Health Canada's Approach to Target Setting:
Lessons Learned From Past Departmental Performance Reports (DPRs).

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Presentation at PPX

May 17, 2018

Purpose

- To discuss the findings from an analysis of Health Canada's (HC) targets over the past three years;

- To discuss a more consistent/robust approach to target setting for the 2018-19 Departmental Plan (DP); and

- To share lessons learned from the target setting exercise for the 2018-19 DP.

Context

- In the current context of the *Policy on Results* and the "Results and Delivery Agenda", the Government of Canada (GoC) is placing increased emphasis on achieving and reporting on results.
  - Importance of Results and Delivery reiterated by the Prime Minister to the Minister of Health in the recently updated mandate letter.

- The Treasury Board Secretariat (TBS) is focussing attention on the importance of target setting. In July 2017, TBS published an analysis of the level of achievement of results targets by departments in past Departmental Performance Reports (DPR).

- In August 2017, the Health Canada (HC) Deputy Minister questioned why targets that have been consistently exceeded have remained stable. He also commented on the need to revisit targets to ensure their continued relevance and robustness.

- Given the development of the 2018-19 Departmental Plan (DP) which for the first time, reported against the new Departmental Results Framework, EC-PMR directed CFOB (Planning and Corporate Management Practices Directorate) to undertake an analysis to inform the development of a robust approach to target setting for the 2018-19 DP in September 2017.
- Marc Desjardins is Health Canda's Head of Performance Measurement and this work was done within his directorate.
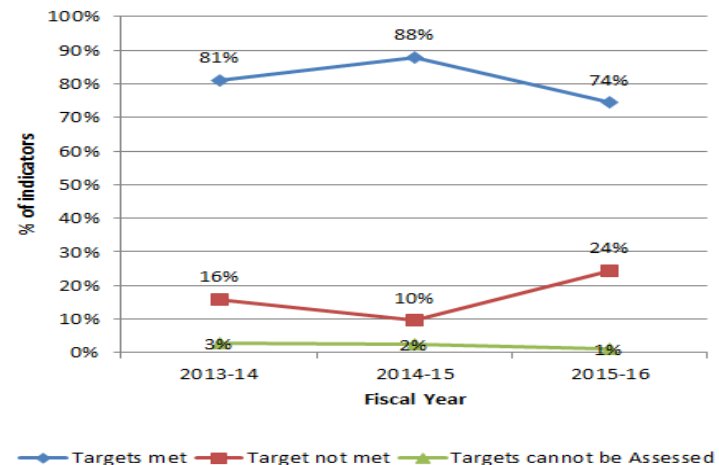
1. TBS Target Analysis: Key Findings

In July 2017, TBS released an analysis of the level of achievement of results targets by the GoC (2013-14 to 2015-16) to gain insights from the trends in achievement of targets.
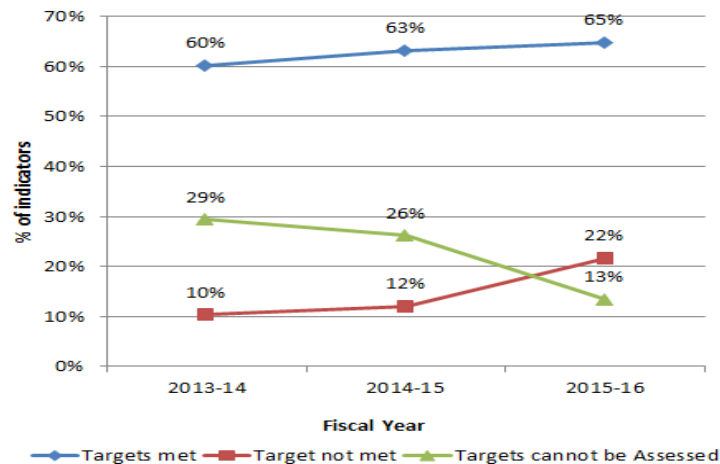
- Overall, target achievement is increasing over each fiscal year for GoC; 65% for 2015-16 compared to 74% for HC;
- Social and cultural departments are slightly better at achieving targets compared to economic departments;
- G&C programs have more difficulty achieving targets; and,
- TBS suggested the need for greater consistency across GoC departments in target setting.

2. Analysis undertaken by CFOB in collaboration with the G4

- The analysis was undertaken by CFOB (PCMPD) in collaboration with G4 colleagues (Data Lead) and the Office of Audit and Evaluation (OAE) with the goal of establishing the scale of the issue of target setting in the Department.

