National Audit Office

Report
by the Comptroller
and Auditor General

Cabinet Office and HM Treasury

Government's management of its performance: progress with single departmental plans

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This study examines government's process in setting out
a robust framework for managing performance through its
new single departmental plans.

Contents

Preface

Planning and management in government: the need for a new framework

This report and *Spending Review 2015*[1] cover two key elements of the way government plans and manages its business. This has led us to consider how the processes fit within an overarching strategic framework.

In the National Audit Office's view there are significant weaknesses in the framework for planning and managing public sector activity in the UK. A set of processes and guidance has been established within government, but in our view it does not represent a coherent, integrated system. This means that the way government plans and manages its business is driven by processes, for example the process by which HM Treasury negotiates with and allocates funding to departments, rather than an overarching strategic plan for achieving government's objectives and achieving an appropriate balance between short-term political drivers and long-term value for money.

As departments attempt to redesign planning around single departmental plans there is now an opportunity for government to articulate and commit to an enduring framework for strategic business planning and management. Against this background, the two reports should be considered together, as the allocation of resources and the monitoring of their performance are inextricably linked.

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1 Comptroller and Auditor General, *Spending Review 2015*, Session 2016-17, HC 571, National Audit Office, July 2016.

Challenges facing government

Government currently faces significant challenges in providing public services, which means there is now a greater need than ever before for an effective strategic business planning and management framework. The challenges include:

- **Continued austerity.** Departments are being asked to do more with less; to do so successfully requires a deep understanding of what they currently achieve with what they currently have.

- **Managing transformation.** Many departments are planning to do things differently. This creates uncertainty in how they manage what they do, as well as substantial change or investment programmes to manage as they move from A to B.

- **Devolution.** Moving to a devolved model, both across the nations of the UK and in terms of English service delivery, changes responsibility for delivering particular services, and the role of central government departments – and generates additional tensions in how spending and performance is tracked.

- **Capacity.** Government is trying to do all this with a smaller staff base and management capacity, particularly in the centre of departments owing to the spending reductions which have already occurred.

- **Complexity.** Many of the issues government is trying to tackle require a response which cuts across traditional departmental boundaries or services.

Pervasive problems in government

In our work, we have repeatedly found that problems in the delivery of public services can be traced back to the way in which government makes decisions about how to implement policy. This led us to diagnose, ahead of the general election in 2015, four pervasive problems affecting service delivery. These pervasive problems stem from the lack of an effective management framework:

- **Ignoring inconvenient facts:** Departments often make decisions on poor or incomplete information, leading to poor value for money and service failure.

- **Out of sight out of mind:** Making decisions without understanding the consequences, particularly if these fall in another area of government or in the future.

- **Not learning from previous mistakes:** Having no adequate mechanism for challenge and action, or learning from good practice. Project monitoring is not good enough to identify problems in time.

- **Conflicting priorities:** The lack of a clear understanding of aims and a clear achievable plan for how to attain them.

Our work on *Managing business operations – what government needs to get right* has assessed government's maturity across five domains of operational management; strategy, information, people, process and improvement.[2] It shows that government has weaknesses across all domains, and that a more integrated management approach is necessary to achieve real, sustainable service improvements.

Need for a strong framework

Government needs a proper framework for planning to the medium term and beyond, that will allow it to make achievable plans, and to understand what it needs to know to stay on track. This framework should be stable and enduring, existing independent of political priorities – whatever your objectives, there are some fundamentals you will need to allow you to plan and manage effectively, even (or perhaps especially) as you change priorities.

A robust management framework is also likely to be a strong basis for providing both civil service accountability to ministers for results, and accountability to Parliament and the public for government's use of taxpayers' money. Our work on the state of accountability to Parliament highlighted barriers to the frank and realistic discussion of plans and performance, between civil servants and ministers, which are necessary for successful delivery of reforms. It is therefore in the interests of both politicians and civil servants to commit to a framework that supports those discussions.[3]

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2   National Audit Office, *Managing business operations – what government needs to get right*, September 2015.
3   Comptroller and Auditor General, *Accountability to Parliament for taxpayers' money*, Session 2015-16, HC 849, National Audit Office, February 2016.

Various parts of the centre of government have set out processes and guidance for different elements of planning and managing its business, from the principles and practice of managing public money, to option appraisal and corporate governance. Key processes also include periodic spending reviews and the new single departmental plans, as well as the ongoing 'business as usual' engagements between HM Treasury spending teams and departments. Within their own terms some of these processes – such as the spending review – are acknowledged to be strong in comparison to practice elsewhere. These processes also continue to be enhanced – for example the guidance on managing major projects has been significantly improved in recent years.

The view of government is that these individual processes together provide a management system, albeit with room for improvement. However, it is our view that this collection of processes does not amount to the coherent strategic framework for planning and managing public sector activity that is needed, and that without such a framework the way government plans and manages its business will not be able to tackle the pervasive problems it faces.

This problem is not unique to the United Kingdom. Governments across the world are grappling with how to manage large programmes and drive real progress in delivering outcomes. There are some examples of good practice across the world that the UK can look to which demonstrate strong links between planning, budgeting, monitoring and intervention, and clear expectations for delivering outcomes.

A possible framework for effective strategic business planning and management

The framework we have developed sets out our expectations of strategic business planning and management at the centre of government. It is based on the standard management cycle and incorporates findings from our work, and from international good practice (**Figure 1** overleaf). We see a need for government to work towards adopting such a framework, thereby moving to a greater level of maturity than the current approach, which is overly disconnected and process-led. We see this as crucial if government is to successfully deliver the objectives and achieve the transformation it aspires to, while ensuring value for taxpayers' money.

Figure 1

A framework for strategic business planning and management

Note

1   This framework is based on the standard management cycle, which we have used in previous reports as a framework for reviewing specific projects and programmes. We have enhanced the framework to reflect the more strategic viewpoint of these reports, as well as our previous work on accountability and the centre of government.

Source: National Audit Office analysis

This framework, which should operate in a cyclical way, with continuous feedback and adjustment, would allow any new government to know what the baselines of performance and spending are, redefine objectives and reallocate resources according to its priorities, and quickly start to monitor progress, adjusting performance indicators or targets where necessary. The framework has six key elements:

a   **Understanding the environment.** Numerous factors will have an impact on what government does and how it does it – departments may not control these but must seek to understand them as part of *strategic planning*, and continue to monitor them as they change over time. These include:

●   The demand for services.

●   Legal and other commitments.

●   The fiscal landscape.

●   Manifesto commitments.

●   Stated policy/delivery preferences.

●   The current business model.

These will have an ongoing effect on all parts of the framework and should not be considered as a one-off exercise.

b **Setting priorities.** The centre of government works with departments on *strategic planning* which sets the direction of government, including the relative importance of competing (and possibly conflicting) objectives. To do this, it must have fully understood and articulated:

- the challenges it is trying to address and the outcomes it wishes to see;

- the constraints there are on government's ability to act; and

- the options it has to address those challenges.

c **Understanding levers for action.** To move from high-level decisions about priorities to business planning, government must understand how the different levers for action available to it will affect the outcomes it is trying to achieve. This will include which stakeholders within and outside government are involved and their contribution, how any change in delivery model will affect the resources needed, and the relative value for money of different options.

d **Allocating resources.** HM Treasury is responsible for high-level *business planning* – allocating the resources each programme or project will receive, considering any trade-offs or prioritisation which needs to be made. This covers not only their funding, but also the capacity and capability of the staff, and must be based on a detailed understanding of what resources government has, and different ways in which they can be deployed – the levers for action. Departments have responsibility in a similar way for lower level *business planning*.

e **Monitoring performance.** An effective performance measurement and reporting system is essential to the framework – it provides the information that powers the cycle and keeps it running. Performance information is essential for management to know if it is on track, correct and improve. It is also essential to provide *accountability* to the key stakeholders who ultimately provide the authority to act/ spend money – in the case of government, this means Parliament and the public. The information required to monitor performance covers:

- Inputs (money and other resources).

- Outputs delivered and enabling actions achieved, as well as direct measures of outcomes.

- While specific targets for service levels or outcomes may not be desired, it is important to clearly set out what constitutes 'success' – so that any mismatch with expectations can be identified and corrected.

- For longer-term goals, both leading and lagging indicators are needed to ensure performance is on trajectory.

f **Making improvements.** Based on what the performance information is showing, there must be effective mechanisms to correct underperformance, adjust and reallocate resources if necessary. Government should also have a way to review priorities, resources, actions and performance measures, and make changes if they are no longer valuable.

This framework covers both financial and performance management, and we believe that the two are equally important in successfully managing government. We (and the Committee of Public Accounts) have commented repeatedly on the historical disconnect between financial and performance management across government. The split is apparent from the highest level downwards.

Our report

This report focuses on the introduction of single departmental plans, and examines how departments are using this new approach to business planning and performance management. It is published alongside *Spending Review 2015*, which examines how HM Treasury and departments agree the high-level allocations of resources for the parliament. These two reports examine two of the key elements of the way government currently plans and manages its business, and we report on the extent to which they meet the expectations set for them, and our previous recommendations.

Taken together, while these two reports demonstrate that government has made some progress, they lead us to the view expressed at the start, that the current approach amounts to a collection of top-down, set-piece processes and guidance that fail to make the most of the understanding and expertise across government, and not the overarching integrated framework for strategic business planning and management that government needs. Without making a shift to such an enduring framework, government cannot hope to optimise value for taxpayers' money or deliver continuous performance improvement and we will be returning to this theme in future work.

This is not easy – improving practice has taken other countries a significant amount of time and effort. We do not underestimate the challenge for the UK, given the scale and complexity of government, as well as it being a time of transition in terms of devolution and exit from the European Union. But that is not an excuse not to start.

Summary

Background to performance management in government

1 Governments are elected on the basis of their promises to improve various outcomes for citizens or the country. They also have to deliver a large amount of business-as-usual activities and services. At present government is also attempting large scale transformation of how it operates. Government needs business planning and performance management arrangements that allow it to set objectives, make robust plans to deliver its commitments, and measure and report performance. Our Parliamentary democracy is based on the idea that Parliament can hold the government of the day to account for its performance in spending taxpayers' money on services, commitments and reforms. So the same arrangements must provide adequate publicly available performance information.

2 Government departments, led by accounting officers (AOs), are responsible for their own business planning and performance management and are accountable to Parliament for their performance, though the Committee of Public Accounts (the Committee). Cabinet Office and HM Treasury are responsible for ensuring that business planning and performance management across government can support:

- the Prime Minister and the Cabinet, and their objectives;

- corporate functions, such as procurement and digital services, which apply across government; and

- control of public spending.

3   The periodic spending reviews managed by HM Treasury, which determine high-level allocations of funding to departments, have for some years formed a consistent feature of government's approach, though with gradual improvements (we report separately on these in the accompanying publication). But over time, governments have put in place various different arrangements for business planning and performance management at the cross-government level. In 2011, when reviewing the Coalition's then new approach, the Committee set out what it considered essential for both effective implementation of policy and effective accountability for departmental expenditure, including:

● being clear and precise about objectives;

● establishing monitoring arrangements that align costs and results for all significant areas of departmental activity and spending; and

● providing reliable, timely, accessible data to support that monitoring.[4]

4   However, by the end of the 2010-15 Parliament there was no functioning cross-government approach to business planning, no clear set of objectives, no coherent set of performance measures and serious concerns about the quality of data that was available. The Committee considered that, quite apart from the gap in public transparency, AOs across government lacked the data on cost and performance they need for effective oversight of government spending, and to provide accountability to Parliament.[5]

5   Government started working on a new business planning and performance management system soon after the 2015 election. Departments were asked to set out their high-level objectives in June 2015 and in July 2015 to set out Single Departmental Plans (SDPs) to 2020. SDPs were to cover formal reporting on key government priorities, cross-cutting goals which span more than one department, and the day-to-day business of departments. They were intended to be developed for the first time alongside the Spending Review 2015, but in practice the detailed planning happened after the Spending Review had been finalised in November, and SDPs continued to be refined well into the 2016-17 financial year. High-level summary versions only, of the 17 departments' SDPs, were published in February 2016. The SDPs therefore have two final forms:

● A high-level published summary (the 'published SDP') which sets out objectives for each department and public performance measures; and

● An internal version, shared by departments with Cabinet Office and HM Treasury (the 'internal SDP') which should align with the published version but includes more detail on the management of day-to-day business and resources, essentially filling the role of a business plan to 2020.

4   HC Committee of Public Accounts, *Departmental Business Planning*, Session 2010-12, HC 650, May 2011, p. 4.
5   HC Committee of Public Accounts, *Accountability to Parliament for taxpayers' money*, Thirty-ninth Report of Session 2015-16, HC 732, April 2016.

6   As set out in the Preface, we are now looking to government to put in place an overarching, stable and enduring framework that fully integrates the business planning and performance management with planning and management of resources. Against this broader background, this report focuses specifically on the government's new approach to part of that challenge – the single departmental plans.

Scope of this report

7   Given that the government's new performance system has not yet completed a full annual cycle, our aim in this report is not to criticise the government for not having perfected and fully embedded it. Instead, we aim to: review the strengths and weaknesses of the approach so far; identify the potential for it to endure and form part of a stable business planning and management framework that leads to real improvement for taxpayers; and point out the risks and barriers that will need to be overcome.

8   This report covers:

● what is meant by an effective performance system and why government needs one (Part One);

● progress towards creating a new and enduring performance system through SDPs, as led by Cabinet Office and HM Treasury (Part Two); and

● the impact of SDPs on business planning in departments and examples of improved practice (Part Three).

9   As part of this report we examined the published SDPs which the government put on the gov.uk website in February 2016. Departments are still developing internal SDPs which they are sharing with Cabinet Office and HM Treasury but do not intend to publish. We have examined the processes behind the development of internal SDPs over the last year, at the centre of government and in selected case study departments, but we have not undertaken a detailed review of their quality at this stage.

