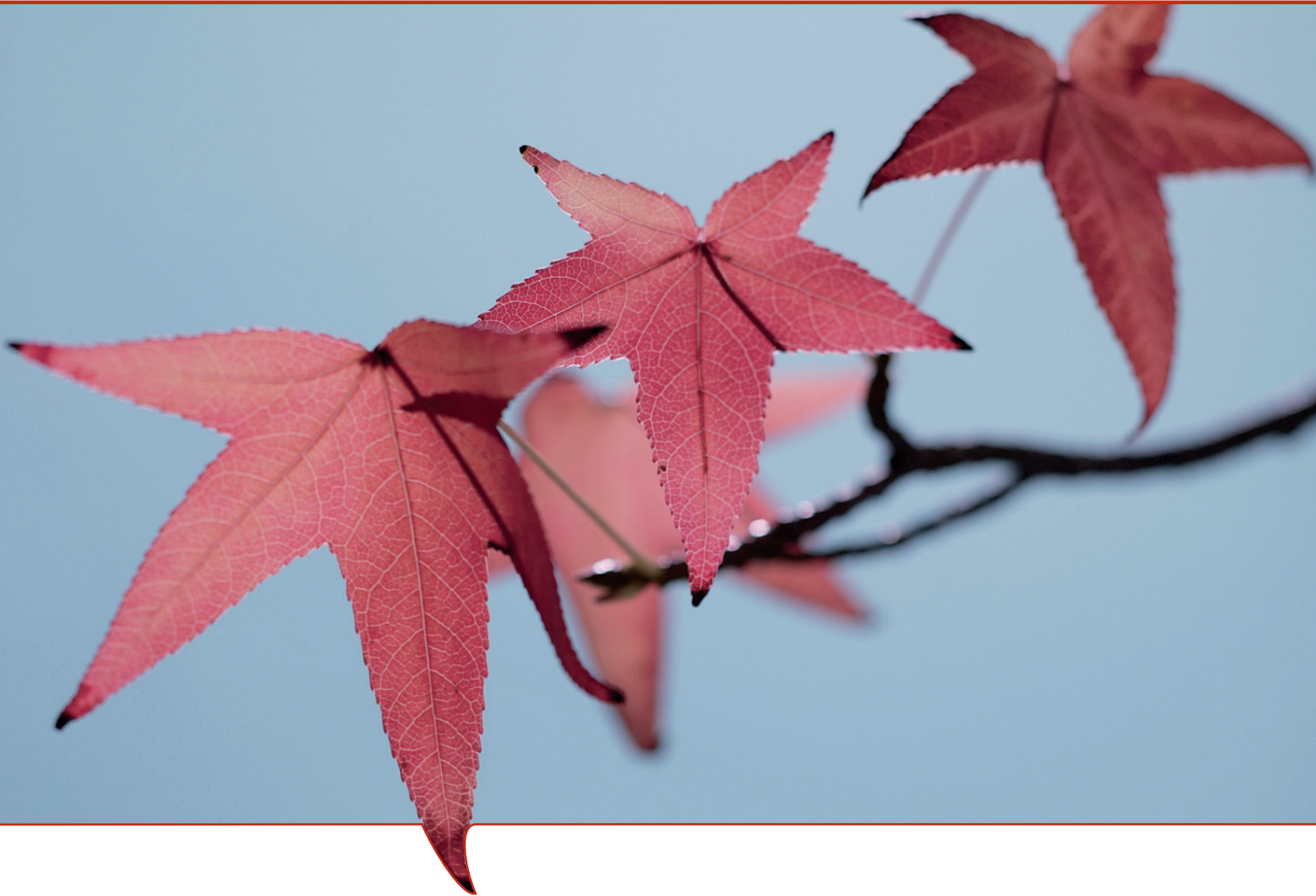




HM TREASURY

Autumn Performance Report



December 2009



HM TREASURY

Autumn Performance Report:

Progress on the HM Treasury Group Departmental
Strategic Objectives and Public Service Agreements

December 2009



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Introduction

About this report

The 2009 Autumn Performance Report describes the progress the Treasury Group is making towards achievement of its Departmental Strategic Objectives (DSOs). It updates the performance, in accordance with central Treasury guidance, and compares that performance to that described 12 months ago in the 2008 Autumn Performance Report.

This report is made up of the following chapters and annexes:

Chapter 1: Maintain sound public finances: describes the progress and performance of the Group on its first DSO with more detailed information and performance ratings for each of the underlying outcomes.

Chapter 2: Economic growth, well-being and prosperity for all: describes the progress and performance of the Group on its second DSO, with more detailed information and performance ratings for each underlying outcome.

Chapter 3: Ending Child Poverty: as part of the Treasury's role as the lead department for the delivery and governance of this PSA, this chapter describes the latest progress and performance.

Chapter 4: Value for Money: details the progress made by the Group towards its previously published savings targets.

Annex A: Legacy targets: reports against any outstanding PSA targets still live from previous spending reviews.

About Treasury Ministers

The **Chancellor of the Exchequer**, Rt Hon Alistair Darling MP, has overall responsibility for the Treasury. He is supported by:

- the **Chief Secretary to the Treasury**, Rt Hon Liam Byrne MP;
- the **Financial Secretary to the Treasury**, Rt Hon Stephen Timms MP;
- the **Exchequer Secretary to the Treasury**, Sarah McCarthy-Fry MP;
- the **Economic Secretary**, Ian Pearson MP;
- the **Financial Services Secretary**, Lord Myners; and
- the **Minister of State with responsibility for revenue protection at the border**, Phil Woolas MP.

About Treasury Group

The Treasury Group consists of HM Treasury (also referred to as core Treasury), the UK Debt Management Office (DMO) the Asset Protection Agency (APA) and the Office of Government Commerce (OGC):

- **HM Treasury** is the United Kingdom's economics and finance ministry, and it is responsible for formulating and implementing the UK Government's financial and economic policy.
- The **DMO** is the executive agency of the Treasury specialising in the provision of policy advice on and the delivery of the government's financing needs. It acts as a key gateway for government to the wholesale financial markets and performs these functions primarily to support the Treasury's objective of maintaining sound public finances.
- The **APA** is an executive agency of the Treasury set up to operate the Asset Protection Scheme, a major Government intervention in the UK financial system in response to the global financial crisis.
- The **OGC** is an office of the Treasury tasked with delivering transformation of Government procurement, and with driving up standards and procurement capability across central government. Buying Solutions is OGC's Executive agency and Trading Fund.

Treasury Group objectives

The Treasury Group has two Departmental Strategic Objectives (DSOs) that set out its policy objectives, and has established a Departmental Corporate Objective (DCO) that sets out its corporate objectives:

- **To maintain sound public finances** (DSO 1);
- **To ensure sustainable economic growth, well being and prosperity for all** (DSO 2); and
- **To enable HM Treasury to deliver effectively and efficiently, and remain a strong, respected, and professional economics and finance ministry** (DCO).

Both DSOs, and the DCO, are underpinned by a series of outcomes, which provide a level of detail of specific delivery priorities.

The Chancellor of the Exchequer is the lead minister, and the Treasury has the lead responsibility, for one PSA, “Halve the number of children in poverty by 2010-11; on the way to eradicating child poverty by 2020” (PSA9) In addition the Treasury is a delivery partner for seven of the Government’s Public Service Agreements (PSAs) for the 2007 CSR period.

In line with central Treasury guidance, this Autumn Performance Report provides performance information for the DSOs and the PSA. It also includes an update against the Treasury’s Value for Money target which forms part of the Treasury’s DCO. Reporting against the remaining corporate objectives set out in the DCO is updated annually in the (spring) Annual Report and Accounts.

This document only contains data that is already in the public domain. For further detail about the sources of data used by the Treasury Group; please see the Pre-Budget Report Data Sources¹ document on the Treasury website.

¹ http://www.hm-treasury.gov.uk/d/pbr09_datasources.pdf

Executive Summary

Overview

The context for the Treasury's work in 2009 continues to be the aftermath of the most severe and synchronised recession since the Great Depression, including the associated developments in the financial sector. At the end of 2008, both advanced and emerging markets economies were contracting – in many cases at rates not seen in the post-war period. In the UK, output fell more sharply than expected at Budget 2009. However timely and effective action by governments around the world has helped to avoid a significantly worse outcome and there are tentative signs of recovery in global and UK economies.

In the UK, the Government has responded with a coherent and comprehensive package of support to households, businesses and the broader economy to mitigate the risks to economic stability, secure the recovery of the economy and provide a platform for growth and opportunity.

Maintaining sound public finances

Sound public finances are key to macroeconomic stability. Along with other major economies, the UK Government has allowed borrowing to increase through the recession in order to support people and businesses. However, once the economic recovery is secured, the Government will reduce public sector borrowing through actions which will help to maintain low long-term interest rates. The Treasury has set out a plan to halve the level of borrowing as a share of the economy to 5.5 per cent of GDP in 2013-14. These plans are consistent with debt falling as a percent of GDP in 2015-16. The Fiscal Responsibility Bill will enshrine these consolidation plans into legislation.