- The analysis had two components:
  - ❑ **DPR Target Analysis**: conducted on past HC DPRs (2013-14 to 2015-16) (similar to TBS' analysis on GoC departments) and,
  - ❑ **Review of leading practitioners in target setting**: included performance measurement and evaluation approaches and leading practitioners/best practice in target setting.

- The findings were shared with senior management in October 2017 and a target analysis approach was mandated for all HC Branches for the 2018-19 DP.

2A. DPR Target Analysis: Methodology

- A target data table was developed from the 2013-16 DPRs. Indicators were extracted from the DPRs with the corresponding target and date to achieve.

- 2016-17 data were not included:
  - 2016-17 DRR (Departmental Results Report) was not yet approved at the time of the analysis; and,
  - Preliminary analysis of 2016-17 data showed that a number of the indicators had changed from the previous years and, as such, could not directly be compared.

- Analysis of targets included:
  - ❑ Identification of type of indicator: **Operational** (e.g. output) vs **Result** (outcome);
  - ❑ **Target Achievement** (whether target was met or not); and,
  - ❑ **Target Adjustment** (whether target changed or not).

DPR Target Analysis (2013-16): High-Level Findings

Overview
- There were **108 indicators** in total over the 3 fiscal years (FY) 2013-14 to 2015-16 (this includes indicators that were only reported in one year and not in another year).
- **81 indicators** were reported consistently (every year) over the time period of 2013-16.
- For the 2013-14 FY, 92 indicators were reported in the DPR; for the 2014-15 FY, 97 indicators were reported, and for 2015-16 FY, 94 indicators were reported in the DPR.

General observations
- ❑ Most targets **did not change** despite achievement in previous years.

- ❑ A significant number of targets were **clustered around high percentages**, e.g. 70% 80%, 85%, 95% or 100%. These types of targets were associated with regulatory programs.

- ❑ The type of analysis conducted did not allow us to determine **how targets were set.**

DPR Target Analysis (2013-16): High-Level findings

1. Output vs Outcome:

Most indicators are at the **output** level rather than the **outcome** level.

- **68%** (73/108) of the indicators were **operational** (input-, activity- or output-based).

- **32%** (35/108) of the indicators were **results-oriented** (outcome-based);

2. Target Achievement:

Most of the indicators **met or surpassed** the target in each year reported.

- In 2013-14 FY, **65%** (60/92) of the indicators **met or surpassed** the target;

- In 2014-15 FY, **79%** (77/97) of the indicators **met or surpassed** the target;

- And in 2015-16 FY, **71%** (67/94) of the indicators **met or surpassed** their targets respectively.

3. Target Adjustment:

Most of the targets **remained the same** each year.

- **73%** (59/81) of the indicators that were collected consistently over the 3 years **had the same target set for each year** (i.e. did not move/change);

- **27%** (22/81) of the indicators that were collected consistently over the 3 years **had targets which changed/moved each year.**

DPR Target Analysis: Target Achievement (2013-14 to 2015-16, by Strategic Outcome)
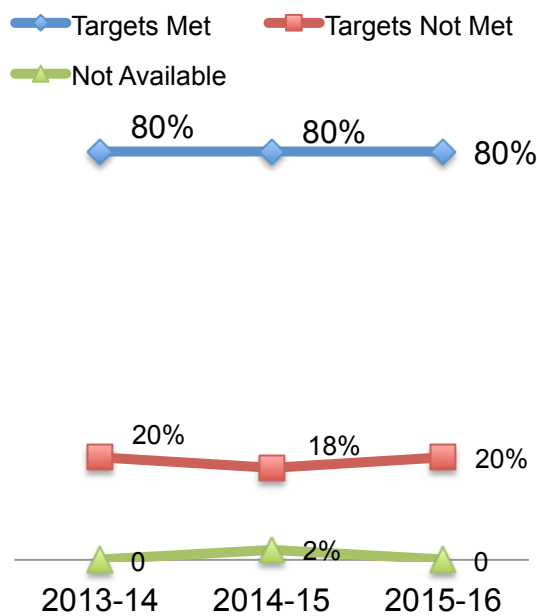

