record Office.

- 5 To deliver better public services the Prime Minister has outlined four principles of public service reform. Services should be designed around the customer and embody:
- **National Standards** and clear frameworks of accountability;
 - **Devolution and Delegation** to the local level to encourage diversity and creativity;
 - **Flexibility and Incentives** to encourage excellent performance at the frontline; and,
 - **Expanding Choice** for the customer.
- 6 These key principles are intended to re-inforce the drive towards service delivery across the public sector, including the performance of executive agencies. There is, however, an absence of comparative data on agencies' performance. This was highlighted by a review of delivery policy that examined executive agencies, non-departmental public bodies and services delivered directly by departments - and examined the relationship between delivery bodies and their sponsoring departments, published by the Cabinet Office and the Treasury in July 2002². This report draws on this work and considers these issues as part of a wider analysis of performance.
- 7 There are two components to this examination of improving service delivery. The first, which is published in this report, is a high level assessment of the role of targets in improving service delivery in 30 executive agencies. The second is composed of three in-depth studies, published in separate reports examining the different ways in which service delivery issues have been addressed by three public bodies:
- The **Veterans Agency** (an Executive Agency of the Ministry of Defence);
 - The **Forensic Science Service** (an Executive Agency of the Home Office); and,
 - The **Food Standards Agency** (a Non-Ministerial Department in its own right).
- 8 To make the overall assessment of how agencies are seeking to improve service delivery, we analysed 306 targets set by 30 agencies and used interviews with eight agencies to determine how the achievement of targets was monitored.

² *Better Government Services. Executive Agencies in the 21st Century. The Agency Policy Review - report and recommendations. HM Treasury and the Office of Public Services Reform, July 2002.* <<http://www.pm.gov.uk/output/page5625.asp>>

Findings

<p>On whether targets are sufficiently stretching</p>	<p>9 Agencies most commonly use historical performance and an assessment of what would be a realistic and achievable incremental improvement as a basis for setting targets. Agencies for which there is no alternative service provider found it difficult to use external comparators to determine whether their targets were sufficiently challenging. International comparisons were not feasible because of, for example, different legal systems and different approaches to delivering similar services, as well as different expectations. Target-setting was generally not clearly linked to agencies' assessment of risks to service delivery. To some extent, therefore, potential internal and external factors which could prevent targets from being met might not be identified and reliably managed.</p>
<p>On how well targets focus on improving aspects of performance which are likely to deliver most benefits to users of Agencies' services</p>	<p>10 Agencies adopt a range of approaches to ensure that their targets are sufficiently focused on their users' needs. Customer feedback was often used by agencies as a basis for negotiating with their sponsor departments the level of service which they should provide, the resources needed, and the underpinning targets against which their performance should be measured. The extent to which agencies had reliable and comprehensive information on the different characteristics of their key customers and users was, however, variable. Most agencies have targets directed at achieving specific outcomes or financial management, or focused on speed of delivery, rather than improving access to services or measuring cost and effectiveness. Compliance with the Prime Minister's four principles for delivering high quality public services was variable, largely because of the difficulty agencies had in matching the principles to the types of service they provided.</p>
<p>On performance achieved and how this is monitored</p>	<p>11 Agencies were able to demonstrate that almost three-quarters of the targets we reviewed in 2001-02 were achieved. The picture is much less clear when an attempt is made to assess performance against earlier years since statistics were not presented on a consistent basis, and nearly a third of the agencies we examined did not provide information in their annual reports enabling performance to be compared year on year. Most of the agencies we examined in more detail reported that achievement against performance targets was checked and verified by internal auditors. Published performance targets and indicators tended not to be used in the day to day management of service delivery - the need to improve service delivery was more likely to be identified from information collected from customers such as surveys of customers and customer complaints.</p>
<p>On initiatives being taken to improve service delivery</p>	<p>12 Many agencies have used established quality standards (such as the Charter Mark, or an accreditation against an external standard, such as the British Standards Institution or the International Organisation for Standardisation) to evaluate their service delivery. All agencies we examined used more than one approach to assess service delivery, and complaints from customers were often used as a basis for improving services, although in some cases there was no formal mechanism for making changes to services as a result of complaints data.</p>
<p>On how agencies ensure that services are cost effective</p>	<p>13 While agencies generally have systems in place for identifying and monitoring costs, these are not often linked to key outputs and outcomes. As a consequence, productivity is not often measured or monitored. Unit costs were frequently hard to measure so agencies were not well informed about comparative performance or the cost of incremental improvements in service delivery.</p>