In line with the Budget 2009 forecast GDP is expected to return to growth by the end of the year, before picking up again in 2010 and 2011. The risks to the recovery remain, and withdrawing support for the economy too quickly could undermine recovery. Setting a credible consolidation path to ensure sustainable public finance is a key element of the Government's macroeconomic strategy, and is essential for economic stability and long-term health of the economy.

As the economy and financial markets recover, the role for macroeconomic policy will change. The Government's actions will change from supporting activity in the downturn to providing the conditions for future growth. A series of measures were announced in the 2009 Pre Budget Report (PBR2009) that will maintain the path of this consolidation set in Budget 2009 and reinforce the fairness of the tax system.

Ensuring high and sustainable levels of economic growth, well-being and prosperity for all

The Government's long-term economic goal is to secure and maintain macroeconomic stability, in order to promote a stronger economy and achieve its objective of a fair society where there is security and opportunity for all. With the opposing forces of the global downturn and an unprecedented international policy response, prospects for the world economy remain uncertain. However, as the policy stimulus announced earlier this year begins to take effect, the world economy is forecast to grow by 3¼ per cent in 2010, before rising to 4¼ per cent in 2011 and 2012.

The action the UK Government is taking to put the public finances on to a sustainable footing, and to ensure that the financial markets are properly functioning, is key to the macroeconomic stability that business and the wider economy needs.

The Treasury is supporting business into the recovery through such measures as the introduction of the Business Support Service and the deferral of the increase in the Small Companies' Rate of corporation tax.

In addition, the Treasury has introduced a number of measures that are designed to provide targeted support to help the low paid families; and young people who are out of work.

These include:

- support for individuals, so that 18-24's claiming Jobseeker's Allowance for six months will be guaranteed a job, work placement or work-related skills training; and
- helping homeowners who have suffered a temporary drop in income, through schemes like the Support for Mortgage Interest scheme.

The Government maintains its commitment to efficient and effective public services. A combination of increased investment and a strong focus on value for money, improving efficiency and cutting down on waste, has radically improved the quality of the UK's public services. The Government is committed to continue to build on these achievements. Budget 2009 announced that the Government's value for money target would increase from £30 billion to £35 billion by 2010-11. The 2009 PBR announced further efficiencies and reforms across the public sector including:

- £11 billion savings by 2012-13 through Smarter Government for example by rationalising Arms Length Bodies; greater use of on-line systems; cutting consultancy spend and better management of Government assets; and
- additional savings of £5 billion by 2012-13 from targeting and prioritising spending.

Additional savings are anticipated by capping public sector pay settlements and reforms to public service pensions.

The Government is committed to achieving these savings alongside its actions to protect front line services.

Delivering value for money savings

The Treasury Group is committed to a £35 million programme to achieve better value for money in delivering its objectives. The Treasury has been proactive in ensuring it has the right people in the right roles: it has boosted staff numbers, both through major recruitment campaigns and by the targeted use of professional advice and expertise, to ensure it has the skills and expertise it needs to support the economy and maintain stability in the financial services sector. In *Putting the frontline first: smarter government*, and through the cross-Government *Operational Efficiency Programme*, the Government has set departments further challenges for the future. Chapter 4 reports on the Treasury's progress to date with its CSR07 value for money programme, which is contributing to these initiatives.

Performance against objectives

The tables on the following pages provide a summary of progress on the Treasury Group's DSOs and PSA in accordance with the standard reporting terminology under the central CSR2007 performance framework (see table below for an explanation of that terminology).

Standard reporting terminology

Rating	Definition
Strong Progress	More than 50 per cent of indicators have improved. (Note: This may only be used where more than 50 percent of "all" indicators have seen improvement; not just 50 per cent of those that are assessed).
Some progress	50 per cent or less indicators have improved.
Met – Ongoing*	Target is still live and measured on a continuous basis.
No progress	No indicators have improved.
Not yet assessed	50 per cent or more of the indicators are yet to have even first time data produced on progress.

DSO1: Maintaining Sound Public Finances

DSO Outcome	Performance Indicator(s)	Assessment
a. Meeting the obligations of the Fiscal Responsibility Bill	<p>The Fiscal Responsibility Bill requires the Government to set out at all times a statutory fiscal plan for delivering sound public finances. The Bill sets out the Government's first legislative fiscal plan, the Fiscal Consolidation Plan (FCP). This extends from 2009-10 to 2015-16 and requires that the Government:</p> <ul style="list-style-type: none"> halves public sector net borrowing as a share of GDP over four years from its forecast peak in 2009-10. The Government is setting a target, in secondary legislation enabled by the Bill, for borrowing to be 5.5 per cent of GDP or less in 2013-14; reduce borrowing as a share of GDP in each and every year from 2009-10 to 2015-16; and ensure that public sector net debt is falling as a share of GDP in 2015-16. 	<p>Not yet assessed</p> <p><i>(50 per cent of indicators or more without first time data)</i></p>
b. Ensuring that the tax yield is sustainable and risks managed	Tax yield over the economic cycle.	<p>Not yet assessed</p> <p><i>(50 per cent of indicators or more without first time data)</i></p>
c. Managing public spending	<p>Differences between Treasury compiled forecasts of Public Sector Current Expenditure (PSCE) and actual outturns as at the End of Year Fiscal Report; and</p> <p>Differences between Public Sector Net Investment (PSNI) at Budget and actual outturns as at the End of Year Fiscal Report.</p>	<p>No Progress</p> <p><i>(No indicators have improved)</i></p>
d(i). Professionalising and modernising the finance and procurement functions in government	Performance at departmental level in timeliness and quality of in-year and external reporting.	<p>Strong Progress</p> <p><i>(More than 50 per cent of indicators showing improvement)</i></p>
d(ii). Professionalising and modernising the finance and procurement functions in government	<p>Efficiency: Savings from take up of collaborative opportunities and other procurement activity; and</p> <p>Effectiveness: improvements in the delivery performance of Government's procurement capability and capacity.</p>	<p>Strong Progress</p> <p><i>(More than 50 per cent of indicators showing improvement)</i></p>
e. Managing government cash, debt and reserves efficiently and effectively	All operational activities carried out without major error; and appropriate limits and monitoring systems to control financial risks are in place.	<p>Strong Progress</p> <p><i>(More than 50 per cent of indicators showing improvement)</i></p>

Overall Performance Rating

The Treasury rates its overall performance against DSO1 as **some progress**. Full details of performance are given in Chapter 1.

DSO 2: Ensuring high and sustainable levels of economic growth, well-being and prosperity for all

DSO Outcome	Performance Indicator(s)	Assessment
a. Supporting low inflation	Inflation to be kept at the target as specified in the remit sent by the Chancellor of the Exchequer to the Governor of the Bank of England (currently 2 per cent as measured by the 12-month increase in the Consumer Prices Index).	Met - Ongoing <i>(Target is live and continually measured)</i>
b. Promoting the efficiency and fairness of the tax system	Impact of policy measures on taxpayers.	Some Progress <i>(Less than 50 per cent of indicators showing improvement)</i>
c. Improving the incentives and means to work; supporting children and pensioners; and helping people plan and save for the future	Increase in the employment rate of the working age population; and Number of children in relative low-income households (less than 60 per cent of median income before housing costs).	Not yet assessed <i>(50 per cent of indicators or more without first time data)</i>
d. Improving the quality and value for money of public services	Progress in delivering on PSA commitments.	Some Progress <i>(Less than 50 per cent of indicators showing improvement)</i>
e. Supporting fair, stable and efficient financial markets	Assessments of UK financial stability and risk management against international comparisons; Competitiveness of the UK's system for financial regulation; Financial capability and financial inclusion; and Helping to manage the risk from financing of terrorism.	Some Progress <i>(Less than 50 per cent of indicators showing improvement)</i>
f. Raising productivity with sustainable improvements in the economic performance of all English regions including narrowing the gap in growth rates between the best and worst regions	Trend growth in output per worker (productivity) over the economic cycle; International comparisons of output per worker and per hour worked; and Regional Gross Value Added (GVA) per head growth rates in each region and between the best and worst performing regions.	Some Progress <i>(Less than 50 per cent of indicators showing improvement)</i>
g. Protecting the environment in an economically efficient and sustainable way	Increase in the size of the global carbon market; and Increased policy cost-effectiveness.	Some Progress <i>(Less than 50 per cent of indicators showing improvement)</i>

DSO 2: Ensuring high and sustainable levels of economic growth, well-being and prosperity for all

DSO Outcome	Performance Indicator(s)	Assessment
h. Pursuing increased productivity and efficiency in the EU, international financial stability and increased global prosperity	<p>A stable, efficient and representative international financial system well equipped to promote prosperity, and to prevent and respond to crises;</p> <p>Progress towards the Millennium Development goals (as set out in the Government's International Poverty Reduction PSA)²; and</p> <p>A more outward looking, flexible and competitive European Union that enables Member States to maximise opportunity, prosperity and fairness.</p>	<p>Some Progress</p> <p><i>(Less than 50 per cent of indicators showing improvement)</i></p>

Overall Performance Rating

The Treasury rates its overall performance against DSO2 as **Some Progress**. Full details of performance are given in Chapter 2.