Main findings

The urgent need for an effective performance system

10   **The quality and availability of performance information in government has been of concern for a long time.** While the principle of a 'golden thread' that links strategic objectives to detailed day-to-day activities through a performance system is well accepted, achieving this in government can be challenging, as objectives are often complex and far removed from front-line services. Our work demonstrates, however, that failing to get the basics right is undermining value for money (paragraphs 1.2 to 1.5).

11   Successive governments have come up with new ways of trying to show what they have achieved, but these have not endured. Each new system has had elements of good practice, while also reacting against what has gone before; and each has had strengths and weaknesses. The public service agreements (PSAs) developed during the 1990s lasted some 12 years and focused on longer-term outcomes, but eventually were felt to place a significant bureaucratic burden on departments. By contrast, the business plans of the coalition government focused on short-term actions. They significantly reduced the amount of information available to Parliament and the public about what the government was planning and achieving, and fell into disuse for management purposes before the end of one Parliament. We see, elsewhere in the world, systems that endure and are able to support different incoming governments to plan and manage their programmes, whatever their objectives. We believe it should be an ambition for the UK to set up a similar system (paragraphs 1.11 to 1.14).

12   Performance information and a robust performance system should underpin the needs of many different stakeholders:

- For the centre of government, they should provide information on whether government is achieving its aims and meeting the needs of citizens.

- For Parliament and taxpayers, they should provide accountability on whether the government of the day is delivering on its promises.

- For departments themselves, they should allow them to make good management decisions about what they do and how they do it (paragraphs 1.17 to 1.18).

13   The government has put a lot of effort into developing SDPs and built in learning from the past. Cabinet Office and HM Treasury, working closely together, designed the SDP framework to cover a large number of different stakeholders' needs, by capturing for the first time the whole range of departments' aims and objectives including departmental commitments, cross-departmental goals, day-to-day service delivery, business transformation programmes and efficiency improvements. They also aimed to reduce the amount of information that central government requests from departments. In developing the SDP, the Cabinet Office Implementation Unit and HM Treasury sought to learn from the failures of the past and follow good practice in their design (paragraphs 1.15 to 1.16 and 1.20 to 1.21).

How the SDP approach so far measures up to that need

For the centre of government

14   SDPs are designed to help Cabinet Office track progress on the government's commitments. The Cabinet Office Implementation Unit is developing arrangements to use the SDPs to track manifesto commitments and cross-government goals for the Prime Minister and top of the civil service. It is also using them to press departments to show they have a solid plan for delivering those commitments. Cabinet Office aims to make data collection less burdensome, and a consistent basis for conversations between the centre and departments (paragraphs 2.2 to 2.3, 2.7 to 2.15 and 2.26 to 2.27).

15   HM Treasury plans to use SDPs to inform and improve interactions between departments and their spending teams, identifying value-for-money risks before they occur. They described this objective as "improving government's ability to track performance and spend, link inputs to outputs, and drive improved value for money".[6] The SDPs were meant to be fully integrated with the Spending Review 2015 which decided where money was to be allocated across government. In practice, departments found that they could not manage two resource-intensive exercises simultaneously, and that it was not practical to set out their plans until they knew what they had received funding for (paragraphs 2.4 to 2.5, 2.18 to 2.19 and 2.28 to 2.30).

16   Other parts of Cabinet Office see the key strength of SDPs as supporting detailed long-term business planning. The Chief Executive of the Civil Service said "they will show the choices we must make to ensure we can deliver what we promise over the next period".[7] If the plans are successful they will allow departments to be realistic about what they can achieve with the resources they have. They will also allow departments to manage transformation, which will require the input of experts from across the centre, especially Cabinet Office (paragraphs 2.16 to 2.17 and 2.30).

For the public and Parliament

17   The published SDPs do not provide all the public accountability the government said they would. The government set out a significant ambition for public accountability through the SDPs. They would describe the government's objectives, bring together inputs and outputs, and enable the public to see how government is delivering on its commitments. Each department has set out all its agreed objectives in its published SDP. Departments provide some information on how they are working together on shared objectives, but this is not done in a consistent way. Only 10 out of 17 departments link any of their objectives to detailed spending plans. The measures set out in the plans mostly cover outputs or outcomes, but some significant areas of objectives have measures of progress which are still being developed. Mid-year performance reporting to Parliament was missed because of delays in the development of SDPs, and their publication did not fill this gap in terms of presenting a "fair, balanced, and understandable picture of the Department's financial and non-financial performance".[8] The government has said that more information will be available, for example in annual reports, but it is not yet clear how this will present a coherent set of information for accountability to taxpayers (paragraph 2.20).

18   The published SDPs do not meet the government's stated aim to be "the most transparent government ever". The great majority of the detailed SDP content is not included in the public version. Although it is not reasonable to expect the government to share every detail of its plans and progress – we recognise the need for a 'safe space' for ministers to make decisions before options are finalised – we would expect to see greater detail than has been published (paragraph 2.22).

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6   Cabinet Office and HM Treasury, *Single Departmental Plans: Departmental Guidance*, July 2015.

7   John Manzoni, 'Clarifying our priorities – Single Departmental Plans', 29 July 2015. Available at: https://civilservice.blog. gov.uk/2015/07/29/clarifying-our-priorities-single-departmental-plans/

8   HM Treasury, *Mid-year reporting guidance 2015-16*, October 2015.

19 The usability of the published performance data is poor, though the government has plans to improve this. What is published fails to meet open data standards for usability, with information embedded in 17 individual departments' plans and not linked to detailed sources or context. Annual updates are proposed, as well as updates to data 'as it becomes available' but users will find it hard to know when this has been done. Cabinet Office and HM Treasury have plans to make data more accessible in future through stronger visual presentation and more information on data sources and timetables for update (paragraph 2.21).

For departments

20 Although there have been some frustrations with the process, departments see SDPs as a step in the right direction. Departments see the value in setting out 'a single version of the truth', using the same information for different interactions with the centre of government. Departments also saw the value in carrying out a business planning exercise alongside the Spending Review 2015. However, they did identify some additional frustrations with the process which the centre can alleviate for future years. Departments that were already conducting their own planning found it an extra burden to meet the requirements of the SDP and are yet to be convinced that there is a reduction in reporting requirements. The centre repeatedly moved deadlines in an effort to align SDP production with a range of existing planning processes, but some departments that were working to the original target found the changes led to a stop-start process (paragraphs 2.4, 2.23 to 2.25, 2.32 to 2.33 and 3.13 to 3.19).

21 The SDPs are helping departments to develop more robust planning. Departments are broadly supportive of the opportunity the SDPs offer to improve business planning. Internal SDPs allow departments to clarify how they are allocating resources to their published objectives and how they plan to deliver these objectives from now to 2020, although more work is needed to ensure that all parts of the delivery systems, including arm's-length bodies, are involved. Business planning in government starts from a low base, but specific examples of progress from our case studies include: the Department for Environment, Food & Rural Affairs improving its engagement with arm's-length bodies on how outcomes will be achieved; and the Department for Education improving its use of milestones and trajectories to monitor performance (paragraphs 3.2 to 3.12).

Opportunities and risks remaining

22 Developing a robust performance system for government is an essential part of the business planning and management framework that we advocate. It is also urgently required to address the gap in accountability for government performance, and the mismatch between government's statements and its practice on transparency. This is the gap into which the SDPs can step. A robust system would support better planning and management of the long-term change programmes that the government is pursuing. And it would support AOs in their key role of balancing long-term value for taxpayers' money with shorter-term political ambitions. Moreover, a sustainable system that outlasts the Parliament would allow future incoming governments to avoid wasting time, money and energy before beginning work on their programme.

23   There are a number of significant risks to achieving the potential of the SDPs and embedding the SDP approach into government's culture. The civil service does not have a strong track record in making changes to its culture and the risks to SDPs, as with other past initiatives, lie in a lack of sustained leadership and poor engagement of civil servants within departments. Now that the SDPs are agreed between the centre and departments there is a risk that the leadership focus and momentum to keep improving and embedding them is lost. More work is needed to develop a set of measures which which cover all areas of the business and clearly link spending and performance. Based on the experience of PSAs, without concerted effort this may not be complete before the end of the Parliament. There is also a risk that departments fail to take the opportunity of SDPs to change their performance culture and involve all parts of the delivery system, including arm's-length bodies, resulting in top-down, surface changes only. The centre can mitigate many of these risks if it delivers clear added value from the new approach; particularly on providing a strategic, whole-of-government view, and on reducing unnecessary burden on departments.

Conclusion

24   We support the ambitious scope that has been set out for the SDPs as business planning and management tools, and note the learning that Cabinet Office and HM Treasury have taken from the past. However, there remain significant risks to manage if the SDP initiative is to sustain and improve over time rather than following previous performance systems into history at the end of this Parliament. It may ultimately fail to make a lasting impact on departmental and whole of government performance, if it were to become no more than a veneer, mainly focused on short-term reporting on political commitments and not add more value to accountability and transparency.

25   International comparators show that achieving progress will take time, sustained leadership and a culture change from within the civil service. The SDP initiative represents just the very start. Cabinet Office, HM Treasury and departments must be prepared for this to be a long-term process. Although meeting the needs of different stakeholders makes the challenge greater, these must nonetheless be tackled in an integrated way that addresses strategy, people, process, information and improvement, and engages all levels of staff, or else the considerable time and energy that has been put in by the centre and departments will be wasted.

Recommendations

26   Our recommendations are geared towards achieving the ambitions of:

• transparent public performance reporting that improves the effectiveness of accountability to Parliament for taxpayers' money; and

• long-term, continuous, integrated business planning and management across government.

Recommendations for transparent public reporting

27   Cabinet Office, and particularly the Implementation Unit, should ensure that published SDPs do much more to close the gap that currently exists in government's accountability to Parliament and the public, and that they meet its stated aims for transparency. This is likely to include:

• publishing clear and appropriate metrics to assess progress against each objective, and enough information to judge performance. This will include baseline performance and any targets, as well as more detailed information on methodologies and data quality;

• setting out which parts of the plan will be updated and precisely when this will happen, and making those changes clear when they have been made; and

• presenting information in a clear format that respects the government's information principles and the ideas behind the open data ratings.[9,10]

28   Departments should take ownership of the content of their published SDPs, particularly setting up additional metrics where there are gaps. They should ensure that the published plans are not only consistent with their internal planning and other accountability tools, such as accountability system statements and annual reports, but can be easily used by stakeholders as a package.

9   'Information principles', available from the National Archives: www.nationalarchives.gov.uk/information-management/manage-information/planning/information-principles/
10 Cabinet Office, *Open Data Strategy*, 2012, Annex 4. Available at: https://data.gov.uk/sites/default/files/Cabinet%20Office%20Open%20Data%20Strategy_10.pdf

Recommendations on business planning and management

29 Cabinet Office and HM Treasury set out to integrate the Spending Review 2015 and SDPs but in practice this was too ambitious to achieve in one year. They should continue to work on achieving a seamless link between the SDPs as a tool for continuous business planning and performance management, and the periodic spending reviews as a high-level "reboot" exercise to respond to changes in administration, fiscal readjustments or other fundamental shifts. This will enhance the quality of spending review decisions and serve to embed the SDP approach for the long term.

30 Cabinet Office and HM Treasury must play their full part in delivering the benefits to departments of the SDP approach. This is essential to getting buy-in from across government. The benefits we foresee include: a reduced burden on departments from integrating reports to the centre with reports to departmental boards; a clearer understanding of what information the centre needs and why; and a single shared version of the truth that facilitates better interactions between the centre and departments and better decision-making. The centre must:

- lead by example and ensure all of its interactions with departments are integrated with, and fully informed by, the SDPs; and

- avoid any separate requests for performance information.

31 The Implementation Unit should work with departments to build strong foundations for SDP reporting within departments' internal planning processes. The two are in close alignment, thanks to significant work and changes to processes in departments. However, there must be ongoing work to make sure that the two kinds of planning continue to move towards each other rather than drifting apart.

32 Departments must also make sure that they make clear the links between SDPs and more detailed internal planning. This should include using the same language when setting out the SDP, when they talk to arm's-length bodies or other bodies involved in delivering their objectives, and when setting objectives for individual staff or teams – the 'golden thread' which links them should be clear to all.

33 Departments should also seek to improve their SDPs by challenging each other on how to tackle common issues and sharing good practice. The Implementation Unit should support this through its contacts with cross-government networks and departmental implementation units.

Part One

Introduction

1.1　In this part, we set out our expectations of a performance system for government, based on accepted good practice as well as our experience. We also set out the effect that the absence of an effective system has on value for taxpayers' money and public accountability. We review previous governments' approaches and the background to the Single Departmental Plans (SDPs), as well as notable practice overseas.

What is a performance system for?

1.2　At its simplest, a performance system is the means by which an organisation can see how it is doing against its objectives. It is a key tool for *strategic planning* because it requires a clear articulation of what the organisation is trying to achieve. Because governments are elected on the basis of their plans to improve various outcomes for citizens or the country, the performance system also contributes to public *accountability*. Our recent reports on Kids Company, foreign national offenders and land disposals all highlight how government often struggles with the basics of measuring whether it is achieving its objectives.[11,12,13] Paragraphs 1.6 to 1.10 of this report set out in more detail the historic failings we have found in public accountability.

1.3　The performance system is often also what drives behaviour and business planning in an organisation – 'what gets measured gets done'. Our work on *Managing business operations – what government needs to get right* sets out information as one of five domains of operational management.[14] A well-accepted idea is that of a 'golden thread' of performance information, linking frontline operations to strategic objectives, as in the structure in **Figure 2**. Achieving this in government can be challenging, as objectives are often complex and far removed from day-to-day service delivery. But we have found that failing to do it effectively undermines value for money (**Figure 3** on page 22).

11 Comptroller and Auditor General, *Investigation: the government funding of Kids Company*, Session 2015-16, HC 556, National Audit Office, October 2015.
12 Comptroller and Auditor General, *Managing and removing foreign national offenders*, Session 2014-15, HC 441, National Audit Office, October 2014.
13 Comptroller and Auditor General, *Disposal of public land for new homes*, Session 2015-16, HC 87, National Audit Office, June 2015.
14 *Managing business operations – what government needs to get right*, National Audit Office, September 2015.