Recommendations

- 1 **Agencies need to be proactive in seeking ways to test whether their targets are sufficiently stretching.** Basing targets largely on historical performance carries the significant risk that opportunities to improve service delivery might be lost. Targets should be set that reflect both changes in public expectations and the opportunities offered by new technologies and partnerships. To minimise the risk of targets not being sufficiently stretching, targets should be subject to some external challenge, for example through benchmarking with similar organisations, independent review, or by involving organisations representing customer interests.
- 2 **Agencies should have in place a programme of continuous service quality improvement** based on comprehensive and up to date information on service user needs and preferences together with users' assessment of the quality of service which they receive and how far this meets their expectations. Such information should inform the setting of performance targets and the review of their continuing appropriateness, whether customers are the public or other departments and agencies. Although customer surveys and informal feedback can be useful to gauge user needs, agencies need to use a wider portfolio of approaches to understand their customers and guide improvements in services.
- 3 **Agencies should publish reliable information on performance achievement to ensure accountability for public money and also as a means to achieving continuous service delivery improvement.** Reliable performance information enables agencies to remedy poor performance by identifying unsatisfactory trends early enough to take remedial action and to report clearly to external stakeholders. Agencies need to give more attention to the consistent measurement and reporting of performance over time, and should design targets and other performance measures so that they are a meaningful and useful tool which those involved in service delivery can use to manage and improve public services.
- 4 **When assessing initiatives to improve service delivery, agencies should explicitly take into account their likely impact on users.** With most public services there will be a number of key drivers which will have most influence on the overall quality of service, such as the speed with which a service is delivered, accessibility of the service or reliability of advice and information provided. Agencies need to target their action, using appropriate tools and techniques, on the key drivers which have the most potential to achieve sustainable improvements in the quality of public services which are likely to be of real value to users.
- 5 **Agencies should ensure they have sufficiently comprehensive cost information to enable them to assess the cost effectiveness of service delivery.** The pursuit of improved service delivery must be balanced by the need to provide value for money. Agencies need to adopt more sophisticated approaches to measuring costs and productivity, for example by benchmarking their processes and unit costs with similar organisations, if they are to be able to identify the costs and benefits of alternative means of service delivery.

In order to take forward the lessons from this and the other more in-depth reports on the three specific bodies examined, the study concludes with a set of key questions which bodies should consider to improve service delivery. These are shown in Appendix 3.

Annex 1

Good practice in improving service delivery: Three examples

Example of an executive agency delivering services directly to the public

The Veterans Agency



Example of an executive agency as part of a supply chain

The Forensic Science Service



Example of an organisation building confidence and credibility

The Food Standards Agency



Example of an executive agency delivering services directly to the public

The Veterans Agency

The Veterans Agency delivers services directly to people who are likely to be older and more isolated than the general population. Delivering a quality service requires sensitivity to minimise anxiety and inconvenience for claimants. How the Veterans Agency achieves this demonstrates some good practice that agencies delivering services to similar groups should find useful. This includes:

Adopting a customer driven approach to developing and delivering services	The Agency has set targets for completing the processing of claims and appeals in consultation with the recipients of its services. Based on regular feedback from war pensioners, the Agency has re-engineered its internal working processes to reduce the time taken to reach a decision on a claim.
Having the capacity to meet sudden changes in service demand and workload so that service delivery is not put at visible risk	The Agency set up a dedicated specialist team to manage a sudden increase in claims. In the face of additional unexpected demand, the Agency has maintained a timely service for its core business of processing claims and appeals, so earning praise from ex-service organisations.
Giving special attention to the timeliness of service delivery	The Agency closely monitors its workload at each stage of the claims process and targets the oldest claims outstanding. The Agency's operational team monitors closely the number of cases awaiting medical opinion and identifies the longest outstanding claims to ensure they are given priority by the Agency's doctors.
Working closely with organisations which have detailed knowledge of the client group and their interests and concerns	The Agency works closely with ex-service organisations to meet the needs of war pensioners. To improve the likelihood of war pensioners gaining access to their services the Agency maintains close relationships with ex-service groups at national and local levels.
Adopting a portfolio approach to quality management	The Agency brings together the monitoring of all aspects of its quality of service performance. The Agency has, since April 2001, monitored its overall quality performance - in terms of the speed and accuracy of administering claims and welfare services, and the efficiency of administration - through a Quality Standards Committee.
Seeking regular external assessments of the quality of service delivery	The Agency has sought external assessments of its service delivery and the quality of the services it provides through applications for Charter Mark³ and the Service Excellence Awards Programme⁴. The Agency won back its Charter Mark in 1998 and, furthermore, in 2001, was named winner of the Public Services category of the Management Today/Unisys Service Excellence Awards. It has also been selected as a Government Beacon ⁵ .

³ Charter Mark is a customer-focused quality improvement tool which concentrates on the results of the service received by the customer.

⁴ The Agency competed with other public sector providers in the Public Services category of the Management Today/Unisys Service Excellence Awards.