PSA9: Ending Child Poverty

PSA	Performance Indicator(s)
PSA9 Halve the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020	<p>The number of children in absolute low-income households</p> <p>The number of children in relative low income households</p> <p>The number of children in relative low-income households and in material deprivation</p>

Overall Performance Rating

The Treasury rates its overall performance against PSA9 as **No Progress**. Full details of performance are given in Chapter 3.

²http://www.hm-treasury.gov.uk/d/pbr_csr07_psa29.pdf

1

Maintain sound public finances

1.1 The Treasury Group's first Departmental Strategic Objective is to maintain sound public finances. This DSO has five outcomes and these cover a wide range of policy areas from managing the Government's cash debt and reserves; the management of public spending; meeting fiscal rules; monitoring the tax yield to ensure its sustainability and manage the associated risks accordingly; as well as work to continue to professionalise the government functions of finance and procurement.

The Treasury rates its overall performance against DSO1 as **Some Progress** and the following pages provide a more detailed commentary on the progress achieved under various outcomes that make up the overall DSO.

Assessment of DSO1 outcomes

DSO Outcome – 1(a) Meeting the obligations of the Fiscal Responsibility Bill	
Overall outcome assessment	Not yet assessed
Indicator	<p>The Fiscal Responsibility Bill requires the Government to set out at all times a statutory fiscal plan for delivering sound public finances. The Bill sets out the Government's first legislative fiscal plan, the Fiscal Consolidation Plan (FCP). This extends from 2009-10 to 2015-16 and requires that the Government:</p> <ul style="list-style-type: none"> • halves public sector net borrowing as a share of GDP over four years from its 2009-10 level. The Government is setting an additional requirement, in secondary legislation enabled by the Bill, for borrowing to be 5.5 per cent of GDP or less in 2013-14; • reduce borrowing as a share of GDP in each and every year from 2009-10 to 2015-16; and • ensure that public sector net debt is falling as a share of GDP in 2015-16
Assessment against indicator	Not yet assessed
Data Statement	<p>The 2009 Pre-Budget Report (PBR) fiscal forecasts project public sector net borrowing (PSNB) to fall year-on-year from 12.6 per cent of GDP in 2009-10 to 5.5 per cent in 2013-14. This reduction represents a more than halving of the deficit as a share of GDP over this period. PSNB then falls from 5.5 per cent of GDP in 2013-14 to 4.4 per cent of GDP in 2014-15.</p> <p>Public sector net debt (PSND) increases over the 2009 PBR projection period, in particular in 2009-10 and 2010-11, reflecting the high level of borrowing supporting the economy in those years. The projections set out in the 2009 PBR are consistent with debt peaking in 2014-15, at 77.7 per cent of GDP, and declining in 2015-16. The 2009 PBR fiscal projections are therefore consistent with the Fiscal Consolidation Plan.</p>
Overall Outcome Commentary	<p>The global financial crisis has had a profound and persistent impact on the public finances of all major economies. In the face of this shock to the public finances, the 2008 PBR set out a temporary operating rule for fiscal policy, which was designed to allow significant flexibility in the operation of fiscal policy during the recession. It facilitated an effective and necessary response to the downturn, while signalling a clear commitment to fiscal sustainability over the medium term. With economic conditions beginning to normalise and the economy forecast to emerge from recession by the end of the year, the Government believes that it is now appropriate to strengthen the fiscal framework. The 2009 PBR announced that the Government would enshrine its consolidation plans in legislation through a Fiscal Responsibility Bill.</p> <p>The Bill, introduced alongside the 2009 PBR, requires the Government to set out at all times a statutory fiscal plan for delivering sound public finances, to be approved by Parliament, and places a binding duty on the Government to meet that plan. It also enables the Government to add further duties to that plan through secondary legislation.</p> <p>The Bill sets out the Government's first legislative fiscal plan, the Fiscal Consolidation Plan (FCP). The FCP extends from 2009-10 to 2015-16. Its requirements are set out in the 'Indicator' section above.</p>
Quality of Data Systems	Underlying data are sourced from the Office for National Statistics.

Risks to Delivery	Forecasts for the economy and public finances remain subject to a significant degree of uncertainty, in particular the economic growth path, the path of interest rates and inflation, and the outlook for the financial sector.
Future Plans	The Fiscal Consolidation Plan sets binding targets that cannot be changed except with the approval of Parliament through new legislation

DSO Outcome – 1(b) Ensuring that the tax yield is sustainable and the risks managed

Overall outcome assessment	Not yet assessed
Indicator	Tax Yield over Economic Cycle
Assessment against indicator	Not yet assessed
Data Statement	The 2008 Pre-Budget Report announced a final assessment of the tax yield over the previous economic cycle, which ended in the second half of 2006. Data on progress over the current economic cycle will be reported in due course.
Overall Outcome Commentary	It is not yet possible to make an assessment against this outcome as the economic cycle is at an early stage, and the duration of the cycle is not yet clear

Chart B1: - GDP ratio



¹Net taxes and NICs as defined in table B12.

The tax to GDP ratio may be used as an indicator of the level of taxation in any given year. The tax to GDP ratio outlined in the 2009 Pre-Budget Report falls from 35.4 per cent in 2008-09 to 33.2 per cent in 2009-10. It is then forecast to rise to 34.9 per cent in 2011-12, and reach 35.3 per cent in 2012-13. The forecast of the average tax to GDP ratio for the six-year period between 2008-09 and 2013-14 at the 2009 Pre-Budget Report was 34.7 per cent, compared to a forecast of 34.5 per cent at Budget 2009.

The tax-GDP ratio is similar to the Budget 2009 projection throughout the projection period. The tax-GDP ratio falls by over 2 percentage points in 2009-10 reflecting the effect of the downturn, the further decline in receipts from the financial and housing sectors and policy measures for fiscal support such as the temporary reduction in the standard rate of VAT. While the tax-GDP ratio remains above its early 1990s low, the decline in the ratio of around 3 percentage points since the last on-trend point in 2006-07 is similar in scale to the fall recorded between 1990-91 and 1993-94.

The plans set out in this Pre-Budget Report are consistent with debt falling as a share of GDP in 2015-16. Performance against DSO outcome 1b is closely linked to that of other DSO outcomes, particularly DSO 1a. For further detail on meeting the obligations of the Fiscal Responsibility Bill, please refer to DSO 1a.

Quality of Data Systems Underlying data are sourced from the Office for National Statistics.

Risks to Delivery	The economic forecast is a key determinant of the tax receipts forecast. Forecasts for the economy and public finances are subject to considerable uncertainty in the current circumstances.
Future Plans	The Treasury continues to monitor tax receipts on an ongoing basis. Receipts data are released jointly by the Office for National Statistics and the Treasury on a monthly basis. Forecasts and analysis are published twice a year, in the Budget and in the Pre-Budget Report

DSO Outcome – 1(c) Managing Public Spending

Overall outcome assessment No Progress

Indicator 1 Differences between Treasury compiled forecasts of Public Sector Current Expenditure (PSCE) at Budget and actual outturns as at the End of Year Fiscal Report.

Indicator 2 Differences between Public Sector Net Investment (PSNI) at Budget and actual outturns as at the End of Year Fiscal Report.

Assessment against indicator

Indicator 1 No Improvement

Indicator 2 No Improvement

Data Statement

Indicator 1 PSCE outturn for 2008-09 was £563.7 billion compared to £566.2 billion as forecast in Budget 2008: a variance of 0.5 per cent.

Indicator 2 PSNI outturn for 2008-09 was £35.7 billion compared to £32.9 billion as forecast in Budget 2008: a variance of 9.0 per cent.

Overall Outcome Commentary 2008-09 PSCE outturn compared to forecast was within a 0.5 percentage variance, as was 2007-08 outturn compared to forecast.

In 2007-08, PSCE outturn was £2.9 billion lower than forecast at Budget 2007. This was mainly due to forecasting differences (-£3.9 billion), economic determinants (+£0.7 billion) and classification changes (+£0.4 billion).

In 2008-09, the £2.6 billion difference in PSCE outturn from forecast occurred due to a combination of factors:

- -£0.1 billion due to changes in the assumptions audited by the National Audit Office;
- -£1.8 billion of fiscal forecasting differences. Within this, Resource DEL outturn was £3.1 billion below the Budget 2008 forecast, mainly due to lower than planned spending by the NHS as a result of improving financial management. This was offset by increases in Resource AME mainly because of the effect of the economic downturn on social security;
- -£1.0 billion of classification changes; and
- +£0.3 billion of additional spending due to policy measures implemented at the 2008 Pre-Budget Report and Budget 2009 to support the economy through the downturn.