Figure 2
The elements of a performance system

Mechanism for challenge and action
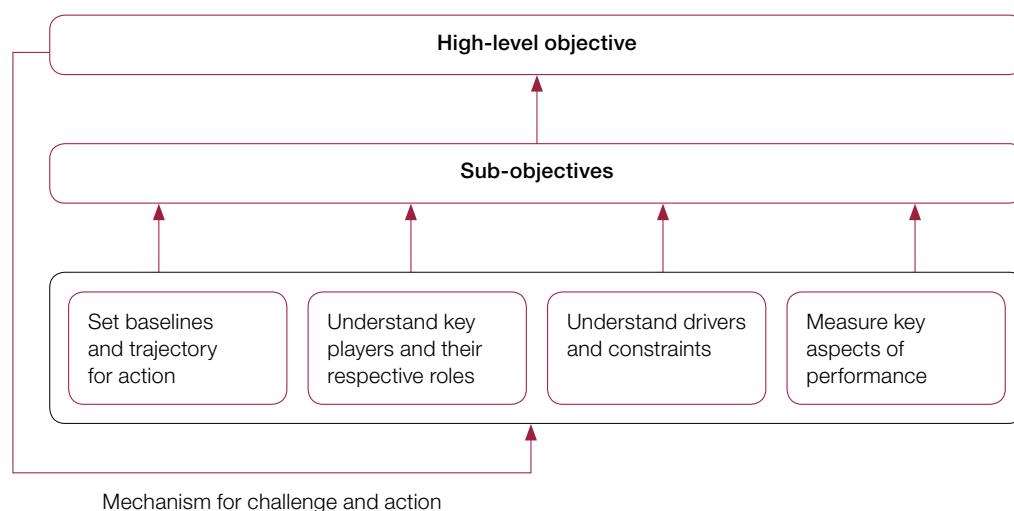
Notes

1   High-level objectives should: be focused on the outcomes you want to achieve; cover all responsibilities – business as usual and transformational; and be discussed and agreed with all stakeholders.

2   Sub-objectives should have a logical flow from high-level objectives and be balanced across areas and perspectives. They may be inputs, outputs, outcomes or enablers.

3   The delivery model (area in black outline) should include:
   - a defined and quantified understanding of the gap between where you are now and where you want to be and the trajectory from here to there;
   - a documented understanding of all the organisations required to act for success, how they work together and what their aims are;
   - a knowledge, shared among all the stakeholders, of the actions that drive success and how they can be optimised, and the constraints and how they can be eliminated or worked within; and
   - measures that cover all organisations, track key drivers and constraints, and are cost-effective, with information drawn from existing business systems where possible.

4   Governance arrangements should include the action to be taken if performance is poor, and for holding those responsible to account, as well as verification and evaluation of the system.

Source: National Audit Office

1.4   A performance system is also essential for the whole of government to work together. Cabinet Office has a key role to support the Prime Minister and the Cabinet. To do this it must be able to monitor the progress departments make in achieving the government's agenda. Through its corporate business activities, it is also responsible for helping the government to run services, such as procurement, more effectively, and providing expert support to transformation programmes across government. This complements HM Treasury's role in maintaining control over government spending. To fulfil these roles effectively, the centre of government needs clear and consistent information on what the government is doing and where it is spending its money.

Figure 3

Weaknesses in government's performance system

Element of practice	Examples from work by the National Audit Office and the Committee of Public Accounts (the Committee)
Setting objectives and sub-objectives	**Equality, Diversity and Inclusion** In 2014-15, we found that only just over one-third (37%) of the permanent secretaries had objectives which included equality, diversity and inclusion.[7] **Departmental operating models** When we reviewed the staff operating models for six departments we found they did not explain how the departments would meet objectives while making the planned staff reductions.
Setting baselines and trajectory for action	**Green Deal** The Department of Energy & Climate Change did not set clear success criteria for the Green Deal, so it could not compare early performance to its expectations, or identify early warning signs that things were off track.
Understanding key players and their respective roles	**Welfare reform** The Department for Work & Pensions relied too heavily on uncertain and insufficiently challenged assumptions, and did not fully understand whether third-party providers could anticipate, or cope with, changes to operating assumptions.
Understanding drivers and constraints	**Entitlement to free early education and childcare** There was a risk that disadvantaged two-year-olds could lose out on early years childcare if providers chose to offer more hours to three- and four-year-olds within existing capacity constraints. **E-borders** Some expected benefits of e-borders proved unobtainable because of policy and legal constraints over sharing data between agencies on individuals living abroad.
Measuring key aspects of performance	**Kids Company** The Committee concluded that the metrics government used to assess the performance of Kids Company were "severely ill-judged". There were no proper means for assessing Kids Company's impact over the 13 years it was funded by government.
Having a mechanism for challenge and action	**Children in care** On children in care, the Committee concluded that the Department for Education did not use the rich data it collects from local authorities about patterns of care for children to improve local accountability and drive improvement across the system. **Police** On police procurement, the Committee found a lack of good data undermined the public's ability to hold police forces and commissioners to account for their procurement spending.

Notes

1 Comptroller and Auditor General, *Equality, diversity and inclusion in the civil service*, Session 2015-16, HC 88, National Audit Office, June 2015, p. 46. Comptroller and Auditor General, *Central government staff costs*, Session 2015-16, HC 79, National Audit Office, June 2015, p. 22.

2 Comptroller and Auditor General, *Green Deal and Energy Company Obligation*, Session 2015-16, HC 607, National Audit Office, April 2016, p. 7.

3 Comptroller and Auditor General, *Welfare reform – lessons learned*, Session 2015-16, HC 77, National Audit Office, May 2015, p. 6.

4 Comptroller and Auditor General, *Entitlement to free early education and childcare*, Session 2015-16, HC 853, National Audit Office, March 2016, p. 11. Comptroller and Auditor General, *E-borders and successor programmes*, Session 2015-16, HC 608, National Audit Office, December 2015, p. 30.

5 HC Committee of Public Accounts, *The Government's funding of Kids Company*, Eighth Report of Session 2015-16, HC 504, November 2015, p. 5.

6 HC Committee of Public Accounts, *Children in Care*, Forty-fourth Report of Session 2014-15, HC 809, March 2015, p. 7. HC Committee of Public Accounts, *Police Procurement*, Twenty-first Report of Session 2013-14, HC 115, September 2013, p. 5.

7 All permanent secretaries include diversity in their objectives for 2015-16.

Source: As notes

What makes an effective performance system?

1.5 Figure 2 sets out the key elements of a performance system. We have also previously reported on the detail needed to make some of these elements work. In 2001, we published (with HM Treasury and Cabinet Office as co-authors) *Choosing the right FABRIC*, a practical guide to developing a performance system and designing performance measures. It offers detailed guidance on measures and how they should work, and sets out basic principles which remain relevant today (**Figure 4**).[15]

Figure 4

FABRIC: the properties of a good system of performance information

Focused	on the organisation's aims and objectives
Appropriate	to, and useful for, the stakeholders who are likely to use it
Balanced	giving a picture of what the organisation is doing, covering all significant areas of work
Robust	in order to withstand organisational changes or individuals leaving
Integrated	into the organisation, being part of the business planning and management processes
Cost effective	balancing the benefits of the information against the costs

Source: HM Treasury, Cabinet Office, National Audit Office, Audit Commission and Office for National Statistics, *Choosing the right FABRIC: A framework for performance information*, 2001, p. 3

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15 HM Treasury, Cabinet Office, National Audit Office, Audit Commission and Office for National Statistics, *Choosing the right FABRIC: A framework for performance information*, 2001.

Transparency and accountability for performance

1.6 For many years, we and the Committee of Public Accounts (the Committee) have had concerns about the quality of the government's performance information (Appendix Three). In 2011, the Committee noted:

> "The Committee's role is to hold the government to account for the stewardship of all public funds and assets and the achievement of propriety and value for money in government spending….we expect sufficient information to enable us to hold departments to account on costs, outcomes and value for money on both the coalition agreement and across all of a department's work".[16]

1.7 By 2016, the Committee had seen no improvement, concluding, "AOs across government lack the cost and performance data they need for effective oversight. This long-standing problem weakens the ability of AOs to hold delivery bodies to account and intervene effectively where required."[17]

1.8 Successive governments have highlighted the importance of sharing information with the public, not only to improve accountability but also to harness the input of service users and citizens to drive improvements. In a letter to the Cabinet in 2011, the Prime Minister said:

> "We recognise that transparency and open data can be a powerful tool to help reform public services, foster innovation and empower citizens."[18]

1.9 While the UK has become a world leader in the volume of information shared with the public, what it has shared has not necessarily promoted transparency and accountability. In 2012, we found that variation in the scope and completeness of information currently available limited its ability to inform public choice and accountability.[19] The current government has committed to being the most transparent in the world. It has confirmed its commitment to open government (**Figure 5**), and its principles of transparency, participation and accountability.

16 HC Committee of Public Accounts, *Departmental Business Planning*, Thirty-seventh Report of Session 2010–2012, HC 650, May 2011, p. 4.
17 HC Committee of Public Accounts, *Accountability to Parliament for taxpayers' money*, Thirty-ninth Report of Session 2015-16, HC 732, April 2016, p. 5.
18 Prime Minister, *Letter to Cabinet Ministers on transparency and open data*, 7 July 2011. Available online at: www.gov.uk/government/news/letter-to-cabinet-ministers-on-transparency-and-open-data
19 Comptroller and Auditor General, *Implementing transparency*, Session 2010–2012, HC 1833, National Audit Office, April 2012.

Figure 5
Principles of open government

Transparency – opening up of government data and information on areas such as public spending, government contracts, lobbying activity, the development and impact of policy, and public service performance.

Participation – support for a strong and independent civil society, the involvement of citizens and other stakeholders in decision-making processes, and protection for whistleblowers and others who highlight waste, negligence or corruption in government.

Accountability – rules, laws and mechanisms that ensure government listens, learns, responds and changes when it needs to.

Source: The Open Government Network, available online at: www.opengovernment.org.uk/about/#section-0

1.10 The information the public, and Parliament on behalf of taxpayers, want for accountability is often similar to the information management needs at the highest level. This information is essential to understand what the government is spending and what it is achieving with that money, and it supports public trust in government. Management needs much more detailed information, for example on planned resources, forecast demand and other factors. Some of this may not be appropriate to make public. We also recognise the need for a 'safe space' for ministers and civil servants to deliberate before making decisions.

1.11 Other countries are grappling with finding the balance between a public right to know with a private right to manage. They are also striving to link performance and cost information more effectively. These are complex challenges, and no single government has all the answers. But the UK government could emulate the greater transparency in some other countries (**Figure 6** overleaf).

Figure 6
International comparisons

In the US Federal Government, **performance.gov** was developed to improve the performance of government at every level. It is based around two sets of goals: Cross-Agency Priority Goals which look at areas requiring collaboration; and Agency Priority Goals, which focus on improving performance in individual agency areas. The goals are set out in terms of measurable targets for improving outputs and outcomes.

At state level, **Virginia Performs** was established in 2004. It is a performance and accountability system that sets out Virginia's long-term goals for the well-being of its residents and aligns them with the actions and performance of state government. Virginia's approach is widely recognised as a pioneer for measuring outcomes-based well-being. Its 'scorecard at a glance' dashboard of indicators was a model for Scotland and others.
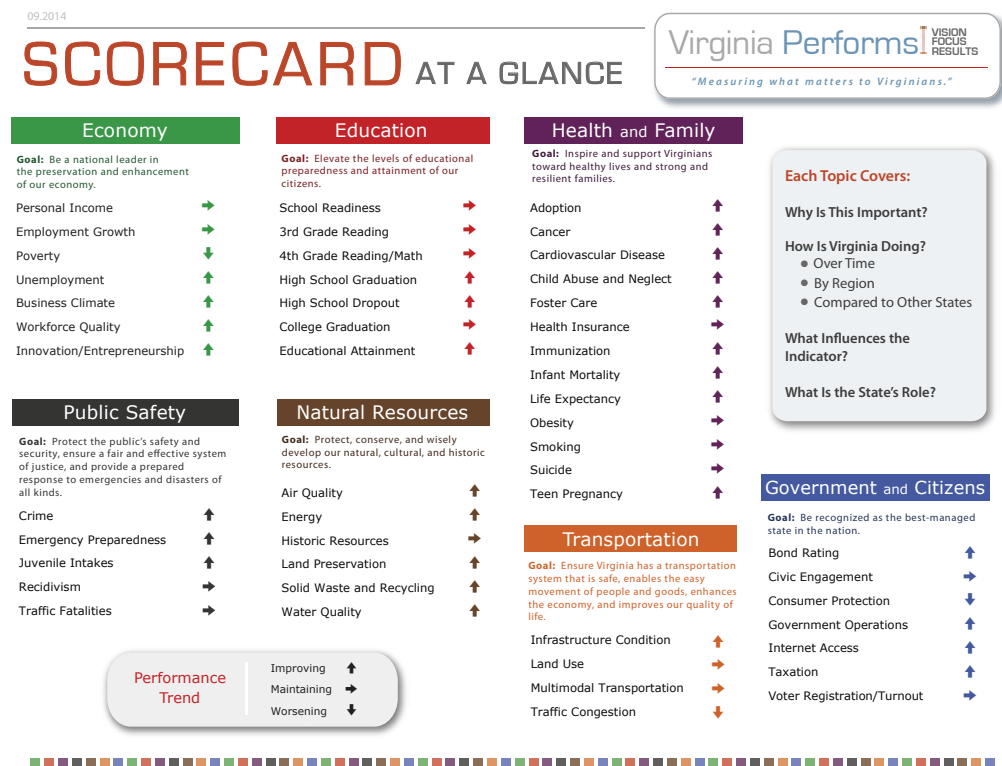
Scotland Performs measures and reports on the Scottish Government's progress on economic growth. Scotland Performs, established in 2007 and updated in 2011, provides accountability based on national priorities. The public can use an accessible, online resource to judge for themselves how Scotland is progressing through 'direction of travel' arrows on the 'performance at a glance' page. This indicates whether performance is improving, worsening or being maintained. There are also detailed statistics available.