⁵ The Central Government Beacon Scheme is run from the Cabinet Office and identifies the best performing parts of central Government. In 2002-03, there were 39 central Government beacons.

Example of an executive agency as part of a supply chain

The Forensic Science Service

Service delivery in the Forensic Science Service is an important part of the criminal justice system. To be effective the Agency has to work closely with other organisations that depend on their services. How the Forensic Science Service has done this reflects some good practice, which other agencies should find useful. This includes:

The need to work closely with other organisations in the programme delivery chain	The Forensic Science Service works closely with the police to meet the needs of the criminal justice system. The Agency and the police are partners in the criminal justice system and work closely on many levels to ensure that the impact of forensic science on the delivery of justice is maximised.
The need to have reliable information on the demand for services and to ensure that sufficient resources with the right skills are in place	The Forensic Science Service recognises the importance of demand forecasting. The consequences of the Agency being unable to carry out forensic analysis on time can be serious in some cases, for example, a suspect could be re-bailed. The Agency has recognised that the key to having the right resources in the right place at the right time is to have a reasonable expectation of future demand levels by involving all 43 police forces in England and Wales.
The need to ensure consistent performance by all parts of an organisation involved in delivering a national service	The Forensic Science Service monitors performance across its laboratories to ensure consistent performance and to spread best practice. A risk of providing a national service on a regional basis is that customers in different parts of the country may receive different standards of service. The Agency monitors performance across sites on a monthly basis to identify weaknesses at certain laboratories and best practice at others.
The need to promote and encourage innovation to improve services	The Forensic Science Service has a rigorous business development process to help ensure the best use of limited resources. The Agency has a business development process which allows investment in innovation in line with corporate strategy and customer requirements. All new ideas are captured in an Opportunity Assessment Database, evaluated in terms of outcomes and costs and a business case put forward to the Executive Board for funding approval.
The need to seek regular feedback from service users and re-engineer existing working practices as necessary	The Forensic Science Service surveys customers on what is important to them as well as their satisfaction. When surveying customers the Agency identifies priority areas by asking what their satisfaction levels are with particular aspects of the service, and what their expectation of an excellent service would be.

Example of an organisation building the trust and confidence of the public The Food Standards Agency

Public bodies often need to build the trust and confidence of the public, pre-empt issues of concern to the public and engage a wide range of stakeholders if they are to perform effectively and ensure their actions are soundly based. The Food Standards Agency is a Non-Ministerial Department, established by the Food Standards Act 1999 to protect the health of the public and to protect the interests of consumers in relation to food. It demonstrates a range of good practice which agencies and other public bodies delivering services where public trust and confidence are key should find useful. This includes:

<p>The need to demonstrate transparency in decision-making</p>	<p>The Food Standards Agency holds decision-making Board meetings in public and all its scientific advisory committees include lay or consumer members. Transparency of decision-making is crucial in strengthening the credibility of the Food Standards Agency and helping to engender confidence in the Agency's evidence-based approach. Lay and consumer members on the Agency's scientific advisory committees representing the concerns of consumers can ask the questions that a member of the public would want asked, and help to ensure the expert members address the issues which are of concern to the public.</p>
<p>The need to build trust by open and active engagement with all stakeholders</p>	<p>The Food Standards Agency develops policy through actively engaging with a wide range of stakeholders. Stakeholder input is secured through a range of activities including formal groups, workshops, informal discussions and written consultations. In the development of policy, the Agency recognises the importance of engaging such stakeholders from an early stage - including consumer representatives, those involved in enforcement of food law and industry representatives. This helps to build trust and confidence. It also makes for more informed decision-making as it enables the Food Standards Agency to seek the views of stakeholders on the practical implications of different options for risk management.</p>
<p>The need to provide clear, unambiguous information and advice to the public</p>	<p>The Food Standards Agency always seeks to explain why it is issuing advice so as to promote greater understanding of what the advice means. It evaluates the effectiveness of its communications to help it learn from experience. The Agency's website has been developed with a different 'look' and interactive features for consumers. Food Standards Agency staff, who are often expert scientists in their own right, give interviews to the media and explain the basis of the Agency's decisions or advice to consumers. The Agency sets out scientific uncertainties and what is being done to resolve them, basing its advice on the current state of knowledge, updating it as necessary.</p>
<p>The need to tailor information and advice to reach target groups for whom it is most relevant</p>	<p>Where a food issue puts specific groups of the population potentially at greater risk, the Food Standards Agency targets its information and advice. While the Agency seeks to reach a wide audience it also targets groups which may be at higher risk because of their consumption of certain types of food or their behaviour, and tailors the information presented to them accordingly. Targeting information also builds credibility and confidence that the Agency is acting in the interests of all consumers.</p>