2008-09 PSNI outturn compared to forecast was within a 9.0 percentage variance. In 2007-08 outturn compared to forecast was within a 2.0 percentage variance.

In 2007-08 PSNI outturn was £0.5 billion higher than the Budget 2007 forecast. This increase was due entirely to forecasting differences. However in 2008-09 the £2.8 billion increase in PSNI was due to:

- -£0.2 billion due to changes in the assumptions audited by the National Audit Office;
- +£2.1 billion fiscal forecasting differences. Capital DEL outturn was the same as the Budget 2008 forecast but Capital AME increased due to an increase in locally financed expenditure; and
- +£0.9 billion due to policy changes, which include £0.2 billion for housing programmes announced in September 2008, and £0.4 billion of capital spending brought-forward as part of the capital stimulus announced at the 2008 Pre Budget Report

Quality of Data Systems	High quality data systems. PSCE and PSNI outturn are taken from the joint ONS and the Treasury Public Sector Finances release, which is subject to National Statistics protocols on data quality. Forecasts are primarily based on departmental plans reported on Treasury's spending database (COINS). The plans from this source are separately published in Departmental Annual Reports.
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Risks to Delivery	Economic uncertainty
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Future Plans	<p>The Budget 2009 forecast for PSCE in 2009-10 was £608.0 billion, and for PSNI was £43.8 billion. The 2009 Pre-Budget Report has updated these forecasts, which shows that PSCE is now forecast at £607.0 billion in 2009-10, £1.0 billion less than at Budget 2009. PSNI is now forecast at £49.5 billion in 2009-10 in the 2009 Pre-Budget Report, an increase of £5.9 billion since Budget 2009. This is mainly due to the new treatment of financial institutions (treating them as if they were private sector, so some transactions score as capital grants).</p> <p>Final 2009-10 outturn for both PSCE and PSNI will be available when the End of Year Fiscal Report for 2010 is published in the usual way alongside the 2010 Pre-Budget Report.</p>
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DSO Outcome – 1(d)(i) Professionalising and modernising the finance function in government	
Overall Outcome Assessment	Strong Progress
Indicator 1	Performance at departmental level in timeliness and quality of in year and external reporting
Assessment against indicator	Some Improvement
Data Statement	<p>For financial year 2008-09, 45 departments (100 per cent) laid their resource accounts before the House before the parliamentary summer recess. This compares with 43 out of 45 departments (96 per cent) for 2007-08. There were six qualified accounts: the Home Office (Excess Vote); the Department for Work and Pensions (Regularity); the Ministry of Defence (Regularity and Limitation in Scope); HM Treasury (Excess Vote); the Department for Environment, Food and Rural Affairs (Regularity and Disagreement on Accounting Treatment); and the BERR United Kingdom Atomic Energy Authority pension scheme (Excess Vote). This compares with four qualifications for financial year 2007-08, involving the Department for Transport, the Department for Work and Pensions, the Office of Fair Trading and the Ministry of Defence. The resource accounts of those departments shown above with Excess Votes were nevertheless true and fair in all other respects.</p> <p>For financial year 2009-10 to date, 53 out of 56 (95 per cent) departments, pension funds and other central government bodies, regularly provided monthly in-year monitoring figures to the Treasury. On average 43 (77 per cent) supplied figures on time, each month with an average of 40 (72 per cent) updating forecasts with actual expenditure on time.</p>
Overall Outcome Commentary	<p>There has been strong progress in taking forward this DSO outcome over recent months. Key initiatives have included:</p> <ul style="list-style-type: none"> • Taking forward the Alignment (Clear Line of Sight) Project, on which the Government submitted formal proposals to Parliament in March 2009 for achieving better alignment between budgets, Estimates and accounts and simplifying and streamlining government's financial reporting to Parliament. The Liaison Committee published a very positive report in July 2009 supporting all of the Government's alignment proposals; • Supporting and enabling departmental Finance Directors and other senior finance professionals to improve financial and performance management across government. Departmental Finance Directors have committed to improving performance by introducing benchmarking and implementing the CIPFA Financial Management self-assessment tool; • Initiating a review of the Corporate Governance Code, with the aim of reporting in 2010;

- Conducting an Internal Audit Transformation Project, to ensure that the internal audit service is positioned and equipped to meet the challenges of the increasing risk profile across government, due to report in early 2010; and
- The formal appointment of an accounting officer within Treasury responsible for Whole of Government Accounts (WGA) process.

Work has continued in parallel to strengthen further the capability and capacity of finance professionals and improve the finance skills of 30,000 civil servants, in line with the Professional Skills for Government Agenda, by broadening and defining the standards of financial management competence.

As part of measuring and improving the quality of in-year reporting, data quality indicator sets were introduced for financial year 2008-09 and are being continued in 2009-10. Departments are provided with a report of their performance against these indicators each month.

The reporting changes proposed under the Alignment Project will bring more streamlined and efficient reporting to Parliament and lead to better accountability.

Steady progress has been made against the first three trigger points for implementation of International Financial Reporting Standards (IFRS) in 2009-10, and in addressing key issues. The Treasury is addressing remaining issues in the implementation of IFRS through revised governance arrangements.

Quality of Data Systems The quality of high-level data is good with departments submitting their Resource Accounts to the Treasury for laying before the House.

Risks to Delivery The main potential risk to delivery of the DSO outcome would arise if there was a lack of co-operation by key stakeholders in taking forward the various strands of the financial management agenda. This risk is being addressed through high-level engagement with stakeholders to drive forward the various aspects of improving financial management, reporting and governance.

The key change strands that will be critical in taking forward the DSO outcome over the coming months are:

- setting the right tone from the top in terms of improving financial management across government;
- continuing to refine, and plan to start, implementing the alignment reforms from April 2010;
- successful implementing of IFRS in 2009-10;
- delivering the first audited and published WGA for 2009-10;
- identifying the root causes of data quality issues by in-year reporting measures and investigating them further through a series of stock-takes with the main government departments;
- designing and agreeing a revised corporate governance framework; and
- agreeing a strategic improvement plan for internal audit transformation.

Future Plans

In addition, a project to replace the COINS central data system commenced in July 2009. The reporting changes resulting from the Alignment Project, IFRS and WGA, in particular, as well as the internal audit and governance reviews and the COINS Replacement Project will bring more streamlined and efficient financial reporting, and better accountability to Parliament and the public.

DSO Outcome – 1(d)(ii) Professionalising and modernising the procurement function in government

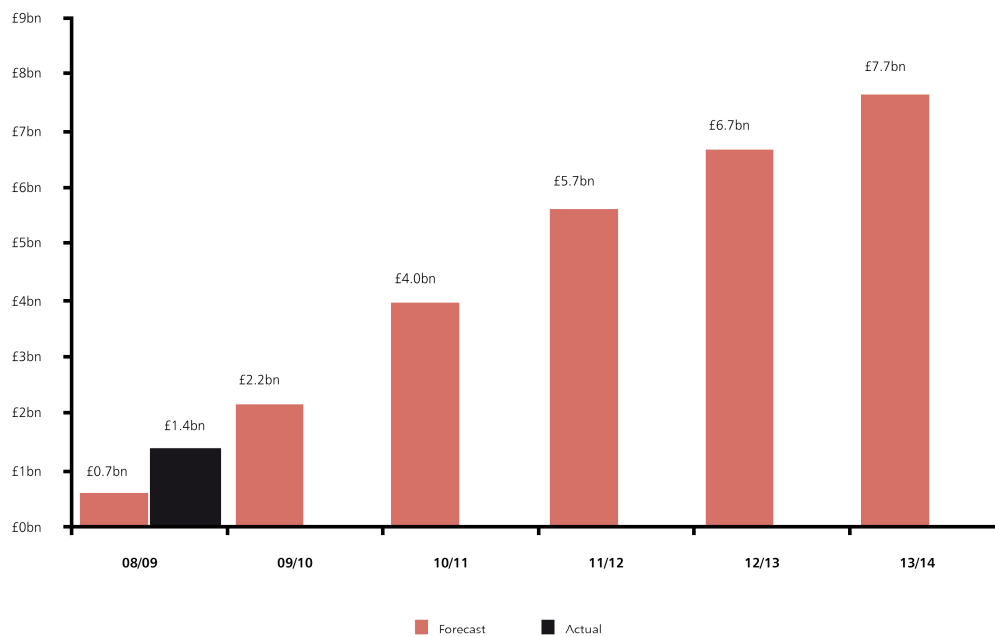
Overall Outcome Commentary	Strong Progress
Indicator 1	Efficiency: Savings from the take up of collaborative opportunities and other procurement activity.
Indicator 2	Effectiveness: Improvements in the delivery performance of the government's procurement and capability.