Canada has a long history of working towards performance-based budgeting, dating back to the late 1970s. Today, the financial and non-financial contributions of departments and agencies are mapped to a set of 16 high-level outcome areas. All departments must plan and manage their operations and report their performance against these outcomes. Since 2005, this has been supported by a cross-government tool that allows users to compare planned and actual spending for each fiscal year; identify which organisations contribute to each spending and outcome area; and drill down to learn more about the specific programme.

Source: Organisation for Economic Co-operation and Development, National Performance Frameworks and Key National Indicators across Organisation for Economic Co-operation and Development member countries, 2015

History of UK government performance systems

1.12 The government has had an overarching performance measurement system, to provide the public with information on whether it is achieving what it said it would, since 1998. Early calls for specific measures on service standards, first brought together in the Citizen's Charter, were expanded into a set of published measures, called Public Service Agreements (PSAs). These covered all major areas of government, provided public accountability on what the government was trying to achieve, and supported more detailed metrics inside departments.

1.13 The PSAs lasted for 12 years and became increasingly integrated across departments. In 2010, the incoming coalition government scrapped the system, taking the view that it was too top-down and too far removed from how departments actually operated – what the Prime Minister described as "bureaucratic accountability to the government machine".[20] It set up a series of input and impact indicators, published in individual departmental Business Plans. These were intended to be closer to the work of departments, and included for the first time standard measures on back-office functions such as finance and human resources, alongside measures of departments' performance against objectives.

1.14 However, over time these Business Plans were also sidelined, as they failed to offer the public information they really cared about on services, departments found them poor business management tools, and the centre found they did not provide the information it needed to support and advise departments on common business functions. By 2015, they had fallen into disuse and there was no up-to-date, consistent information across government on what departments were doing and what they were achieving.

1.15 In early 2015, the Cabinet Office's Implementation Unit and HM Treasury began planning to put in place a new performance system to support the incoming government after the election. The key elements they then proposed were:

- a cross-cutting set of 10 to 15 government priorities, delivered by multiple departments;

- reporting to the centre on indicators covering finance, performance, people and operations, and covering future risks as well as past performance; and

- clear links to more detailed departmental plans, which cover both strategic and corporate objectives.

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20 Quote from transcript of speech on business plans given by the Prime Minister 8 November 2010. Available online at: www.gov.uk/government/speeches/pms-speech-on-business-plans

1.16 In May 2015 the incoming government decided to base its performance system around departmental plans, with Cabinet-level implementation taskforces taking the lead on key cross-government priorities. In July 2015, the Implementation Unit and HM Treasury shared detailed requirements for SDPs with departments. These are designed to set out key priorities and performance metrics, and show how they relate to the day-to-day operation of departments. There are two versions: one is a high-level set of objectives and performance indicators which is published on the government's website www.gov.uk (published SDP); the other is a much more detailed unpublished version, intended to be equivalent to a business plan to 2020 (internal SDP). The Chief Executive of the Civil Service, John Manzoni, summed up the ambition in a blog to the civil service in July 2015:

> "We are bringing together efficiency, spending round and activity plans into the SDP. Crucially, since SDPs are completely aligned with the Spending Review, they will enable us to bring together inputs (especially funding) with outputs – thus making clear the trade-offs and choices".[21]

1.17 Over the period covered by these various systems, it has become accepted that government needs to measure and report on its performance as well as simply account for its spending, for both management and accountability purposes. Each new system has added something to the concept of what is good practice, while also reacting against what has gone before, and each has had strengths and weaknesses (**Figure 7**). The elements which have stayed the same demonstrate the need for underlying systems that support effective business management and accountability to Parliament for taxpayers' money.

1.18 Because each of the previous systems failed to endure beyond the government that created it, they have been unable to influence permanently the performance management culture within government and form a stable basis for the strategic business planning and management framework we advocate in the Preface. They also ultimately failed to find a way to deal with two challenges inherent in our system of government.

● The need to balance the requirements of longer-term outcomes and value for taxpayers' money with shorter-term demands from ministers for delivery of their policies. At times, longer-term measures of social change have been prominent, and at other times shorter-term actions or detailed performance targets have been the focus.

● The uneasy fit between separate departments of state with separate budgets and accountabilities, and the requirement for cross-cutting approaches to key national issues. The systems have swung between viewing departments entirely as individuals, and grouping government activity under cross-cutting objectives.

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21 John Manzoni, 'Clarifying our priorities – Single Departmental Plans', 29 July 2015, available at: https://civilservice.blog. gov.uk/2015/07/29/clarifying-our-priorities-single-departmental-plans/

Figure 7

Comparison of performance systems in government over time

Performance System	Description	Strengths	Weaknesses
Citizen's Charter 1991–1998	Introduction of quantifiable service standards for specific services so that citizens could know "what service they have a right to expect". For example, the publication of schools' results in each area.	**Appropriate** and useful measures for the specific services covered. **Robust** introduction to the idea of accountability for the quality of services.	**Focused** very closely on service delivery performance, no consideration of outcomes. Not **balanced** across all parts of government's work – covered only services. Evidence presented to the public not **integrated** with other public reporting, no link to financial information.
Public Service Agreements 1998–2010	Initially around 600 targets for major departments; the final version had 30 cross-government objectives underpinned by 152 specific indicators.	Measures were **focused** on government's key outcomes. Measures were more **balanced** across all types of government's work, but still only covered priorities. **Robust** cross-government view focused on what was done and not which department did it. Strong links into local delivery.	Not all measures were **appropriate** – many suffered from delays in reporting and some were never fully developed. Focus on targets created some perverse incentives away from achieving the overall outcomes. Measures were not **integrated** into the work of departments and there was a perception of additional burden. While targets were agreed alongside the spending reviews, financial and performance information were not explicitly linked.
Departmental Business Plans 2010–2015	Individual reports for each department, with separate sections on actions, finances, and input and impact indicators.	The Plans were clearly **focused** on the priorities of the government. First attempt to **integrate** financial and performance information, and set out some key actions as 'Structural Reform Priorities', but not fully integrated into business planning.	Not **appropriate** – poor reporting and departmental engagement; focus on actions not performance. Not **balanced** – focus of business plans was on priorities; business-as-usual largely ignored. Not **robust** – public reporting was not maintained even to the end of the Parliament.
Single Departmental Plans 2016–	Two forms: high-level published version, covering objectives and key indicators; and more detailed internal one. Specifically designed to cover 2015–2020.	**Focused** on objectives, with clear links between them and measures; although some objectives do not yet have published measures. Strong emphasis on having **balanced** information, particularly in the internal plans. Plans reference cross-government working but do not map out responsibilities. Their **robustness** is yet to be determined. The internal plans go a long way to **integrate** performance and planning, though this is not apparent in the published versions.	Not **appropriate** for the public/Parliament as information is hard to follow, it is not easy to see when information will be updated, and only 29% of measures record outcomes.

Note

1   Our analysis does not include any comment on the cost-effectiveness of the various systems since we do not have reliable information on this.

Source: Our analysis comes from National Audit Office published work, including on the Public Service Agreements *Taking the measure of Government Performance*, and unpublished work on the Citizen's Charter and Departmental Business Plans. Our analysis of the SDPs is a summary of that presented in Figure 11

1.19 Our analysis in Figure 7 shows that the SDPs as the basis for a performance system represent an improvement in **focus** and **integration**, but need to do more to be **appropriate** and **balanced**. There is also still further to go to tackle the two challenges above.

Moving to a data-led culture of performance

1.20 The UK government has never before attempted to align external performance reporting with the internal planning, budgeting and management of all government's business in a fully integrated performance system. This will require a culture change across government, to avoid making the mistakes of PSAs and Business Plans. The experience of overseas governments demonstrates both that progress is possible, and also that it is no small undertaking. In Canada, the performance budgeting system has been refined over some 20 years. In the USA, the then Governor of Maryland originated a performance framework for the state that was later adapted for use across other states nationwide. His staff emphasised that the task required:

"… a little bit more diligence, a little more big picture thinking … a little more patience."

1.21 The civil service does not have a strong track record in making cultural changes. Our memorandum on the Civil Service Reform Plan pointed to a half-century of change plans with limited success.[22] Failure to meet expectations was often caused by a lack of sustained leadership; poor engagement of civil servants within departments; and a lack of clarity and rigour in tracking and communicating the benefits. It is too early to report on the benefits of the SDP initiative, although it is important that the centre tracks them going forward. In the next two parts of this report, we look at progress to date with the initiative, focusing in Part Two on leadership by Cabinet Office and HM Treasury and the processes they have put in place; and in Part Three on how business planning activity by civil servants in departments is changing and how they are engaging with the initiative.

1.22 We reviewed the 17 published SDPs and carried out a high-level review of a sample of internal SDPs, for coverage, format and consistency. We have not examined the detail of internal plans themselves, for feasibility or quality. Our methodology is described at Appendix Two.

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22 Comptroller and Auditor General, *Memorandum on the 2012 Civil Service Reform Plan*, Session 2012-13, HC 915, National Audit Office, January 2013.

Part Two

Leading the change – the role of the centre

2.1   This part looks at what Cabinet Office and HM Treasury (the centre) set out to achieve with the Single Departmental Plan (SDP) initiative and its progress so far. We consider how far the system meets the criteria for good practice we set out in 2001 and further scope to improve.

Introduction of Single Departmental Plans

2.2   From the start, the Cabinet Office Implementation Unit and HM Treasury worked together as a joint team to develop SDPs alongside the Spending Review 2015. The joint team initially asked departments to produce a high-level set of strategic objectives in June 2015, well ahead of the November Spending Review (**Figure 9** on page 34).

2.3   The joint team issued detailed guidance to help departments in July 2015. The guidance drew on good practice principles and prescribed the content of the SDP at a high level to allow comparability, but also deliberately allowed departments flexibility, including what performance information they publish (**Figure 8** on pages 32 and 33). There was engagement from both political and civil service leaders, in particular the Chancellor of the Duchy of Lancaster, who discussed the initiative with all secretaries of state. The Chief Executive of the Civil Service, John Manzoni, blogged about his vision for SDPs to the whole civil service.[23]

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23 https://civilservice.blog.gov.uk/2015/07/29/clarifying-our-priorities-single-departmental-plans/

Figure 8
SDP guidance from the centre to departments

Stated aims of SDPs

SDPs are meant to fulfil several complementary objectives:

- setting clear priorities and agreeing common language between departments and the centre;
- driving delivery of the manifesto commitments;
- improving government's ability to track performance and spend, link inputs to outputs, and drive improved value for money; and
- reducing administrative burden on departments.

Content and structure

The guidance did not prescribe a formal structure but did set out required content, as shown below:

Single Departmental Plan (SDP)
To be developed in parallel with Spending Review

Implementing government's priorities	Managing core business		Efficiency portfolio

Strategic objectives

Outline strategic goals of Department linked to manifesto

3+ per Department

SMART, outcome-focused and where possible mutually exclusive

Include Headline outcome indicators

Operational objectives

Set out essential core business, such as delivery of services, which are not a top political priority, but will possibly include the majority of spend

Include outcome/output indicators

Corporate objectives

Set out people and workforce priorities

Specify major changes to corporate operations

Plans on cross-government corporate priorities

Efficiency portfolio

This should set out key actions Departments are taking to contribute to efficiency savings

Implementation timetable

A clear timetable for implementation of manifesto commitments at programme level, including milestones and deliverables, highlighting support from the functions and other departments

Outline the distribution of resources under the objective

Include milestones for individual manifesto commitments

Reflect contributions to the Implementation Taskforces and other PM priorities

Programmes

Specify the programmes that support the delivery of operational objectives

Implementation timetable

Set out clear actions and deliverables for the range of operational activities covered

Include clear, defined measures of success and strong performance

Highlight where work is delivered by partner organisations and governance structures in place

Highlight spend and staff against key programmes where possible

Outline the distribution of resources under the objective

Implementation timetable

Set out clear actions and deliverables for the range of operational activities covered

Include clear, defined measures of success and strong performance

Highlight where work is delivered by partner organisations and governance structures in place

Highlight spend and staff against each key programme

Growth and productivity portfolio

This should set out key actions Departments are taking to contribute to improving UK growth and productivity, as well as deregulation

Metrics

To be set out in Performance Metrics Table. Performance assessed using a series of meaningful indicators including:

- outputs and outcomes, service delivery standards (volumes, timeliness, quality);
- finance/value for money;
- productivity (where applicable); and
- early warning/predictive (predictive indicators will act as an early warning and risk management system, enabling early intervention).

Metrics

A reduced set of MI for each of the functions will be requested. This will be confirmed at a later date

Figure 8 *continued*

SDP guidance from the centre to departments

Detailed performance metrics annex

This forms an agreement between the department and the centre on the metrics that they will share with both the centre and the public.

Governance and accountability

Secretaries of state and permanent secretaries will be jointly accountable for delivering the objectives. Permanent secretaries' performance objectives should be aligned with the strategic and operational objectives of their departments.

Final plans will need to be signed off by the secretary of state, the permanent secretary and the lead non-executive director for the department and agreed with the Chancellor of the Duchy of Lancaster, the Minister for the Cabinet Office and the Chief Secretary to the Treasury.

Central oversight of progress against the SDPs will be through the Cabinet Office's manifesto commitments tracker, the implementation taskforces, and reports on the metrics set out in the performance metrics annex.

Transparency

The guidance sets out a clear expectation that each department will publish a summary – and only a summary – of their SDP. It also leaves the detail of which measures departments will publish – 'headline indicators' – up to the departments. The guidance also states that tracking of manifesto commitments will be public to "allow the public to view next steps on every commitment".