SO1 Targets met/not met

Targets Met — Targets Not Met

100%
75%
71%
0
25%
29%

2013-14   2014-15   2015-16
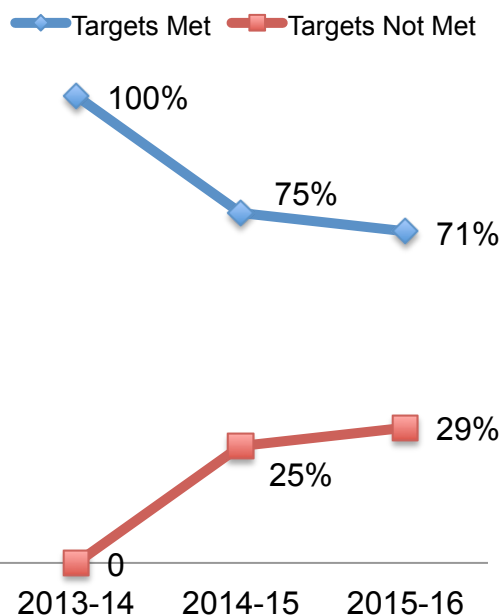
Legend:
SO 1
2013-14: 7 indicators
2014-15: 8 indicators
2015-16: 7 indicators

SO2: Targets met vs not met

Targets Met — Targets Not Met — Not Available
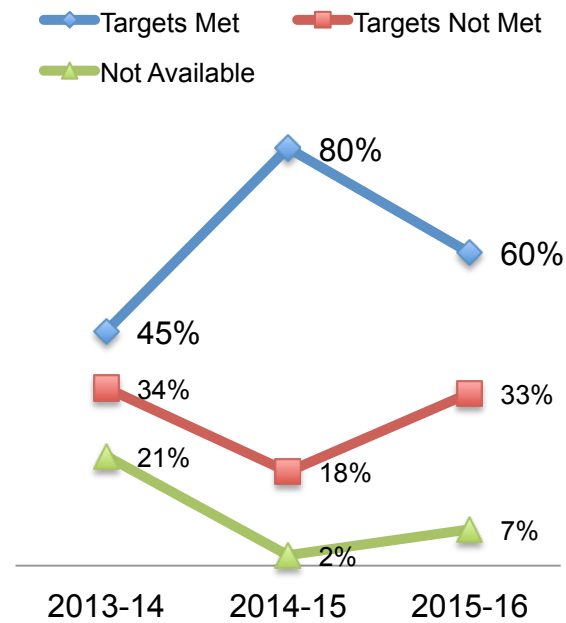
80%   80%   80%
20%   18%   20%
0   2%   0

2013-14   2014-15   2015-16

Legend:
SO 2
2013-14: 41 indicators
2014-15: 45 indicators
2015-16: 44 indicators

SO3: Targets met vs not met

Targets Met — Targets Not Met — Not Available

80%   60%
45%
34%   18%   33%
21%   2%   7%

2013-14   2014-15   2015-16
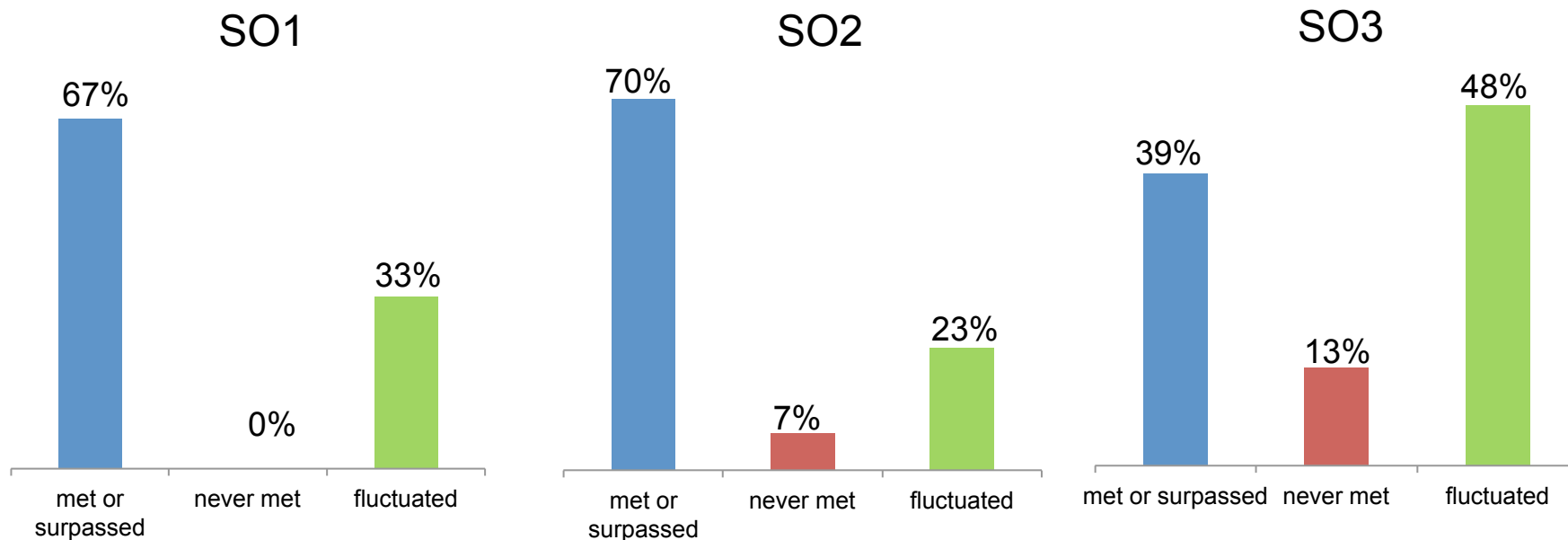
Legend:
SO 3
2013-14: 44 indicators
2014-15: 44 indicators
2015-16: 43 indicators