Assessment against indicators	
Indicator 1	Improvement
Indicator 2	Improvement

Data Statement	
Indicator 1	Against a target for 2008-09 of £700 million, OGC identified savings from public sector collaborative procurement of £1.4 billion for 2008-09. The programme is on course to deliver £2.2 billion in VfM savings in 2009-2010, and the 2007 CSR target of £4 billion per annum by 2010-11.
Indicator 2	OGC's monitoring of the departmental procurement improvement plans shows positive change in all 16 Government Departments comprising OGC's Procurement Capability Review (PCR) Programme. While the rate of increase in procurement capability is not uniform, across the departments, all have upward trajectories.

Overall Outcome Commentary	<p>Efficiency</p> <p>Collaborative procurement strategies continue to deliver large value for money savings across government and to incorporate sustainable procurement strategies to help the government achieve its targets for reducing carbon emissions.</p> <p>Savings for collaborative procurement are assessed annually. The Operational Efficiency Programme (OEP) has set a savings figure of £5.7 billion per annum by 2011-12 rising to £7.7 billion per annum by 2013-14 against a 2007-08 baseline.</p> <p>Food and construction categories have been added to the collaborative procurement programme, while work is in hand to include facilities management. This will increase the total coverage from £49.8 billion to £78.1 billion of Government spend on common goods and services.</p>
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Value for Money and delivery



NB - The £2.7 billion 2009-10 forecast published in the Annual Report and Accounts for 2008/09 was based on plans at various stages of maturity. This forecast has been adjusted to £2.2 billion, but the programme remains on target to achieve £4 billion by 2010-11.

Effectiveness

The CEO of OGC, as Head of the Government Procurement Service (GPS) has worked with Departments to raise the profile of the profession: two professional objectives have been agreed with each Departmental Head of Procurement/Commercial Director focusing on; professional development of the procurement function; and achievement of OEP collaborative procurement targets.

The GPS programme has collated critical data/management information to inform the strategy for the profession e.g. numbers, learning and development gaps, reward data and has also published a strategy for 'Building the Procurement Profession in Government'.

Central Government Departments are now implementing the recommendations from the strategy, including the introduction of mandatory continuous professional development, a career management programme and cascading departmental procurement performance metrics to individuals. Contract managers are now explicitly referenced in the 'Government Procurement Professional' definition. There are approximately 4000 procurement professionals in central government Departments.

A number of other products and initiatives to raise capability and increase capacity have also progressed.

Departments continue to realise benefits implementing improvement plans as a result of their PCRs. Good examples include:

- **Ministry of Justice (MoJ)** - which has implemented a unified procurement operation with a dedicated Director of Procurement to lead across the organisation Benefits realised include Improved management information and the introduction of standardised systems;

- **Home Office (HO)** - which has invested in new systems that have given the department detailed analysis of spend covering all key Agencies. The implementation of this system has significantly improved the Home Office's understanding of where and how it spends its budget; and
- **Communities & Local Government (CLG)** - where category management has measurably enhanced the Central Procurement Division's control over procurement spend, specifications and the supply base.

Quality of Data Systems

The measurement methodologies for collaborative savings have been applied to the entire programme and have been extended to incorporate environmental procurement considerations. The methodologies comply with existing Treasury guidance for government Departments. This guidance is currently being reviewed in consultation with the NAO and will be republished later this financial year.

The quality of PCR results in Wave 2 (self-assessment) will be assured via a peer review or OGC review or using the internal audit function¹ within the departments being assessed. The choice of assurance route is at the discretion of each department. The use of common performance metrics, such as those produced by the Public Audit Forum, play a key role informing performance capability and scoring while also helping to ensure the application of common standards.

Risks to Delivery

External factors impact adversely on the ability to realise savings anticipated.

Future Plans

Efficiency

Following the recommendations of the OEP, collaborative procurement strategies for the next 6 months will concentrate on:

- Improving the quality of management information on procurement spend across the public sector, including agreeing common data standards and understanding and reporting on at least 80 per cent of central Government procurement by April 2010;
- Placing a greater focus on developing strategies that deliver to the wider public sector where approximately 70 per cent of spend takes place, including working with Professional Buying Organisations to improve procurement in this sector; and
- Placing greater emphasis on demand management solutions whereby government departments are encouraged to reduce their levels of procurement.

Effectiveness

Re-assessments are now underway in departments using a 'self assessment' approach but with third party assurance. Self- assessment has helped to streamline the assessment process and reduce costs.

¹ This can be an external assurance body appointed by the department being assessed

DSO Outcome – 1(e) Managing Government cash, debt and reserves	
Overall Outcome Assessment	Strong Progress
Indicator 1	All operational activities carried out without major error.
Indicator 2	Appropriate limits and monitoring systems to control financial risks are in place.
Assessment against indicators	
Indicator 1	Improvement
Indicator 2	Improvement
Data Statement	
Indicator 1	All operational activities have been carried out and are being delivered during 2009-10 without major error. The entities are on track to deliver their respective core objectives and – in the case of the DMO, the Bank of England and NS&I – their respective remits and service level agreements as set by the Treasury. This is being carried out against the backdrop of challenging market conditions.
Indicator 2	Appropriate limits and monitoring systems to control financial risks continue to be in place. The entities have continued to maintain and develop their respective financial control frameworks to ensure that relevant risks have suitable limits and monitoring systems.
Overall Outcome Commentary	Debt, cash and reserves must be managed effectively and efficiently with remits met and with minimal operational error or disruption in order to protect the Exchequer from financial and reputational risk over the short, medium and longer term. This DSO outcome is delivered by and through a number of entities and agencies, including the DMO, NS&I and the Bank of England. These entities and agencies publish performance data against their own basket of indicators. The Treasury Group reports on the two headline indicators shown above.
Quality of Data Systems	The quality of the relevant entities' data systems to monitor performance continues to be high with their having strong governance frameworks including structured and clear Accounting Officer lines of responsibility to Parliament; board frameworks with non-executive representation; audit committees with independent membership; and systems and controls and reporting mechanisms that are reviewed regularly by the National Audit Office.
Risks to Delivery	<p>The key risks to delivery of objectives are:</p> <ul style="list-style-type: none"> • In view of the range of objectives for 2009-10 to be delivered by the relevant agents and entities, the continuation of challenging market conditions; • Any unforeseen financial and/or operational risks arising from the new responsibilities taken on by the entities involved as part of the Treasury's interventions in the financial services sector; and • Disruption to cash management activities during the transition of government banking from the Bank of England to the Government Banking Service.

Future Plans

Future plans include:

- To deliver the remainder of the debt and cash management remits for 2009-10;
- To continue to deliver a number of technical changes to the distribution methods for gilts reflected in the DMO's debt management remit for 2009-10 including the use of a programme of syndicated offerings and also a post-auction option for successful bidders at gilt auctions to acquire additional stock; and
- To continue to retain close involvement with the debt, cash and reserves management aspects of a range of projects, such as financial sector driven initiatives and the Government Banking Project.

2

Economic growth, well being and prosperity for all

2.1 The Treasury Group's second Departmental Strategic Objective is to ensure high and sustainable levels of economic growth, well-being and prosperity for all.

2.2 This DSO has eight outcomes and these cover a wide range of policy areas from those policies that assist people by making the tax system fairer and more efficient; improving the incentives for work; and supporting pensioners and children to those economic policies that work to protect economic growth and future prosperity by pursuing policies designed to enhance productivity; protect the environment and to safeguard stability of the financial markets.

2.3 The Treasury rates its overall performance against DSO2 as Some Progress and the following pages provide a more detailed commentary on the progress achieved under various outcomes that make up the overall DSO.

DSO Outcome – 2(a) Supporting low inflation	
Overall Outcome Assessment	Met-Ongoing
Indicator	Inflation to be kept at the target specified in the remit sent by the Chancellor of the Exchequer to the Governor of the Bank of England (currently 2 per cent as measured by the 12 month increase in the Consumer Prices Index (CPI)).
Assessment against indicator	Inflation is continually assessed
Data Statement	The CPI annual rate of inflation was 1.5 per cent in October 2009 , having fallen back over the last year from its high of 5.2 per cent in September 2008. Since falling to 2.9 per cent in March, CPI has remained within 1 per cent of the 2 per cent target.
Overall Outcome Commentary	<p>The Treasury seeks to deliver this outcome by setting, implementing and enhancing its monetary policy framework, which is based on four principles:</p> <ul style="list-style-type: none"> • clear and precise objectives – the primary objective of monetary policy is to deliver price stability; • full operational independence for the Monetary Policy Committee (MPC) in setting interest rates to meet the Government’s inflation target; • openness, transparency and accountability, which are enhanced through, for example, the publication of MPC members’ voting records and prompt publication of the minutes of monthly MPC meetings; and • credibility and flexibility – the MPC has discretion to decide how and when to react to events, within the constraint of the inflation target and the open letter system. <p>Since its introduction in 1997, the monetary policy framework has successfully delivered a sustained period of low and stable inflation as well as one of the lowest inflation rates in the G7. CPI inflation has averaged 1.8 per cent, which compares with 2.4 per cent in the US and 1.9 per cent in the euro area. The CPI annual rate of inflation was 1.5 per cent in October, and averaged 1.5 per cent over 2009 Q3, troughing at 1.1 per cent in September. The falls in CPI from its peak of 5.2 per cent in September 2008 are accounted for by lower food and energy inflation. The largest upward contribution to the change in the CPI annual rate in October came from the transport division, and within this the largest effect was from fuel prices.</p> <p>Inflation expectations appear to have remained anchored, demonstrating the credibility that the monetary policy framework has built since 1997. As inflation has fallen from its peak of 5.2 per cent in September 2008 to 1.1 per cent a year later, market inflation expectations have moved within a much smaller range, moderating slightly over recent months.</p>

Should CPI inflation move more than 1 percentage point either above or below the 2 per cent target, the Governor of the Bank of England is required to write an open letter to the Chancellor explaining the deviation from target, the policy action the MPC is taking to deal with it, the period within which the MPC expect inflation to return to target and how this approach meets the Government's monetary policy objectives. On each occasion, the Governor has, as required, written open letters to the Chancellor, which are published on the Bank of England website¹. The Chancellor has published responses at the same time². The last open letter was written in February 2009.