Notes

1   'Efficiency portfolio' refers to major programmes to drive efficiency (up to 10 expected). This covers improving services, making operating expenditure savings or improving arm's-length bodies.

2   'Growth and productivity portfolio' – should set out the department's contribution to government's growth agenda and plans on cross-government issues of: deregulation; cutting red tape for business; public sector land; and immigration.

Source: National Audit Office analysis of Cabinet Office and HM Treasury guidance

Figure 9
Timeline of development of SDPs

26 May 2015
Initial SDP commissioned, focused on manifesto commitments

22 July 2015
Detailed guidance issued to departments

29 July 2015
John Manzoni writes a blog on the gov.uk website setting out his vision for SDPs

18 February 2016
Departments told not to publish their mid-year reports

19 February 2016
Actual online publication of summary SDPs

19 June 2015
Initial deadline for high-level SDPs

4 September 2015
Initial deadline for second draft

21 September 2015
Initial deadline for third draft

End November
Initial planned publication date alongside Spending Review

16 December 2015
Second planned publication date, announced 20 November

11 January 2016
Third planned publication date, announced 30 November

22 January 2016
Fourth planned publication date, alongside mid-year reporting, announced 5 January

19 February 2016
Actual publication date for online SDPs and mid-year reporting, announced 4 February

End March 2016
First deadline for internal SDPs

End April 2016
Final deadline for internal SDPs

May 2015 | Jun 2015 | Jul 2015 | Aug 2015 | Sep 2015 | Oct 2015 | Nov 2015 | Dec 2015 | Jan 2016 | Feb 2016 | Mar 2016 | Apr 2016 | May 2016

☐ Deadlines for internal SDPs
☐ Deadlines for published SDPs

Source: National Audit Office analysis

2.4 The original aim was for SDPs to be published alongside the Spending Review in November 2015. In practice this was challenging, as policy objectives were still being developed and the design and purpose of SDPs were still being developed and understood across the civil service:

- Departments did not all produce high-level objectives for June 2015, as originally requested by the joint team. Almost all produced objectives as part of draft plans in September 2015. Several departments did not share objectives until they had agreed their funding in the November Spending Review. The Ministry of Defence agreed that it would delay producing its SDP to ensure it aligned with ongoing work on the Strategic Defence and Security Review, although in practice the whole SDP process was delayed so it was able to publish at the same time as all the others.

- Work on developing internal SDPs took much longer than expected. Deadlines for draft versions shifted through September, before extending out into 2016. While the delays enabled departments to put together better plans, some departments found the frequent changes in deadline frustrating. Case study departments and the joint team agreed there was a generally low level of capability in performance measurement in government. In particular, departments struggled to develop outcome-based and longer-term indicators.

2.5 Published SDPs were put on the government's website on 19 February 2016. The joint team intended to have internal SDPs finalised and approved by Cabinet Office and HM Treasury ministers by the end of April 2016, but it did not achieve this. All plans have now been agreed at official level. The intention is that these will remain living documents and work will continue on refining the detail of these unpublished plans.

2.6 Recognising that SDPs are still evolving, and that we have yet to see a full cycle of business planning and reporting under the new approach, we have looked at progress to date. We have compared the overall system against the six key attributes that we, HM Treasury, Cabinet Office and others set out in our 2001 guidance *Choosing the right FABRIC* (Figure 4).[24] We highlight progress, benefits, risks to the sustainability of the approach, and areas for further work.

24 HM Treasury, Cabinet Office, National Audit Office, Audit Commission and Office for National Statistics, *Choosing the right FABRIC: A framework for performance information*, 2001.

Focused on the organisation's aims and objectives

2.7 The joint team designed SDPs to capture, and allow departments to report against, the whole range of departments' aims and objectives, including:

- strategic objectives and sub-objectives identified by departments' own strategic planning, eg for the Department for Environment, Food & Rural Affairs (DEFRA): Increased biodiversity, improved habitat and expanded woodland areas;

- departments' operational (business as usual) objectives, eg paying benefits or collecting taxes;

- the government's commitments, including the manifesto;

- the goals of the Cabinet's 11 cross-government implementation taskforces, which cross departmental boundaries;[25]

- corporate objectives, including business transformation, eg making a change to digital or contracted-out service delivery;

- the objectives identified by the 2015 Strategic Defence and Security Review; and

- cross-government productivity and efficiency objectives that are shared by all departments, eg release of surplus public land.

2.8 Compared with previous systems, where strategic and corporate or efficiency objectives were managed through separate plans, this represents a step forward. It has the potential to support better identification by departments of risks and conflicts in objectives, timetables or allocation of resources.

2.9 All objectives in SDPs were agreed with the relevant secretary of state and board, and approved by the Chancellor and Prime Minister. Moreover, by explicitly building all 517 of the government's manifesto commitments into SDPs, the system has a better chance of also building in political commitment to departments' plans than previous systems, at least until a change of government.

2.10 Currently, there are 74 objectives across the 17 SDPs. New commitments are announced regularly by ministers, and taskforces may identify additional objectives or measures as they go along. One of the key roles of the centre is to add value by bringing together a picture of the whole of government. This will be important for helping government retain focus as it seeks to implement spending cuts and may need to choose between objectives. While all departments said they were working with other departments on certain objectives, this central overview is important to get the most out of collaboration, as departments' joint working in preparing their SDPs was largely focused on existing areas of cooperation.

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25 The remits of the taskforces are: childcare; digital infrastructure and inclusion; earn or learn; housing; exports; health and social care; immigration; Syrian returners; tackling extremism in communities; and troubled families. Our analysis of the goals of the implementation taskforces found all are included in one or more departmental SDPs, except one – Clear away the red tape to improve the lives of the country's most troubled families. The government does not routinely share information about the implementation task forces.

2.11 It is not yet clear to us, or to departments, how the centre will go about adding this value. While Cabinet Office and HM Treasury emphasised to us the breadth of their ambition for SDPs, some departments remained concerned that the centre will use SDPs mainly to track manifesto commitments, rather than focusing attention on longer-term strategic objectives.

Appropriate to and useful for those using it

2.12 The joint team has worked hard on bringing together under the SDPs a range of previously uncoordinated performance reporting, and is continuing to do so. It is agreeing with each department an 'information map' that sets out all the information required to be reported and the frequency of reporting. These maps also capture how that 'single version of the truth' is to be used in various different ways for different audiences. We looked at the benefits of the approach for different users.

Departments' management and boards

2.13 Several departments have restructured their board reporting around the SDP model and most are improving board reporting as a result of the initiative. A cross-government forum, created as part HM Treasury's Financial Management Review in 2014, focuses on sharing good practice in board reporting.

2.14 Departments' management and governance should benefit from having clear objectives, agreed with ministers and the centre as a basis for decision-making. SDPs require that named individual civil servants are attached to each objective and sub-objective. This helps to clarify accountability and focus on delivery.

2.15 The government's Lead Non-executive Director, Sir Ian Cheshire, has identified the monitoring and challenge of SDPs as a priority for all non-executives across government in 2016-17.[26] The improved consistency and level of detail in the internal SDPs, compared with previous business planning arrangements, provides the opportunity for non-executives to add insight, as they are independent and have the cross-government network to allow sharing of lessons.

The centre of government

2.16 The Cabinet Office Implementation Unit plans to use the information maps and SDP data to produce a range of reports (**Figure 10** overleaf) for: the Prime Minister's Office; Cabinet Office ministers; the Civil Service Board; and the Chief Executive of the Civil Service. These reports are still being developed. The Implementation Unit is working with a large spreadsheet that requires a significant amount of work to update it from department returns and provide useful reports. A digital platform would offer greater efficiency and lower risk of error, and is planned but has yet to be developed.

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26 Sir Ian Cheshire, The Government Lead Non-Executive's Annual Report 2014 to 2015, available at:
    www.gov.uk/government/publications/government-lead-non-executives-annual-report-2014-to-2015

Figure 10

Implementation Unit's planned uses of SDP data

Departmental Governance

Board reports

Performance/spend data produced in departments

| **Departmental SDP performance update** | Government Major Projects Portfolio | Implementation taskforce | OSCAR | Functional Data |

Annual Reports and Accounts

ARA performance data aligned to SDP metrics

Cabinet Office and HM Treasury

Prime Minister note | Quarterly stocktakes | HM Treasury Spending Cycle | Commitments tracker | Corporate Management Board; Civil Service Board Stocktakes | Functional governance

Notes

1   The Government Major Projects Portfolio is the government's largest projects for which responsible departments are required to provide the Infrastructure and Projects Authority with standard information.

2   The Implementation Taskforces are 11 Cabinet-level committess for which the Implementation Unit provides information.

3   OSCAR is HM Treasury's system for collating financial information across government.

4   Function data refers to the specific data requested by experts in the centre of government, for example the Government Property Unit.

5   The Corporate Management Board and Civil Service Board are cross-departmental boards of senior civil servants.

6   The arrows represent the flow of information from data sources to users of data.

Source: The Implementation Unit

2.17 Subject to this remaining work, the information reported under the SDPs has the potential to enable Cabinet Office to significantly increase the value it adds. Cabinet Office plans to improve its understanding and challenge of departments' plans, on both departmental commitments and business transformation programmes. In doing so, it will need to ensure that it is making full use of its combined expertise, and adding value for departments – that it has "capability in the centre to interact in a way that departments find both challenging and more constructive as opposed to being just shrill".[27]

2.18 HM Treasury's spending teams use a range of information to monitor departments' financial management performance. The best quality and most comparable information available to them is on financial transactions from the OSCAR database. Until now the performance information they used was largely the information departments chose to provide.

2.19 HM Treasury told us that SDP reporting would rationalise this picture and 'plug gaps' in what departments provide. It should provide a shared understanding of performance and allow HM Treasury to be better informed, more forward-looking and more challenging of departments. HM Treasury agreed that this would mean looking again at the way they work and spending more time focusing on performance information. For the long term they are working on an approach to map performance information to OSCAR data on spending.

The public, taxpayers and Parliament

2.20 While the more comprehensive performance information gathered under the SDP has the potential to improve public and Parliamentary accountability, the great majority of the content is currently not available to either public or Parliament. Our analysis of the published SDPs shows they neither deliver what was promised nor meet good practice in data usability (**Figure 11** on pages 40 and 41). The Institute for Government said at the time of publication that they "failed to give a clear sense of the Government's priorities, and in many instances were so vague that it will be impossible to tell whether the objectives have been achieved or not".[28] The published material was released three months later than planned. As a result of the delays, the government was also forced to abandon production of the mid-year financial and performance reports that are normally prepared by departments as part of accountability to Parliament.

2.21 Cabinet Office and HM Treasury told us they have plans to improve the presentation of the data. These include stronger visual presentation and more information on data sources and timetables for update. They are also working towards a full five-star open data rating for the measures included in the SDPs.[29] It is important that the SDPs are improved and maintained as current, up-to-date documents as planned, to ensure they are useful to the public.

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27 John Manzoni, in evidence to the Committee of Public Accounts, 8 February 2016.

28 Julian McCrae, '*Single departmental plans: implementing the government's promises?*' Institute for Government, 26 February 2016, available at: www.instituteforgovernment.org.uk/blog/13288/single-departmental-plans-implementing-the-governments-promises/

29 A five-star open data rating requires information to be structured, available in an open format, and linked to other data to provide context.

2.22 The current plans do not meet the government's stated aim of "being the most transparent government ever".[30] Although it is not reasonable to expect the government to share every detail of its plans and progress, we would expect to see much greater detail than was published. If not, there is a risk that, while public and private information is currently well-aligned, over time they could diverge and no longer represent one version of the truth, with two levels of detail.

Figure 11

The published SDPs do not do everything the government said they would

What the government said they would do	Our findings
"Single departmental plans describe our objectives for this Parliament…"[1] "Single departmental plans will enable the public to see how government is delivering on its commitments…"[2]	**All the departments have set out their objectives in the SDPs** ● Departments have used their objectives as the building blocks of the plans. ● There are a total of 74 objectives across all the 17 SDPs. ● There is also a standard objective for each department to 'deliver efficiently'. ● The average number of objectives is four per department. These range from nine to three. ● Most departments set out significant areas of work under each objective, of which there are 330 – an average of 19 per department. The number per department ranges from zero to 58. **The SDPs represent the government's commitments, and should be the basis for judging their performance** ● The primary source of commitments is the Conservative Party's manifesto produced before the 2015 General Election. Only three departments make a specific reference to the manifesto somewhere in their plan and it is left for the user to check that the manifesto commitments they felt were important are set out and adequately monitored. ● The planned annual updates will allow the government to add new commitments where needed, but it is not yet clear how this will be presented.
Government departments are increasingly working together on cross-government outcomes. Cabinet-level Implementation Taskforces have been created to "monitor and drive delivery of government's cross-cutting work".[3]	**It will be difficult to track how government departments work together from the SDPs** ● While all the SDPs specified that they are working with other departments, only two stated which department had lead responsibility. ● In many cases shared responsibilities were set out by only some of the departments working on them. ● SDPs do not mention the Implementation Taskforces and what their role entails, and no information about the Implementation Taskforces is shared publicly.
"[SDPs] will enable us to bring together inputs (especially funding) with outputs".[4]	**Financial resources have not been adequately attached to the objectives** ● All departments set out their overall yearly spending limits but there is little information by objective or significant area. ● Seven out of 17 departments do not assign any budgets to their objectives. ● Only 11% of significant areas have budgets attached to them. ● There is no system within the SDPs to track this spend in the future.

30 Quote from Matt Hancock, Minister for the Cabinet Office in the press release accompanying publication of Single Departmental Plans, available at: www.gov.uk/government/news/new-single-departmental-plans-set-out-how-government-will-deliver-its-priorities-by-2020

Figure 11 *continued*

The published SDPs do not do everything the government said they would

What the government said they would do

"For the first time, the public will be able to track a department's progress against its objectives."[5]

"These plans are an important step in our commitment to being the most transparent government ever."[6]

Our findings

The basic structure of the SDP should aid understanding, but the information provided is not sufficient for transparency

Each objective includes two sections:

- a section on 'what the department is doing' which sets out the objectives and high-level actions the department is taking, although departments vary in how much information they set out on actions and timing; and

- a section on 'how the department is doing', which sets out the measures which will be reported publicly in the future – although this is not made clear to the user.