DPR Target Analysis: Target Adjustment (2013-14 to 2015-16, by Strategic Outcome)

- ❑ **67%** of the SO1 indicators **met or surpassed** the target **each year** but the **target remained the same** (never changed/moved).
- ❑ **70%** of the indicators from SO2 **met or surpassed** the target **each year** but the **target remained the same** (never changed/moved).
- ❑ SO3 indicators **fluctuated from year to year** and appeared to be set based on **previous performance**.

Target Analysis: Implications for 2018-19 DP

Target Achievement: Most of the indicators **met or surpassed** the target in each year reported (2013-16).

- **Implication:** For indicators that met or surpassed the target each year and that carry forward to the DRF, the 2018-19 DP target would need to be revisited. New indicators should also be monitored and adjusted accordingly.

Target Adjustment: Most of the targets **remained the same** each year (2013-16).

- **Implication**: Where the DRF indicator was previously in the PMF, the 2018-19 DP target would need to be revisited so that it reflects past/historical performance for those indicators. Going forward, new indicators would need to be monitored and adjusted accordingly.

Other considerations: Moving forward with an approach for setting DRF targets for the 2018-19 DP, there are some issues to consider:

- the balance between targets that are **ambitious yet realistic** needed to be maintained to ensure that the targets were achievable and to avoid placing the Minister in a vulnerable position;

- need to be able **document the approach** used for target setting should a request for information arise from the Deputy Minister, Minister's Office, or TBS; and,

- documentation of both target and target-setting methodology will support year-to-year monitoring and adjustment.

2B. Review of Approaches to Target Setting

- A review of performance measurement and evaluation approaches to target setting was conducted.

Sources consulted:

- ❑ **Stacey Barr** is well-known for her work in performance measurement and has developed the performance measurement blueprint (**PuMP**) methodology which has been adopted at Health Canada and has senior management support.

- ❑ **Michael Barber** is renowned for coining the term '**deliverology**' and was hired by the Privy Council Office in 2016 for advice on implementing the Government's Results and Delivery Agenda.

- ❑ **Michael Quinn Patton** is the former President of the American Evaluation Association and is well-known for his work in evaluation and evaluative thinking.

- ❑ **John Hopkins' 'Centre for Government Excellence**' helps build government capacity to use data for decision-making.

- ❑ **Treasury Board Secretariat (TBS)** is the central agency responsible for the implementation of the Policy on Results.