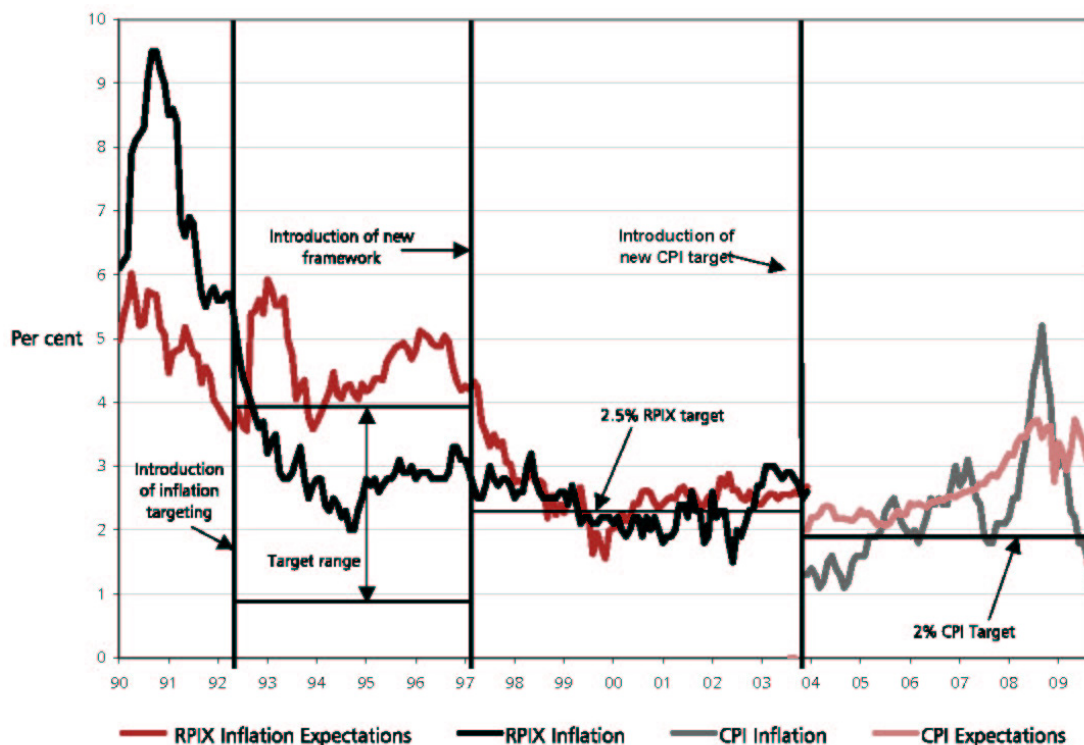
The MPC's forward-looking approach has been a cornerstone of economic policy since 1997. The Chancellor, in his response to the Governor's March 2009 open letter, underlined that the Government will continue to support the MPC in the decisions it takes, consistent with the monetary policy objectives set out in the remit.

Dr Adam Posen and Professor David Miles took up their appointments as external members of the MPC in June 2009 and September 2009 respectively. Both appointments were made in accordance with the new process for external MPC appointments announced by the Chancellor in June 2008, consistent with the principles of open competition.

¹ <http://www.bankofengland.co.uk/monetarypolicy/inflation.htm>

² http://www.hm-treasury.gov.uk/ukecon_mon_index.htm

Chart 2.1: Inflation performance and expectation



Implied expectations of average RPI inflation ten years ahead are derived from the difference between yields on nominal and index-linked government bonds. Implied CPI inflation expectations are derived from these RPI expectations and stylised assumptions about expected differences between RPI and CPI inflation in the medium term, including that the geometric averaging lowers CPI inflation by 0.5 percentage points relative to RPI inflation.

Inflation Performance 2008 and 2009				
	2008 Q4	2009 Q1	2009 Q2	2009 Q3
Average CPI (per cent)	3.9	3.0	2.1	1.5

Quality of Data Systems The CPI data are sourced from the Office for National Statistics (ONS). The Treasury supports continuing work by the ONS towards incorporating housing costs into the CPI measure of inflation.

Risks to Delivery	<p>The remit for the MPC states that "the actual inflation rate will on occasions depart from its target as a result of shocks and disturbances. Attempts to keep inflation at the inflation target in these circumstances may cause undesirable volatility in output". The remit allows the MPC to look through short-term movements in inflation such as the expected increase above its 2 per cent target in early 2010 resulting from the reversal of last year's reduction in VAT and higher fuel prices which are expected to remain above the lows of early 2009. In the 2009 Pre-Budget Report inflation is forecast to fall to 1¾ per cent in the final quarter of 2010 and to 1½ per cent towards the end of 2011, due to the large degree of spare capacity in the economy. Inflation then rises back to the target rate of 2 per cent by the end of 2012 as the economy recovers. However, as the inflation outlook is subject to a number of strong influences, it remains uncertain.</p>
Future Plans	<p>The Government will continue to monitor the monetary policy framework to ensure it remains at the forefront of international best practice. Changes to the framework are implemented only when clear advantages can be established from doing so.</p> <p>Regarding appointments to the MPC, the Treasury will, as far as possible, publish a timetable in sufficient time to announce details of whom the Chancellor has decided to appoint, consistent with allowing the Treasury Select Committee three months for their pre-commencement hearings. The Chancellor set out measures to strengthen the procedure for future appointments to the MPC in a letter to the Treasury Select Committee in June 2008. These included a commitment to advertise vacancies for the Governor and Deputy Governors of the Bank of England and also for external members of the MPC, consistent with the principles of open competition. Further details are set out in the Chancellor's letter to the Treasury Select Committee³.</p>

³http://www.hm-treasury.gov.uk/d/letterchx_treasuryselectcommittee190608.pdf

Box 2.A: Asset Purchase Facility

With Bank rate at a very low level, the Government established the Asset Purchase Facility (APF) as a further step to help increase the availability of corporate credit and to provide a framework for the MPC to use asset purchases for monetary policy purposes, in keeping with the Bank of England's remit to "maintain price stability"⁴.

The Chancellor initially authorised up to £150 billion of purchases, of which up to £50 billion should be used to purchase private sector assets. In March the MPC began a programme of £75 billion asset purchases. In May, the MPC extended its programme of asset purchases to £125 billion. At the request of the MPC, the Chancellor authorised an increase in the upper limit of the APF to £175 billion in August, and then to £200 billion on 5 November. The MPC are expected to complete its current schedule of asset purchases by the end of January 2010.

The arrangements for the APF maintained the principles of full operational independence, openness, transparency and accountability that have been important features of the monetary policy framework. The MPC vote each month on the amount of asset purchases it judges necessary to meet the inflation target. It also continues to vote on the appropriate level of Bank Rate.

Using the APF, the MPC is able to ease policy further by injecting money into the economy. It does so through the purchase of securities issued by the private sector or the Government with central bank money. That raises the money holdings of the private sector. As investors buy other assets with those money holdings, that should lower the yield of those assets, therefore reducing the cost of finance. Over time, a lower cost of finance should encourage firms to raise capital to pursue profitable opportunities. In turn, this process should stimulate demand in the economy, ensuring that the inflation target can be met.

Further detail about the APF is given in the open letters, between the Chancellor and the Governor of the Bank of England which can be found on the Treasury website.