The measures in the published SDPs are not a clear basis to monitor progress

- There are a total of 263 metrics spread across the 74 objectives. However, there are significant areas within some objectives where there is no indicator for measurement.

- Currently, the metrics provide the latest information on performance. There is no clear commitment within the SDP to update the snapshot provided, or that this data will be available consistently to allow the reader to track progress in the future. Only 29% of the measures make any reference to future performance which could lead the reader to assume the information will be updated.

- The web page which holds all departmental SDPs refers to updating 'indicators to show progress towards achieving each objective' but it is left to the user to understand that this refers to the 'How the department is doing' sections.

- The web page which holds all departmental SDPs states "each department will update their plan with new data as this becomes available", but does not tell the reader what data it means by this.

It will be hard to know whether departments are achieving their outcomes

- Overall, the largest group of measures (40%) are output indicators, such as "Number of Social Impact Bonds currently in operation". Only 28% are outcome indicators, such as "UK employment rate". 24% are narrative measures which may aid user understanding in complex areas but make it harder to track progress.

- Some measures are still being developed in new policy areas.

The clarity and usability of the public reporting tool is currently poor

- The announcement states that data will be updated 'as this becomes available' but there is no timetable, so the public may not know when updates have been made.

- The current SDP format does not meet the highest open data standards as information is embedded in the documents and does not always clearly link to sources.

Notes

1 Press release accompanying publication of SDPs, available at: www.gov.uk/government/news/new-single-departmental-plans-set-out-how-government-will-deliver-its-priorities-by-2020

2 Quote from the Chancellor of the Duchy of Lancaster. See Note 1 for source.

3 Available at: www.gov.uk/government/speeches/cabinet-committees-and-implementation-taskforces-membership-list

4 Quote from the Permanent Secretary of the Cabinet Office, writing on the Civil Service Blog at: https://civilservice.blog.gov.uk/2015/07/29/clarifying-our-priorities-single-departmental-plans/

5 See Note 1.

6 Quote from Matt Hancock, Minister for the Cabinet Office. See Note 1 for source.

Source: National Audit Office analysis of published single departmental plans

Balanced picture of what the organisation is doing, covering all significant areas of activity

2.23 In covering all areas of departments' activity, the detailed internal SDPs that we have seen represent a clear advance on previous systems and are considerably more comprehensive than published versions. Most of the internal SDPs we have seen have at least one performance measure for most sub-objectives. They reflect the latest policy developments, for example Department for Education's plan reflects the latest schools' White Paper. Some of the plans reflect carefully developed trajectories for delivering milestones, and some explicitly set out named individuals who are responsible for delivery.

2.24 To provide a balanced picture, performance information must cover all activities, whether these are carried out by a department itself, contracted out, devolved or carried out by an arm's-length body. However, some arm's-length bodies told us they had not been involved with the development of SDPs relating to their area of work.[31] In April 2016, the Committee of Public Accounts recommended that every department should publish an accountability system statement setting out the accountability arrangements across all of its areas of activity that support the departmental accounting officer (AO), who is ultimately accountable to Parliament – only seven departments currently do so. The Committee was concerned that the accountability arrangements were often unclear, and appeared to be an afterthought when novel delivery arrangements were designed. It also recommended that each department's system statement should include key measures of performance, and be consistent with its SDP. Parliament will be looking for departments to demonstrate clearly and publicly that they have clear and detailed arrangements to properly track performance and be held accountable, wherever and however the activities of government are carried out.[32]

2.25 In a number of areas performance measures are still being developed by departments and there is much more work to do to achieve a balanced set that supports agile, responsive management. As required in the guidance from the joint team, departments have attempted to identify outcome-based measures. There is a shift in emphasis back towards outputs and outcomes (eg improved educational performance of pupils), compared with the focus, during the last Parliament, largely on tracking milestones (eg completion of a White Paper; creation of a new government body). The Implementation Unit told us it is also encouraging departments to develop more medium- to long-term indicators. Based on the experience of Public Service Agreements, this is work that will take time and sustained effort, and both departments and the centre will need to keep up momentum with it, if they are to have a balanced set of indicators in place before the end of the Parliament.

31   Comptroller and Auditor General, *Departments' oversight of arm's length bodies: a comparative study*, Session 2016-17, HC 507, National Audit Office, July 2016.
32   HC Committee of Public Accounts, *Accountability to Parliament for taxpayers' money*, Thirty-ninth Report of Session 2015-16, HC 732, April 2016.

Robust enough to withstand organisational or personnel changes

2.26 The then Minister with overall responsibility for Cabinet Office, the Chancellor of the Duchy of Lancaster, Rt Hon. Oliver Letwin, personally supported the SDP initiative and the links to the Spending Review. He discussed individual SDPs with secretaries of state. In addition to providing formal sign-off, some, but not all, secretaries of state have taken a lead in promoting and helping to develop the SDPs in their departments. The Cabinet Office's permanent secretary has made public his support for the initiative. Having this level of support was important to ensure the 2016 SDPs were delivered, as Cabinet Office itself lacks any administrative enforcement power over departments.

2.27 Previous systems have not lasted longer than the government, or the ministers, that created them and there is a risk that the same could be true of SDPs. But it is our view that government now needs a stable and enduring system that exists independent of political changes, and which each incoming government can use to manage the delivery of its objectives, whatever they may be. Making the SDP approach robust enough to outlast a Parliament, and/or a change of government will require:

- departments to have embedded the approach into the way they run their businesses; and

- the centre to have embedded the SDP approach into the way it carries out its roles, and to have demonstrated the added value of doing so, in terms of strategic decision-making, risk management and working across government.

Integrated into the organisation's business planning and management

2.28 Cabinet Office and HM Treasury set out to deliver departmental plans that were integrated with the spending review process. This implied that objectives, including aims which sit across more than one department, should be matched with resources in detail, and that outputs and outcomes could be linked with what was spent on them. This was a significant culture change and in practice was difficult to achieve in the short and intense environment of the Spending Review, with its traditional approach of bilateral negotiations between departments and HM Treasury.

2.29 As a minimum, the production of an SDP was required in every formal settlement letter issued by HM Treasury to a department in November 2015. But while a few departments had specific performance measures included in their settlement letters, in some cases the letters and the final agreed SDPs had very different areas of focus. It will be important that it is the more detailed SDP, coupled with robust financial data, and not terms of the settlement letter, that informs discussions between HM Treasury and departments.

2.30 Annual reporting and accounting requirements, set out in the Public Expenditure System, have been revised for 2015-16, to include a new 'Performance Report' section in annual reports.[33] HM Treasury's guidance is integrated with SDPs – it asks departments to make the information in this section consistent with their SDP. It must provide a fair, balanced and understandable analysis of the department's performance.[34] The exact format and level of detail is for departments to decide. It is ultimately approved by each department's accounting officer.

2.31 On integration with management processes, Cabinet Office and HM Treasury recognised the need to make departmental objectives consistent with those of senior management and staff:

- Permanent secretary objectives: all permanent secretary objectives reference the SDP in their statements. These are specifically related to the manifesto commitments and efficiency improvements. All but two of the statements use the phase "Develop a top-quality Single Departmental Plan which sets out how manifesto commitments and efficiency improvements will be delivered over the course of the Parliament by March 2016."

- Senior civil service and staff performance: Cabinet Office's guidance for Senior Civil Service (SCS) performance management expects that all SCS staff will mirror SDP objectives in setting their own. A number of departments are revising their systems for assessing all staff performance so that staff and SDP objectives are aligned.

Cost-effective, balancing costs and benefits of performance information

2.32 We have previously reported on the duplication of requests from the centre to departments. One department told us that at any one time there might be more than 120 seemingly uncoordinated requests for information from departments. This can be resource-intensive, drawing staff away from front-line services. Departments are not always clear what information being collected is used for and what value is added.

2.33 The joint team deliberately set out to reduce central data requests as part of the SDP initiative. One department told us there has been "a significant push from the centre to collect data once and share across teams" but others felt the benefits had "yet to be proven" and that they were still "producing duplicate and overlapping reporting to the Cabinet Office". There is still no definitive list of all demands from the centre but clearly scope for further improvement in this area.

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33   HM Treasury, *Public Expenditure System*, December 2015.
34   HM Treasury, *Financial Reporting Manual 2015-16*, December 2015, p. 15.

2.34 In answer to a question posed in Parliament to the Cabinet Office minister (17 March 2016) about the cost of SDPs for each department, the government stated that producing the plans was part of business planning and that there was no additional cost.[35] From our evidence it is clear to us that there has been much more investment in time than in previous years, both at the centre and in departments, though with no time recording system in place it is not possible to measure this accurately, and the joint team did not set out to capture it. Even if time recording were in place, it is too early to say what the steady state running costs of the SDP performance system would be and there is no data on the cost of previous systems to compare it to. However, an effective performance system is an essential part of business planning and management and if the potential benefits of the SDP initiative can be harnessed for the long term, the additional work over the past year should represent a sound investment for the future.

35 Written question 31591 asked on 17 March 2016, available at: www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-03-17/31591/

Part Three

Driving change from within the civil service – departments and SDPs

SDPs come against a background of weak business planning and management

3.1   Departments are responsible for business planning and management arrangements. The centre of government does not prescribe them. In the absence of such prescription, departments' approaches to, and capability in, business planning and management reflect the diverse challenges they face. All, however, have to make challenging decisions about how to prioritise limited resources. In our briefing for the Committee of Public Accounts on delivering major projects[36] we set out how these limited resources increase the need to: prioritise effectively; make good investment decisions; secure the skills to deliver; and respond flexibly to developments.

3.2   Our work on *Managing business operations – what government needs to get right* used a standard tool to assess government's maturity against 40 criteria, across five domains of operational management: strategy, information, people, process, and improvement. A number of the criteria are linked to the performance system, and in all these there is substantial need for improvement across government (**Figure 12**).[37] Key messages from this work are that a more integrated approach to management is necessary to achieve real, sustainable service improvements; and that sustainable change in performance is only achieved through a holistic approach – top-down change rarely affects how services are delivered.

3.3   The SDP initiative, if integrated by departments into their culture, has the potential to help drive greater consistency, comparability and coherence to business planning and management across government. We had discussions with six departments, focusing on how they developed their SDP, what they learned and what changes they made to their business planning and management arrangements. Notwithstanding our continuing overall concerns about the quality of planning and operational management in government, we have drawn out examples of progress in six departments. We set these out against the five parts of our strategic planning cycle (Figure 1, Preface).

36   Comptroller and Auditor General, *Delivering major projects in government – a briefing for the Committee of Public Accounts*, Session 2015-16, HC 713, National Audit Office, January 2016.
37   National Audit Office, *Managing business operations – what government needs to get right*, September 2015.

Figure 12

Government can significantly improve its operations management capability

Percentage of ratings within each maturity category

Audit analytic questions

Q1 to Q40 represent 40 key questions in five domains that together form our analytic tool. We used this analytic on 32 government organisations, including 86 operational processes. Eight questions have been highlighted in this instance as they relate to capability in performance planning and management.

The eight questions we highlighted were:

Q3 Are customer needs considered when setting the organisation's strategic objectives?

Q5 How do you know that the process meets customer needs?

Q6 How does the organisation assess performance against strategic objectives?

Q7 How is information used to monitor performance regularly through all levels of the organisation?

Q9 How do you know that measures link from the organisation level to the operational level?

Q11 How does the organisation regularly monitor process performance?

Q27 How do you know that operational areas understand what customers want and when their requirements change?

Q30 How does the organisation measure, monitor, report and use information from improvement activity?

■ No evidence   ■ Partial maturity   ■ Partial maturity and improving   ■ Full maturity

Note

1   The full report, including more detail on the results, is available at: www.nao.org.uk/report/managing-business-operations-what-government-needs-to-get-right/

Source: National Audit Office, *Managing business operations – what government needs to get right*, September 2015

Understand the environment

3.4   Departments need a deep understanding of the legal, political, technological, economic and operating context within which they must achieve their objectives. Departments have a range of statutory obligations, while political commitments change with each Parliament and new ones also arise frequently.

3.5   Nearly all departments, to a greater or lesser extent, operate through arm's-length bodies (ALBs). Some departments told us they had prepared SDPs largely within the core Department, with little involvement from ALBs. And our recent survey of 116 ALBs in four departments found that a quarter were not clear or only partially clear about the relevant department's objectives.[38] However, the Department for Environment, Food & Rural Affairs (DEFRA) brought together chief executives from all of its bodies, as well as ministers, to agree a single group business plan and allocate resources, for the first time in 2015 (**Figure 13**).

3.6   When setting objectives and defining performance measures in policy areas where success relies on contractors' or service users' behaviour, or that of markets and consumers, our work has shown that departments need to understand the people involved and the incentives that govern their behaviour.[39] Some case study departments told us this was an issue they consider while developing their SDPs though it is too early to tell whether departments have given additional thought to these issues in setting objectives and performance measures for their SDPs, or involved experts from ALBs, contractors, user groups or other experts. It is also too early to tell whether their indicators will allow them to track third-party involvement adequately.

Figure 13
Department for Environment, Food & Rural Affairs' 'Big Room' event brought together all parts of the Department's 'family'

DEFRA borrowed the idea for its 'Big Room' event from one of its ALBs, the Environment Agency. It brought together all senior leaders across the DEFRA group, including ministers. Its purpose was to build the first business plan in a collaborative way, setting out the group's outcomes, resources and milestones in one place. The participants discussed each strategic objective, and agreed how the outcomes could be achieved with the resources and timeframes available under the Spending Review 2015 settlement. DEFRA is bringing together the agreements from the 'Big Room' event in its first DEFRA group business plan, to be published later in 2016.