Review of Approaches to Target Setting : Key Elements

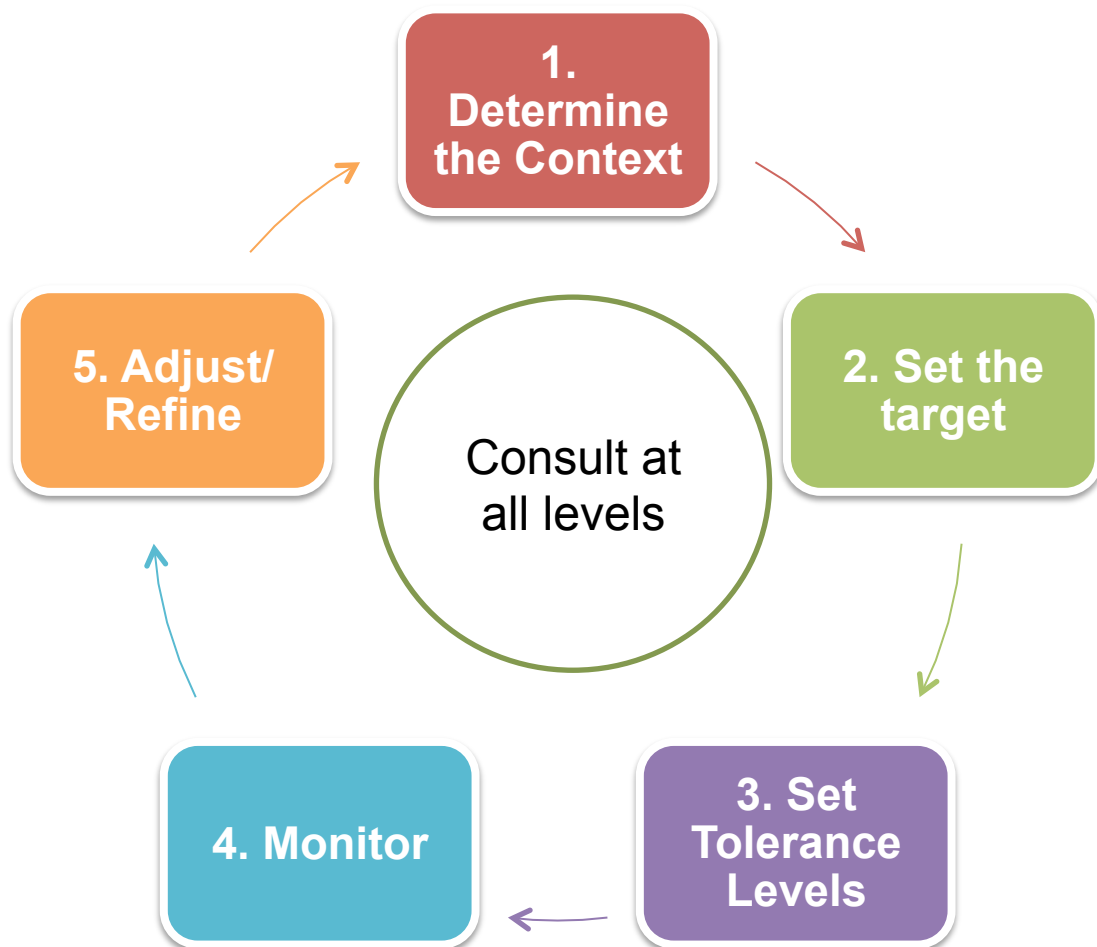| Performance Measurement Blueprint (PuMP)	"Deliverology"	Evaluative Thinking Applied to Target Setting	Treasury Board Secretariat	John's Hopkins' University
• **Historical data/ analysis;** • Set a target which is both **ambitious** and **realistic;** • Determine an **acceptable margin of error** • **Adjust**/ improve/ refine targets; • **Pursue** the performance **target**, rather than hitting it.	• Translate aspirations into **concrete targets;** • Set measurable, **ambitious**, **realistic** and timebound targets; • Set a **Trajectory** (evidence-based projection of performance levels).	• Use **historical data** based on past performance to determine new targets; • **Benchmarking** to seek norms for reasonable levels of attainment from comparable programs; • **Adjust/** improve/refine targets.	• Targets should be **ambitious** and **reasonable;** • Set targets based on **previous performance;** • Ensure targets for indicators and **baselines** are credible; • use a pin-point target or **range;** a pin-point should have a **threshold.**	• **Benchmarking** where baseline does not exist; • targets should be **aggressive,** while **reasonable** and **achievable;** • pick an **acceptable error range**; when targets are holding and progress maintained; **reset targets.**

Review of Approaches to Target Setting: Common Elements

- All propose a step-by-step approach to setting targets, with some variation in the degree of emphasis or order of the steps proposed. All also emphasize the importance **continuous improvement** based on actual past performance history, not perfection.

- Common elements to be considered in target setting include:
  - ❑ Develop **concrete outcomes** and **indicators**;
  - ❑ Use **historical data** analysis and/or a **benchmark** to establish a baseline;
  - ❑ Set **ambitious and realistic** targets;
  - ❑ Set a **trajectory** (evidence-based projection of the performance levels that will be achieved as the program pursues the target) and tolerance levels; and
  - ❑ **Monitor** and **adjust** targets regularly against actual results.
  - ❑ High degree of **consistency**.