⁴http://www.hm-treasury.gov.uk/d/chx_letter_220409.pdf

DSO Outcome – 2(b) Promoting efficiency and fairness of the tax system	
Overall Outcome Assessment.	Some Progress
Indicator	Impact of policy measures on taxpayers.
Assessment against indicator	Improvement
Data Statement	During 2009 a number of measures have been introduced (or are in the process of being introduced) that enhance the fairness and efficiency of the UK tax system. These include: fiscal consolidation in the medium term that is both broad-based and ensures those who can afford to make a greater contribution do so; a fairer distribution of pensions tax relief; and improving the efficiency of the tax system and making the UK more competitive.
Overall Outcome Commentary	<p>During 2009 the Government has continued to enhance and promote fairness and efficiency in the tax system through a series of comprehensive measures that deliver:</p> <ul style="list-style-type: none"> • ensuring fair fiscal consolidation in the medium term that is both broad-based and ensures those who can afford to make a greater contribution do so. The 2009 Pre-Budget report announced further broad-based consolidation through a further 0.5 per cent increase in National Insurance Contributions (NICs), while at the same time protecting lower earners by an increase in the point at which individuals start to pay NICs. The introduction of a 50 per cent rate of tax band for those with income above £150,000, announced in Budget 2009, and restricting the personal allowance for income over £100,000 from 2010, will ensure those with the highest 1-2 per cent of incomes will contribute most towards the planned path for fiscal consolidation set out in Pre-Budget Report 2009; • a fairer distribution of pensions tax relief by restricting tax relief on all pension contributions, including employers', for those with gross incomes of £150,000 and over, where gross income includes the value of any pension benefit (eventually) funded by their employer. This will be subject to a floor of £130,000, excluding the value of such benefits. Pensions tax relief will be tapered down from gross incomes of £150,000 so that for individuals on incomes over £180,000 it is worth 20 per cent, the same as for a basic-rate taxpayer. This group represents around 2 per cent of pension savers, but receives around a quarter of all tax relief on pension contributions. PBR 2009 launched a formal consultation on the implementation of the restriction of relief; and • greater protection of tax revenues against evasion and avoidance, and a modern framework for the powers of HM Revenue and Customs. To protect UK taxpayers from the effects of tax evasion, the UK, as G20 President, has been leading international action to

tackle tax havens and improve tax transparency. Budget 2009 announced a package of measures to tackle those who seek to evade tax including: legislation to publish the names of deliberate tax defaulters; closing down a number of avoidance schemes; and ensuring that large corporate taxpayers take responsibility and accountability for paying their fair share of tax by placing a duty on senior accounting officers to sign off on tax computations. PBR 2009 announced further action to tackle tax avoidance, including measures to strengthen information-gathering powers within the disclosure regime and penalise those who do not comply. It also included an increase in the powers available to HMRC to tackle offshore tax evasion and action to close down a number of avoidance loopholes – thereby protecting future tax revenues. In addition, after a period of consultation, the Government will introduce a Code of Practice on taxation for banks, which it expects all banks operating in the UK to adopt.

In addition, steps are being taken to improve the competitiveness of the UK by simplifying the rules for the taxation of foreign profits, and from 2013 introducing a reduced rate of tax on income accruing from patents. Finance Bill 2009 included a package containing an exemption from UK tax for most foreign dividends, removing the complicated tax with credit system. The Government remains committed to reforming the Controlled Foreign Company (CFC) rules to go further to enhance the competitiveness of the UK as a location for corporates, while ensuring a fair and stable tax regime for taxing overseas subsidiaries.

Quality of Data Systems	Performance against this target is assessed against the evolution of the tax system over time.
Risks to Delivery	A further weakening in the tax yield, requiring additional fiscal consolidation in a way that poses issues for equity & fairness.
Future Plans	The Treasury will continue to examine and explore scope for further changes to enhance the efficiency and fairness of the tax system.
Link to CSR07 PSAs	PSA6 – Deliver the conditions for business success in the UK. PSA7 – Improve the economic performance of all English Regions and reduce the gap in economic growth rates between regions. PSA8 – Maximise Employment Opportunity for all.

DSO Outcome – 2(c) Improving incentives and means to work; supporting children & pensioners and helping people plan and save for the future

Overall Outcome Assessment	Not yet assessed
Indicator 1	Increase in the employment rate of the working age population.
Indicator 2	Number of children in relative low-income households (less than 60 per cent of median income before housing costs).
Assessment against indicators	
Indicator 1	Not yet assessed
Indicator 2	Not yet assessed
Data Statement	
Indicator 1	The baseline GB employment rate was 74.9 per cent in Q2 2008. The latest GB employment rate is 72.8 per cent (July - September 2009). The target will be measured taking account of the economic cycle.
Indicator 2	Data on the number of children in relative low income households in 2007 CSR period will not be published until HBAI 2010. Around a further 550,000 children are expected to be lifted out of relative poverty as a result of measures already announced, including those announced at PBR 2009.
Overall Outcome Commentary	<p>In April 2009, 1.8 million families and 455,000 households without children were benefiting from the Working Tax Credit (WTC), which provides financial support to working households on low incomes. From April 2010 the National Minimum Wage adult rate provides, with WTC and other benefits, a guaranteed income of at least £309 per week for families with one child and one full time worker.</p> <p>The labour market has entered the downturn from a position of strength. Reforms over the past 10 years have given rise to an open, dynamic and flexible labour market, which is responding well to the downturn. The rate of unemployment is lower than in the recessions of the 1980s and 1990s, despite a relatively deep fall in output in the current recession. For every one per cent decline in output in the 1990s recession, employment fell by one and a third per cent. In the current recession, for every one per cent decline in output, employment has fallen by just a third of a per cent.⁵ International comparisons also show that the unemployment rate remains 2 percentage points below the Eurozone average, and 2.2 percentage points lower than in the US.</p> <p>The Government has put in place £5bn of additional support for those out of work, which in addition to support across the economy has helped over 3m people move off unemployment benefit since the 2008 Pre Budget Report. This included:</p>

⁵ The percentage change is taken from the quarter in which output peaked to the last quarter in which output declined. For the current recession, the change is from 2008 Q1 to the latest data point: 2009 Q3

- An additional £3bn for Jobcentre Plus and Flexible New Deal programmes to ensure they continue to deliver personalised support to those out of work and most at risk of long-term unemployment.
- A comprehensive package of support for the minority that remain unemployed for six months of a claim, available since April, including up to £2,500 for employers that recruit and train those in receipt of Jobseeker's Allowance for 6 months or more. Building on the Budget 2009 announcement, the 2009 Pre Budget Report announced that access to a guaranteed job, work experience or training for all 18-24 year olds claiming Jobseeker's Allowance will be brought forward from 12 to 6 months with access being made mandatory from 10 months. This includes 100,000 Future Jobs Fund jobs (and a further 50,000 for adults in areas of high unemployment). 95,000 places have been awarded to March 2011 and the first places went live last month.
- The PBR also announced additional support for the over 50s through Jobcentre Plus and specialist providers to ensure that they move back into work quickly.

Furthermore, the Government announced the roll out of the Better off in Work credit to strengthen work incentives and ensure all benefit claimants who have been receiving benefits for 6 months will be entitled to a top up payment to ensure their in-work income is greater than their benefit income.

Eradication of child poverty by 2020 requires sustainable progress in improving children's life chances for the longer term. The Government has shown its commitment to this by introducing the Child Poverty Bill. The Bill sets out targets, proposes a clear accountability framework and an expert commission. Legislation will drive action towards a fairer society where children have the opportunity to achieve their potential.

The responsive and flexible tax credits system provided an average £3,600 a year to six million families in 2007-08, benefiting ten million children. So far in 2009-10, 400,000 families whose income has fallen have received extra help; on average £37 more per week. The 2008 PBR built on this by bringing forward increases to the child element of the Child Tax Credit (CTC) and Child Benefit to help families more quickly. It also confirmed that in April 2009 the Health in Pregnancy Grant will be introduced at a value of £190 for all women after the 25th week of pregnancy.

Budget 2009 announced the child element of the Child Tax Credit will increase by an additional £20 a year above indexation from April 2010 and also that there will be an amendment to the law to make clear that from 31 July 2009 the current four-week run-on of entitlement to WTC also covers the childcare element, worth on average £68 per week, including for couples when only one partner stops working. To further improve the support available to low income families, and improve incentives to work, the Government will extend eligibility to Free School Meals to primary school pupils in working families with a household income below £16,190.