Source: Department for Environment, Food & Rural Affairs

38   Comptroller and Auditor General, *Departments' oversight of arm's-length bodies: a comparative study,* Session 2016-17, HC 507, National Audit Office, July 2016.
39   Comptroller and Auditor General, *Green Deal and Energy Company Obligation*, Session 2015-16, HC 607, National Audit Office, April 2016.

Set priorities

3.7 Departments need to set out clearly the challenges they are facing, the relative importance of these, and the options available to address them, if they are to make the best use of scarce resources. Commitments and obligations for a department can accumulate over time as a result of political decisions, legal requirements or changes in the machinery of government. With Business Plans no longer in use at the end of the 2010 to 2015 Parliament, departments had not revisited their objectives for some time. The Department for Culture, Media & Sport (DCMS), which had undergone significant changes, used the SDP initiative to define new objectives and link them to work programmes, involving all of its staff in the process (**Figure 14**).

Allocate resources and understand levers for action

3.8 It is imperative that government has an informed view when prioritising and allocating its resources, and that where possible it avoids short-term and incremental decision-making. Cabinet Office used the SDP initiative to bring together setting its departmental objectives and making decisions about its financial and human resources into one exercise, for the first time (**Figure 15** overleaf).

Figure 14
Developing corporate objectives in the Department for Culture, Media & Sport (DCMS)

DCMS has undergone several reorganisations since the 2012 Olympic Games, and a significant turnover in workforce. It is a very small department that attempts to influence a wide range of policy areas. Senior leaders told us they believe the key to maximising the Department's impact is engaging and motivating staff.

Past staff surveys had indicated that, while staff understood their role and that of their immediate business area, they did not always appreciate the Department's wider objectives. Previous corporate objectives had reflected a tendency to work in isolation.

Senior leaders felt the SDP initiative was well-timed for DCMS. They used it to revisit the corporate objectives from scratch, involving staff at all levels. Draft objectives were discussed at a number of workshops, an away-day and 'crowd sourcing' sessions, to help ensure wide engagement. DCMS took on board comments and changed the objectives, showing staff how they had responded. An intranet site has been created, based around DCMS's SDP. This allows staff to see what others are doing, and highlight colleagues' achievements against objectives. DCMS believes that staff are clearer about, and proud of, the contribution they are making to the health and well-being of society.

Source: National Audit Office

Figure 15

Integrated planning in Cabinet Office

At the time of the previous Spending Review in 2013, Cabinet Office did not carry out business planning in a fully integrated way. It had not done any work to match assumptions about business growth with the resources available to deliver them. It adopted an approach which largely left business units to manage their own planning process – supported by finance and HR – in a way that worked for their own unit but did not always ensure consistency between teams or with overall resources available. It also took a 'light-touch' approach to overall performance monitoring.

In 2015, by contrast, the Department took a more integrated approach to setting its SDP objectives and the performance system through which this will be collectively managed by the leadership of the Department. It negotiated its funding under the Spending Review, and developed a workforce strategy using an integrated team made up of finance, human resources and strategy leads. The team engaged extensively within the Department at director level. It was able to agree an allocation of resources that took account of priorities and assumptions about growth. With this much more informed view of its resource requirements, the Department decided to run a voluntary exit scheme designed to get the right number of staff with the right skills in the right place.

The integrated planning team continues to work together to ensure that resources are being targeted effectively towards objectives, and that those responsible for delivery can be held to account.

Source: National Audit Office

Monitor performance

3.9 Performance monitoring should be based on strong evidence, from reliable data, across a balanced set of measures that effectively track the achievement of the desired outcomes (Figure 2). As well as direct measures of outcomes, which may be longer term, and shorter-term outputs that are clearly linked to achieving the outcome, performance measures should include leading indicators that check progress is on track, allowing adjustments to be made.

3.10 The Departmental Business Plans deliberately focused on shorter-term inputs and outputs, rather than outcomes (paragraphs 1.12 to 1.13). The Department for Work & Pensions told us this did not encourage teams to work together as each output attached to a single part of the business. As SDPs have re-focused on outcomes, the Department feels they will help to improve accountability and collective ownership of objectives (**Figure 16**).

3.11 In our work we have often noted that decision-making is not based on data and that senior staff do not engage with the detail of performance measures. Performance measurement has tended to be seen as a job for analysts below the level of the senior civil service. In 2013, we reviewed the Department for Education's (DfE) performance data systems. We found that while there was good data governance, the links between the chosen 'input and impact' indicators and the actual policy priorities were not clear. This meant it was hard to monitor performance towards the goal or hold anyone accountable. DfE told us it was working to change this culture. For example, it had produced detailed analysis of what was needed to deliver its manifesto commitment on free schools and used this to develop more realistic plans (**Figure 17**).

Figure 16

Clarifying accountabilities in the Department for Work & Pensions (DWP)

As part of developing its SDP, DWP developed outcome-based objectives. It has worked to understand the relationship between its inputs, outputs, processes, change programmes and risks with these key outcomes. It has also updated its internal performance reporting around this model, to ensure responsibilities and accountabilities are fully aligned.

DWP believes this enables the accounting officer to have 'the right conversations with the right people' and has caused a change in behaviour among senior managers. There is a more open discussion about problems and more collective ownership. Although there may be one lead, the contributory role of other teams is now more transparent. DWP feels this will lead to more joined-up discussions, for example about reallocating resources internally.

Source: National Audit Office

Figure 17

Using data to monitor performance more effectively in the Department for Education (DfE)

DfE's board commissioned a programme of work to improve the use of data to inform decision-making in the Department. Since the start of the new parliament, DfE has devoted considerable resources to developing detailed plans for its delivery priorities. Policy teams, with embedded analysts for 30 delivery programmes, have set out what success looks like, how to measure it, what tolerances to include and at what point the Department might need to intervene. Using this information, the leadership can identify when performance is off-track and take action. The Department's Delivery Unit has driven this work, providing guidance and challenge.

The delivery indicators, trajectories, tolerances and trigger points must be approved by the Chief Analyst and the board's Performance Committee. Data on indicators and risks are reported monthly to the Secretary of State and ministers through a performance dashboard.

DfE told us it uses the dashboard to check delivery across its top priorities. The dashboard helps to identify where more work is needed. For example, DfE has a manifesto commitment to deliver 500 free schools by the end of the Parliament. This will mean a significant increase in the rate of opening schools compared with the previous Parliament. The DfE Delivery Unit worked closely with the policy team during the delivery planning process, to work up a set of quantified additional policy options for ministers, on how it could be delivered, to reduce the risk of failure.

Source: National Audit Office

Make improvements

3.12 Departments need mechanisms, based on good information, to correct underperformance and reallocate resources if necessary. The Department for Business, Innovation & Skills (BIS) has improved the sophistication of its board reporting on performance. This enables it to identify risks and target resources more effectively (**Figure 18**).

Sustainable change in business planning capability

3.13 The examples above suggest there is the potential for progress in government's business planning and management, though this starts from a low base. Not all the examples above were driven by the SDP initiative, but departments have put a great deal of time and energy into preparing SDPs during 2015-16. The initiative has the potential both to mark the start of a real shift in planning and management capability, and to bring together a range of improvement activities, giving them greater reach.

3.14 Feedback from departments was generally positive about the concept of cross-government business planning at the beginning of a Parliament, linked to the Spending Review. Four departments were positive, one calling it "a brilliant opportunity". Two felt it added little value, because of the additional work required to retro-fit the SDP initiative onto existing business planning.

Figure 18
Monitoring delivery risk in the Department for Business, Innovation & Skills (BIS)

BIS has improved the sophistication of its performance monitoring approach, which now tracks each project's workforce availability, skills capability, key delivery milestones and outputs. This change has helped BIS highlight delivery risks earlier and the Department has also been able to use this approach to shape its SDP reporting.

For example, BIS has a commitment to create 3 million apprenticeships by 2020. The government announced in March 2015 that it would introduce a new digital voucher system for apprenticeships, and the summer 2015 Budget also announced an apprenticeships' levy on large employers.

In July 2015, BIS's internal performance monitoring highlighted the challenge of delivering the ambitious reforms in the time available. This led the Performance, Risk and Finance Committee to carry out a 'deep dive' in October and recommend a revised delivery timetable with additional Senior Civil Service support to ensure delivery remained on track. It also recommended the immediate addition of technical and project management skills including a greater level of expertise in delivering complex IT systems. These recommendations fed into recruitment and prioritisation of resources across the Department. In November, the team reported good progress on the project.

Source: National Audit Office

3.15 Because of the range of approaches departments took to incorporating the SDP initiative into their business planning, there is no common understanding yet across the civil service of what an SDP is. Departments are using their plans in different ways and giving them different levels of prominence within the department. Depending on their role and department, civil servants may understand an SDP to be:

- a published statement of manifesto commitments;

- a reporting mechanism for the centre and the Prime Minister's office;

- a strategy document for the department's senior civil servants; or

- a departmental business plan relevant to all staff.

3.16 In fact, SDPs must balance all of these roles. There is a risk that the SDP initiative may fail to make any impact on departmental and whole of government performance if it remains just a veneer of reporting activity at strategy team level that focuses mainly on the demands of the centre of government. Both the centre and departments have done some work to broadcast the concept and content of SDPs among staff. Three case study departments have told us they are actively using their SDPs to reform their own reporting processes, and that the centre is encouraging this. However, considerable further time, effort and leadership will be required to ensure they become embedded into the way the civil service does business.

3.17 It also remains to be seen how rigorously the government will adhere to its commitment to review and update objectives and performance indicators over time, now that the hard work of agreeing the first set of plans is over. If this commitment is not kept, there is a danger that departments will accumulate additional commitments over the course of the Parliament, without there being an effective mechanism for matching new commitments to resources, and removing commitments where there is over-programming.

3.18 In some departments SDP development is led or supported by specific departmental implementation units, based on the central Implementation Unit in Cabinet Office (in other departments the initiative is led by finance or an existing strategy team).[40] These units are part of a fledgling 'Implementation Profession' that has emerged as a result of the civil service acknowledging that "too often, policies and projects are kicked into action without proper delivery planning" and that "delivery process … is not second nature to many people in government".[41] (**Figure 19** overleaf). The challenge is to put together the work of the implementation profession's leaders with the opportunity of the SDPs, to deliver changed thinking and behaviour across the whole civil service and to some extent among ministers too.

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40 Department of Health, Department for Communities and Local Government, Department for Business, Innovation & Skills and Department for Environment, Food & Rural Affairs.

41 Available at: www.gov.uk/government/publications/implementation-profession-tools-for-implementing-policy/implementation-profession-tools-for-implementing-policy

Figure 19
The civil service is seeking to improve implementation practice

Implementation Insights

Setting the goal	Planning to deliver	Achieving impact
Have a clear, shared understanding of problem and prioritise outcomes	Review evidence, appraise options, and decide how outcomes can best be delivered	Establish clear accountability, good governance and always know whether you are on or off track
	Understand who needs to act to achieve the goal and consider why they would do what is needed	Take targeted action to improve performance and manage risk
	Decide when outcomes must be achieved and how you will measure progress	

Keep asking why: question why your approach is right; why would others take the action required?

How do you know: continuously test against data and evidence from the front line.

Source: Civil Service Implementation Profession. This is part of Implementation Insights, a tool shared across the civil service to help departments create 'policies which achieve real-world impact'. The full tool is available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/428949/ Implementation_Insights_.pdf

3.19 There are also several cross-departmental networks for sharing knowledge and building good practice on: performance measures, board reporting and management information. These have either come from HM Treasury's 2014 Financial Management Review, or emerged separately. The Implementation Unit is shadowing these networks and support across departments appears to be growing, but they may benefit from more senior sponsorship within departments, to give the work a higher profile and drive up the quality of the performance measurement discipline across government.

Appendix One

Our audit approach

1   This report assessed at a high level the framework that the government has put in place for managing performance, particularly Single Departmental Plans (SDPs). We reviewed:

● whether the published SDPs are fit for purpose in improving accountability to Parliament and taxpayers;

● whether the SDP process supports and improves the relationship between the strategic centre and departments and is likely to lead to better strategic decision-making for government as a whole; and

● whether the development of SDPs in departments is consistent with good practice and is likely to support improved management of public services and value for money.

2   We used FABRIC as our evaluative criteria to assess the framework and its current arrangements.[42] FABRIC is a set of properties of a good performance information system:

● **Focused** on the organisation's aims and objectives;

● **Appropriate** to, and useful for, the stakeholders who are likely to use it;

● **Balanced**, giving a picture of what the organisation is doing, covering all significant areas of work;

● **Robust** in order to withstand organisational changes or individuals leaving;

● **Integrated** into the organisation, being part of the business planning and management processes; and

● **Cost-effective**, balancing the benefits of the information against the costs.

● Our audit approach is summarised in **Figure 20** overleaf. Our evidence base is described in Appendix Two.

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42   HM Treasury, Cabinet Office, National Audit Office, Audit Commission and Office for National Statistics, *Choosing the Right FABRIC: A framework for performance information*, 2001.

Figure 20
Our audit approach

The objective of government

Since the start of the 2015 Parliament the Cabinet Office has been working on developing a new performance framework for government based around Single Departmental Plans (SDPs) to link funding with outputs to ensure limited resources are allocated where they are needed the most and to assess whether government is achieving its objectives.

Our study

The study examined government's process in setting out a robust framework for managing performance through its new Single Departmental Plans.

