

Big Hairy Audacious Goals?

- Sound Advice from Mark Kidson and the Institute for Government, April 2014

Last week saw two big policy pledges from Cabinet ministers. First, the Chancellor George Osborne made 'a commitment to fight for full employment in Britain', a state of affairs that most agree our labour market has not experienced since at least the 1960s. Second, Education Secretary Michael Gove pledged to 'eliminate illiteracy in our lifetime'. On any analysis, these commitments qualify as what management guru Jim Collins calls BHAGs: Big Hairy Audacious Goals. BHAGs focus on long-term change, acting as an ambitious vision to orient action. Government is a natural place for BHAGs. The incentive for politicians is to identify the gap between the status quo and the future that voters want, and promise to plug it with policy action. Osborne and Gove were both trying to catch the political wind with their big ideas.

The last government turned some of these BHAGs into law – on climate change, child poverty, and fuel poverty. There is no suggestion yet that either Mr Osborne or Mr Gove are about to legislate – but our forthcoming study of the problems the last government had in meeting its target to end fuel poverty shows the perils of a big gap between rhetoric and action. We have identified six questions policy makers need address:

1. How are you defining the problem? High level ambitions can achieve consensus (who would disagree that we should tackle fuel poverty?) but good implementation usually requires nailing down a single definition to guide policy choices and to indicate progress. The definition the previous government used for fuel poverty from 2001 captured people who weren't poor and missed some people in the worst housing conditions.

2. Who are you trying to help? The temptation when meeting an ambitious target is on helping the people who are easiest to move over the line: different, more bespoke, more expensive interventions may be needed to reach the worst affected groups – who may be left to the end of the queue: the design of fuel poverty programmes skewed help towards easier to treat homes and those already receiving financial support.

3. Where are the levers? Do DfE and the Treasury really have the levers to deal with these problems? They may be better off than Defra which neither controlled housing standards, had access to information on benefit recipients nor to the vulnerable through health or social care. But the Chancellor at the least would depend on action on skills (BIS), in schools (DfE), on rehabilitation (MoJ) and the benefit system (DWP), as would DfE if it wants to deal with the stock of existing illiteracy not just the flow through the education system. Our forthcoming case studies will show how difficult government finds

developing and delivering cross Whitehall strategies.

4. How are you learning about what works? These are not new goals for government, so what has been learnt from past attempts to boost employment and improve literacy – and what is going to make the difference this time round? In the case of fuel poverty, officials' reaction was generally to pump more money into existing programmes; the Fuel Poverty Strategy was heavily reliant on Warm Front – a popular and successful programme grant-funding large numbers of energy efficiency measures for those on low incomes – but it was a blunt instrument for a complex problem.

5. Are you really prepared to commit the resources? Having committed themselves to a BHAG, ministers need to be willing to set out the terms of engagement, especially how much money is available and how far that gets you towards the goal. In the case of fuel poverty there was never an adequate attempt to cost the full programme required to meet the target.

6. How will you cope if the world turns against you? The Chancellor has announced his targets of full employment as the economy turns up – but employment prospects are vulnerable to external economic events. The dramatic increase in world energy prices from 2005 meant the fuel poverty targets were increasingly hard to reach. Any BHAG which depends on external factors is vulnerable to a change in environment.

So the lesson for policy makers is that one line of attractive political rhetoric does not make for effective implementation. If ministers are unwilling or unable to answer these fundamental questions, such announcements are empty rather than audacious.