3A. Target Setting Approach for HC 2018-19 DP

- The following is the approach to setting targets for the 2018-19 DP that was **mandated** by EC-PMR.

  ❏ Informed by the analysis and review, an approach has been developed to support Branches in target setting.

  ❏ Approach highlights key considerations that branches should take into account as they set the DP targets (e.g., including Sex and Gender-Based Analysis considerations).

1. Determine the Context

2. Set the target

3. Set Tolerance Levels

4. Monitor

5. Adjust/ Refine

Consult at all levels

3B. Target Setting Approach for HC 2018-19 DP

1. Determine the Context

- **Historical data** analysis e.g. **previous DPRs/DRRs** where applicable.
- Is there a **baseline**?
- What are the industry **benchmarks**?
- **Contextual information** – political context, resource context, internal & external factors, Sex and Gender Based Analysis.

2. Set the Target

- Is the target **ambitious/ realistic/ achievable**
- How does it compare to **past performance?**
- What is the target **methodology**?
- Where applicable: consult TBS guidance on **regulatory** programs; consult TBS guidance on **G&Cs;** consider **Sex and Gender Based Analysis** implications (e.g. different targets based on gender).

3. Set Tolerance Levels

- What **margin of error** is acceptable?
- Determine if the target is an absolute number or a **threshold**
- What is the target **trajectory** (evidence-based projection of performance)?

4. Monitor

- How often will data be collected for the indicator?
- Is the time-frame to a achieve the target realistic?
- How will you **measure progress towards** achieving the target?
- Set time-points to review progress (e.g. quarterly, yearly etc.).

5. Adjust/ Refine

- If actual is lower than target, determine whether a new target is needed.
- If actual is higher than target, determine if it is within threshold/ tolerance levels.
- Repeat cycle from Step 1 when setting new targets and/or resetting existing targets.

Lessons learned from 2018-19 DP Target Setting

Shift from activities-based reporting to results-based reporting required collaboration

- Previously within the PAA the reporting was on program activities
- Branches struggled more with the results-based reporting as it requires looking further ahead beyond activities
- Branches particularly the regulatory ones had to collaborate on their overall contribution towards the departmental result vs in the PAA where the reporting was more descriptive
- Linkage paragraphs were developed in the DP that explain the expected outcome.

Having more targets as ranges rather than absolute numbers

- Previous targets were absolute numbers but the target setting exercise/guidance from TBS has resulted in a shift in targets that are more of a range and therefore more attainable;
- The targets are also more meaningful as a range as they provide an upper and lower limit to the target; the target exercise facilitated of filling the DP datasheets.

Documenting target methodology has meant targets have been strengthened

- Programs thought through not just the **indicator methodology** but also the **target methodology**
- 5-step target setting approach involved looking at past targets and actuals.
- Where targets were met/exceeded actuals consistently, programs reflected on whether the same target made sense and if yes, an explanation was provided.

ANNEX A: Target Setting Approach for HC 2018-19 DP

Target Setting Approach for HC 2018-19 Departmental Plan

Background
The following is the recommended approach to setting targets for the 2018-19 DP.
- Informed by an analysis of past DPRs and a review of performance measurement and evaluation approaches to target setting.
- Approach highlights key considerations that branches should take into account as they set the DP targets (e.g., including Sex and Gender-Based Analysis considerations).
- Not all the questions will be applicable to the program; the list provides guidance to target setting.

1. Determine historical and current context:
   a. Is there a baseline for the indicator?
   b. Are there industry benchmarks for the indicator?
   c. What historical data/analysis is available? Have previous DPRs/DRRs been consulted where applicable to determine the trend in change of the target vs. actuals?
   d. What contextual information (e.g. political context, resource context, internal and external factors, Sex and Gender Based Analysis) has been considered?

2. Determine the new target:
   a. Is the target ambitious/realistic/achievable? How does the target differ from past performance – is it the same as previous years? How did the actuals change from year to year?
   b. What is the target methodology? How was this new target arrived at? This should be noted for future year target setting especially if the current year is the baseline year.
   c. Is it a Regulatory target? If yes, consult TBS guidance on "Measuring Performance of Regulatory Programs"
   d. Is it a Grants & Contributions (G&Cs) Program? If yes consult TBS guidance on "Measuring the Economic Impacts of Grants and Contributions"
   e. Does the target need to be modified based on Sex and Gender Based Analysis considerations? (E.g. is there a need for different targets based on gender, sub-populations etc.?)

- See attached Word document

Questions?

THANK YOU/ MERCI !