Our key questions

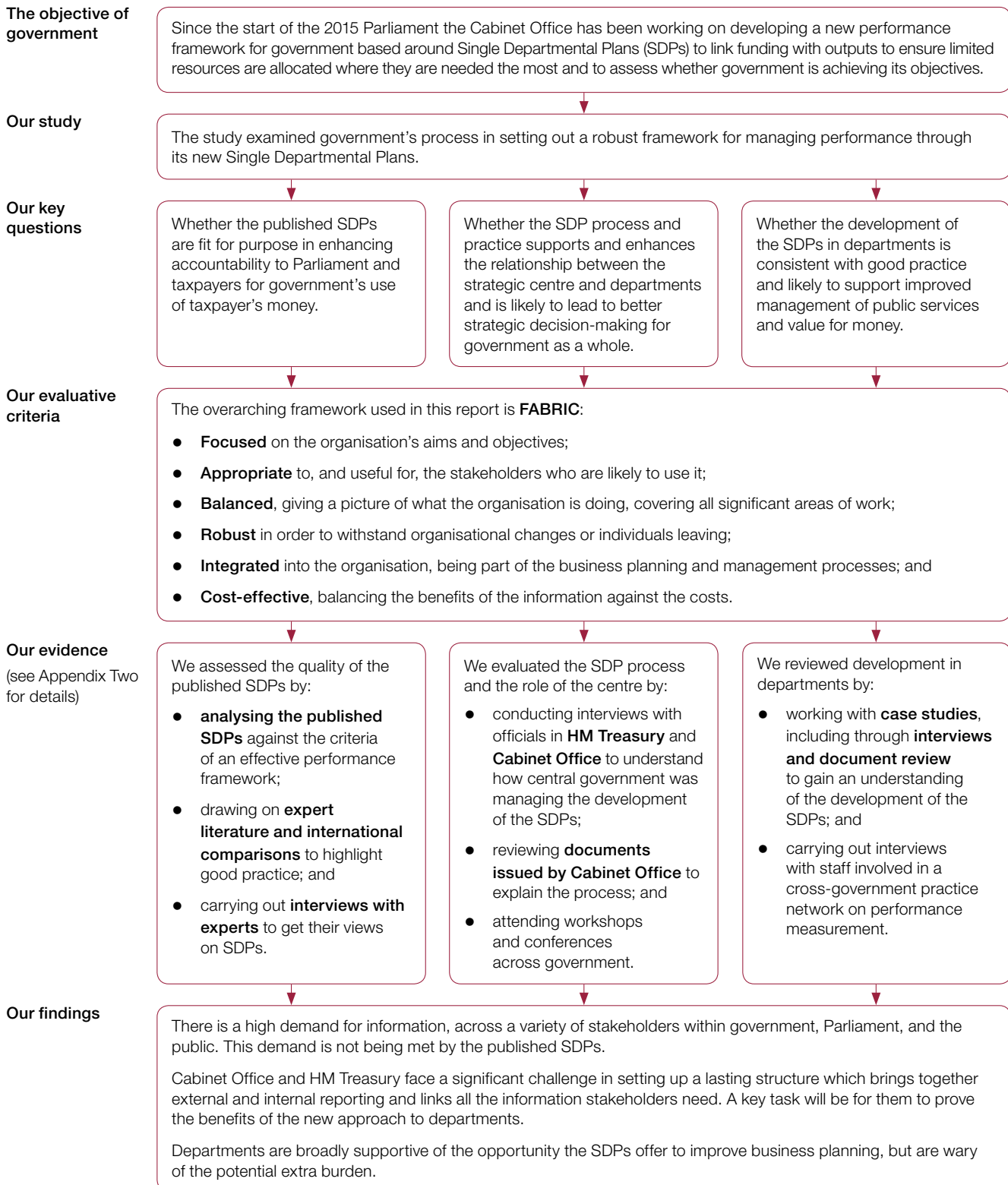| Whether the published SDPs are fit for purpose in enhancing accountability to Parliament and taxpayers for government's use of taxpayer's money. | Whether the SDP process and practice supports and enhances the relationship between the strategic centre and departments and is likely to lead to better strategic decision-making for government as a whole. | Whether the development of the SDPs in departments is consistent with good practice and likely to support improved management of public services and value for money. |

Our evaluative criteria

The overarching framework used in this report is **FABRIC**:

- **Focused** on the organisation's aims and objectives;

- **Appropriate** to, and useful for, the stakeholders who are likely to use it;

- **Balanced**, giving a picture of what the organisation is doing, covering all significant areas of work;

- **Robust** in order to withstand organisational changes or individuals leaving;

- **Integrated** into the organisation, being part of the business planning and management processes; and

- **Cost-effective**, balancing the benefits of the information against the costs.

Our evidence

(see Appendix Two for details)

We assessed the quality of the published SDPs by:	We evaluated the SDP process and the role of the centre by:	We reviewed development in departments by:
- **analysing the published SDPs** against the criteria of an effective performance framework; - drawing on **expert literature and international comparisons** to highlight good practice; and - carrying out **interviews with experts** to get their views on SDPs.	- conducting interviews with officials in **HM Treasury** and **Cabinet Office** to understand how central government was managing the development of the SDPs; - reviewing **documents issued by Cabinet Office** to explain the process; and - attending workshops and conferences across government.	- working with **case studies**, including through **interviews and document review** to gain an understanding of the development of the SDPs; and - carrying out interviews with staff involved in a cross-government practice network on performance measurement.

Our findings

There is a high demand for information, across a variety of stakeholders within government, Parliament, and the public. This demand is not being met by the published SDPs.

Cabinet Office and HM Treasury face a significant challenge in setting up a lasting structure which brings together external and internal reporting and links all the information stakeholders need. A key task will be for them to prove the benefits of the new approach to departments.

Departments are broadly supportive of the opportunity the SDPs offer to improve business planning, but are wary of the potential extra burden.

Appendix Two

Our evidence base

1   Our findings and conclusions on Single Departmental Plans (SDPs) were reached following our analysis of evidence collected between May 2015 and May 2016.

2   We applied at a high level an analytical framework with evaluative criteria based on guidance produced by the National Audit Office and others in 2001. This is set out in more detail in Appendix One.

3   **We assessed the quality of the published SDPs**

- Our client teams across the National Audit Office **reviewed all 17 published SDPs**, using a standard template based on our evaluative criteria and the statements made by government about the purpose of SDPs. We combined the findings and analysed them across the 17 plans.

- We drew on **evidence from our previous work** on aspects of performance systems (see Appendix Three for a list) and reviewed previously published National Audit Office value-for-money reports for examples relating to performance systems.

- We reviewed **expert literature on performance systems in government** for comparisons and good practice, in particular the comparative research carried out by the Organisation for Economic Cooperation and Development (OECD).

- We conducted **unstructured interviews with a range of experts** with experience of previous systems and measuring performance in the public sector more widely.

4   **We evaluated the SDP process and the role of the centre**

- We conducted **semi-structured interviews with officials** from HM Treasury and the Cabinet Office's Implementation Unit to understand how the centre is managing the development of SDPs. This included how they work together and how they coordinate effort across the centre.

- We **reviewed key documents** produced by Cabinet Office to explain the SDP process, including the guidance issued to departments.

- We **attended workshops and conferences** for different groups across government, including non-executive directors and staff directly involved in producing the SDPs.

5   **We reviewed developments in departments**

- We held discussions with six departments: Department for Business, Innovation & Skills, Cabinet Office, Department for Culture, Media & Sport, Department for Education, Department for Work & Pensions, and Ministry of Defence. These were to understand how they developed their SDPs, what they learned, the benefits gained, and what changes they made to their business planning and management arrangements as a result. We specifically set out to identify improvements and benefits, and this did not amount to a review of each department's business planning arrangements.

- Our discussions involved those responsible for developing the SDPs and, in some cases, with finance, human resources or other functions.

- We reviewed the internal SDPs, which at the time were at various draft stages, focusing on: consistency with published plans, approach, coverage and improvements. This did not amount to a comprehensive review of their quality.

- We conducted **unstructured interviews** with civil servants involved in various cross-government networks related to performance measurement and systems.

Appendix Three

Reports on performance systems

1   This Appendix lists our reports and those of the Committee of Public Accounts that contain findings on performance systems since 2001.

Figure 21
Reports on performance systems

Report title	Key findings
Choosing the right FABRIC (National Audit Office a co-author alongside Cabinet Office, HM Treasury, Office for National Statistics and the Audit Commission) (2001)	Non-evaluative, set out general principles for producing performance information.
Board reporting and performance frameworks I (National Audit Office, 2009) and II (National Audit Office, 2011)	Examined government practice and developed a maturity matrix (report 1) and applied it (report 2). Found many elements of good performance assessment and reporting are in place, but departments are not getting full value from their performance frameworks. Identified four factors as being important in getting full value from performance measurement and reporting: 1 **Clarity over the role of the board** – Clarity of board roles and the ability of the board to challenge on strategic management issues such as budget and performance reviews. Well-reviewed compliance with the Governance Code. 2 **Quality of business or logic models** – Performance and financial indicators are structured around clear, well-evidenced business models; cover all main areas of business and key objectives. 3 **Integration of financial and performance information** – Board papers at least align costs and results in major areas of business, to enable the board to scrutinise cost-effectiveness. Management accounting is being improved to inform judgement of efficiency and productivity. 4 **Contribution of frameworks to support decisions** – Board reports analyse past and projected trends in performance and use comparative tools or models to aid interpretation of performance and prospects. Supporting data is timely, quality assured and responsive to the board's requests for information.

Figure 21 *continued*

Reports on performance systems

Report title	Key findings
Taking the Measure of Government Performance (National Audit Office, 2010, HC 284)	A summary of our work reviewing the Public Service agreements, we also set out the importance of any future performance system including: ● clearly and unambiguously expressed objectives, indicators and success criteria; ● an explicit published 'business model' linking inputs (the resources used) through outputs (goods and services delivered) to outcomes (the impact on society), used as a basis for measurement and reporting; ● firm integration of performance measurement into public bodies' management systems – so that lower-level management systems feed into and support top-level objectives; and ● departmental information strategies that define the range of contextual and performance information needed to assess progress and value for money.
Departmental Business Planning (Committee of Public Accounts, 2011, HC 650)	The Committee reviewed the newly published Business Plans. It set out what it saw as essential to securing effective accountability for departmental expenditure: ● being clear and precise about objectives; ● establishing monitoring arrangements that align costs and results for all significant areas of departmental activity and spending; ● providing reliable, timely, accessible data to support that monitoring; ● establishing robust processes for assessing assurance on propriety and value for services that are delivered locally; and ● putting in place mechanisms to deal with failure and continuity of services where appropriate. The Committee also set out the essential ingredients for high-quality management of implementation, and controls and incentives to secure effective performance management.
Data assurance – 34 reports on individual departments' data systems to support the Business Plan and other key indicators (National Audit Office, 2011–2013)	Examined some of the systems used to collect and report data for public reporting or management information across government departments. The overall findings were: ● 73% of the 246 indicators examined were fit for purpose; ● among indicators not fit for purpose, the most common failing was a lack of oversight of data, especially data from third parties; ● departments did not have all information they needed for public reporting or managing their business; and ● there were instances where the data reported were not useful. Publicly reported information had been mixed since Cabinet Office withdrew standard template.

Figure 21 *continued*

Reports on performance systems

Report title	Key findings
Implementing transparency (National Audit Office, 2012, HC 1833)	Government needs a firmer grip on measuring the success of the transparency initiative. While it has begun to gather evidence of usage and benefits arising from the use of open data, it has not yet positioned this within a wider, systematic evaluative framework.
	Few departments are tracking benefits of transparency – a key requirement in monitoring success and learning what works.
	Departments have not monitored the costs of implementing transparency, and have estimated costs only where associated with investment requiring a business case.
	The transparency agenda itself does not define requirements concerning data quality disclosure. Cabinet Office has deferred the commitment for departments to produce data quality action plans.
Managing budgeting in government (National Audit Office, 2012, HC 597)	The budgetary system lacks clear links to results and is insufficiently integrated with business planning.
	The data required to inform decision-makers about optimal resource allocation was not readily available and in some places did not exist.
	Information on the value of resource spending was patchy and often hard to compare.
Managing debt owed to central government (National Audit Office, 2014, HC 967)	This report commented on the quality of cross-government information. We found that Cabinet Office had been unable to rely on Quarterly Data Summary data, because of its poor quality. HM Treasury did not use these data to monitor departments' performance, relying instead on information provided directly to its spending teams.
The centre of government (National Audit Office, 2014, HC 171) and The centre of government: an update (National Audit Office, 2015, HC 1031)	The first report draws together insights from previous National Audit Office and Committee of Public Accounts' reports on the role of, and recent changes to, the centre of government. It sets out the 'unarguable responsibilities' of the centre. The update looks at how the centre's role evolved in response to austerity, and examines more recent developments (eg leadership of functions and professions under the new Chief Executive of the Civil Service).
	The update argues that the centre should set an objective system for measuring government performance, applied across government.

Source: National Audit Office reports

Appendix Four

Glossary

Figure 22
Glossary

Term	Meaning
Indicator	A metric/measure to gauge progress toward objectives.
Internal SDP	A detailed business plan, shared between departments, Cabinet Office and HM Treasury which sets out the objectives and performance measures of the department (aligned with the published SDP) and additional detail on the day-to-day business of the department.
Input	Resources needed to develop and implement projects, programmes or policies (these can include equipment, money, people, time, and technology). By deploying inputs, one should create outputs and ultimately outcomes.
Metric (also called measure)	A system to establish and collect measurements of success/failure on a regulated, timed basis that can be audited and verified. Measures typically are quantitative in nature, conveyed in numbers, pounds, percentages (eg amount spent, headcount number, percentage increase, or survey rating average).
Milestones	The set of specific deadlines that signal progress in completing an Initiative. Milestones may include interim progress/completion dates or percentage of completion, and key decision points.
Objectives	Specific planned achievements. Objectives contribute towards an organisation's overall aim.
Outcome	Benefits resulting from outputs. They should correspond to the ultimate objectives – the impact of a policy intervention on the welfare of producers or consumers (eg better educated students).
Output	Products resulting from inputs (eg number of teachers). Outputs should help to meet outcomes.
Published SDP	A high-level published summary document which sets out objectives for each department and public performance measures.
Target	A target is the defining standard of success, to be achieved over a specified time period.
Trajectory	The plan to close the gap between the baseline position and aim.

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