Quality of Data Systems	<p>Performance against the employment indicator is measured by using the seasonally adjusted employment rate (the proportion of the population of working age (16-59 for females and 16-64 for males) who are in employment) in Great Britain (GB), based on the International Labour Organisation (ILO) definition. This is the employment indicator in the Employment PSA8.</p> <p>Performance against the relative child poverty indicator is assessed using the annual Households Below Average Income (HBAI) report⁶ published as National Statistics by DWP. There is an ongoing time lag in the statistics so that the most recent 2007-08 report was not published until May 2009. The next publication, containing the 2008-09 data (i.e. data for the 2007 CSR period) is due for publication in 2010.</p> <p>The £5 billion package of support that has been set out since the 2008 PBR has helped mitigate the risk of delivery. Jobcentre Plus continues to perform well with over 50 per cent of individuals leaving Jobseeker's Allowance (JSA) at 3 months and over 70 per cent at 6 months compared with 64 per cent at the same point in the early 1990s. However, the Treasury will continue to work with DWP to monitor ongoing Jobcentre Plus performance and ensure all the new measures announced since PBR08 are rolled out as planned.</p>
Risks to Delivery	<p>It is possible that child poverty targets could become more challenging because of:</p> <ul style="list-style-type: none"> • rising parental worklessness as a result of the downturn; and • parental incomes falling and parents not claiming all of the financial support on which they are entitled to rely. <p>To mitigate these risks, DWP are taking steps to help maintain employment and Government is taking action to ensure that families claim all the support to which they are entitled.</p>
Future Plans	<p>The Government has implement the employment policies that have been committed to at the Budget and will begin implementation of measures announced in the PBR. The Treasury will continue to pursue its welfare reform agenda.</p> <p>To drive continued progress, the Government has introduced the Child Poverty Bill and is continuing to develop the strategy to 2020 and beyond.</p>
Link to CSR07 PSAs	<p>PSA8 – Maximise Employment Opportunity for all. PSA9 – Halve the number of children in poverty by 2010-11 on the way to eradicating child poverty by 2020.</p>

⁶ www.dwp.gov.uk/asd/hbai.asp

Box 2.B: Supporting Pensioners

The latest pensioner poverty statistics were published by DWP in May 2009. They show no change in the number of pensioners with incomes below 60% of contemporary median income (after housing costs) between 2006-07 and 2007-08. Between 1998-99 and 2006-07, 900,000 pensioners were lifted out of relative poverty. A pensioner is now no more likely to be in poverty than someone in the population as a whole.

The Government is committed to providing support to all pensioners, while targeting support on those that need it most. The Government has committed to paying Winter Fuel Payments of £200 for households with someone aged over 60, and £300 for someone aged over 80, for the lifetime of the current Parliament. Budget 2009 announced an additional payment for winter 2009-10, worth £50 for households with someone aged over 60, and £100 for someone aged over 80.

Budget 2009 also announced a package of measures to support pensioners receiving income from savings. The capital disregard in Pension Credit and pensioner-related Housing Benefit and Council Tax Benefit increased from £6,000 to £10,000 in November 2009. This will increase the income of 540,000 pensioner households by an average of around £4 per week. To provide additional support, the ISA limits for those aged 50 or over increased to £10,200 (of which up to £5,100 can be held in cash) in October 2009.

The Pre-Budget Report 2009 announced that the basic State Pension will be up-rated in line with the Government's existing commitment by 2.5% in April 2010. This means the value of a full basic State Pension will rise by £2.40 to £97.65 per week. To ensure the poorest pensioners benefit from the increase in the basic State Pension, the standard minimum guarantee in Pension Credit will have an above-indexation increase in April 2010, rising by £2.60 to £132.60 for single pensioners, and by £3.95 to £202.40 for pensioner couples.

DSO Outcome – 2 (d) Improving quality and value for money (VFM) of public services

Overall Outcome Assessment	Some Progress
Indicator	Progress in delivering on PSA commitments.
Assessment against indicator	Improvement
Data Statement	<p>Departments reported for the first time on their PSA commitments in their 2008 Autumn Performance Reports. Around 10 per cent of PSAs showed strong progress, around 30 per cent some progress and nearly 60 per cent not yet assessed. This data represented a baseline with which to compare current performance.</p> <p>Departments' 2009 Departmental Reports have shown improvement in PSA delivery as a whole, with 21 per cent of PSAs showing strong progress; 31 per cent some progress; 3 per cent no progress; and 45 percent not yet assessed. Therefore, over half of PSAs have shown strong or some progress. For the first time, more than half of all PSAs have been assessed.</p>
Overall Outcome Commentary	<p>This outcome seeks to drive real improvements in all the Government's priority areas over the CSR2007 period. The set of 30 PSAs represent the Governments highest priorities and significant progress has been made in these areas over the past year and a half. Alongside delivering improvements in public services, the government has committed itself to improving value for money to ensure the taxpayer gets the best deal. Departments are responsible for ensuring delivery of their PSAs, DSOs and Vfm commitments. The Treasury's role is one of support and challenge in helping them to deliver.</p> <p>The Prime Minister's Delivery Unit (PMDU) in the Treasury continues to work closely with departments to help unblock specific barriers to delivery and share best practice, ensuring that the right conditions are in place for successful delivery of the PSA.</p> <p>The Government has a strong record on Value for Money. The SR2004 efficiency programme delivered £26.5 billion of savings against a target of £21.5 billion, an over delivery of more than 20 per cent. Departments and Local Authorities are already making strong progress towards delivering the CSR07 value for money target of £35 billion.</p> <p>Budget 2008 announced the next stage of the Government's programme of value for money reforms, setting up the Operational Efficiency Programme (OEP) and the Public Value Programme (PVP) to capitalise on best practice and leading thinking in the private and public sectors. Budget 2009 accepted the recommendations of the OEP reviewers that the Government could achieve £15 billion of additional efficiency savings a year by 2013-14 compared to 2007-08, in back office and IT, collaborative procurement, asset management, property and local incentives and empowerment. Budget 2009 also set out details of the early savings from the PVP and announced that the programme would be expanded to ensure demanding value for money reviews are conducted across a minimum of 50 per cent of each department's budget. Some savings options identified by the PVP were set out in PBR 2009</p>
Quality of Data Systems	<p>High quality data systems are integral to successful delivery of the PSAs. PMDU is working closely with departments to ensure their data systems are suitably robust and recognises that in some cases there is work required to ensure they are fit for purpose. The National Audit Office is conducting an independent evaluation of PSA data systems across the PSA set.</p>

Risks to Delivery	Departments are unable to deliver the scale and pace of progress needed to improve outcomes as set out in the PSAs.
Future Plans	Departments are working to meet commitments set out in their Public Service Agreements and will report on progress in their own APRs and Spring Departmental Reports. Future Treasury assessments of this DSO outcome will be made twice yearly in spring Annual Report and Accounts (ARAs) and APRs.

Outcome – 2 (e) Supporting fair, stable and efficient financial markets

Overall Outcome Assessment	Some Progress
Indicator 1	Assessments of UK financial stability and risk management against international comparisons.
Indicator 2	Competitiveness of the UK's system for financial regulation.
Indicator 3	Financial capability and financial inclusion.
Indicator 4	Helping to manage the risk from financing of terrorism.
Assessment against indicators	
Indicator 1	Improvement
Indicator 2	Improvement
Indicator 3	Improvement
Indicator 4	Improvement
Data Statement	
Indicator 1	Global financial markets are experiencing an exceptional period of instability and therefore international comparisons are difficult to make at this time due to the global nature of the financial crisis and recession.
Indicator 2	The UK continues to lead the world in terms of the competitive and regulatory environment for financial services, topping the World Economic Forum's Financial Development Report ⁷ rankings published in October 2009.
Indicator 3	The Family Resources Survey ⁸ showed that 2 million people in 2002-03 were without access to a bank account. The latest report (2007-08) shows that this has fallen to 900,000.
Indicator 4	There is a statutory duty for financial institutions to report asset freezing activity; however the objective for Treasury is to achieve disruption to terrorist finance, acting in a way that is proportionate and respects human rights, which this particular data does not necessarily accurately represent. Therefore HMT has developed a workstream to devise appropriate metrics for the broad programme of work that is going on across Government on Terrorist finance.

⁷<http://www.weforum.org/en/initiatives/gcp/FinancialDevelopmentReport/index.htm>.

⁸http://research.dwp.gov.uk/asd/frs/2007_08/frs_2007_08_report.pdf

**Overall Outcome
Commentary**

Financial Stability

The world economy has been hit by a severe financial crisis, resulting in the worst economic downturn for over 60 years. Budget 2009 forecast the UK economy to recover round the turn of 2009, in part due to the Government's unprecedented interventions in the financial sector taking effect. The UK Government's interventions have been targeted at tackling problems in individual institutions, addressing system-wide instability, and getting credit flowing through the economy once more. These interventions share the common purpose of protecting the customers of financial institutions - people and businesses - from the consequences of financial instability and restricted access to credit. The Government will continue to take actions to support people now, with the aim of maintaining financial stability, restoring confidence in the banking sector and ensuring that creditworthy borrowers have access to funding, through the implementation of the Asset Protection Scheme, and other measures to support lending.

Actions to address the issues developing from this instability need to be undertaken globally and the Government is leading on this work in the G20 and other international fora. Reporting on DSO 2(h) gives details of the specific actions being taken on the international stage.

Competitiveness of the UK's system for financial regulation

The UK continues to lead the world in terms of the competitive and regulatory environment for financial services, topping the World Economic Forum's Financial Development Report rankings published October 2009.

The Government recognises that high-quality standards and regulation are essential to providing confidence to consumers and investors, maintaining financial stability, and thus maintaining the competitiveness of the financial services sector.

The UK continues to be involved in a number of European financial services dossier negotiations with the aim of supporting the single market and ensuring high regulatory standards for UK and international firms.

Financial Capability

The Government has introduced legislation in the Financial Services Bill to allow rollout of the Money Guidance service across the UK from next spring and to establish a new consumer financial education body (CFEB), which will provide strategic co-ordination and greater profile for the financial capability agenda.

The Government also wants to ensure that every child has the benefit of financial education in school. In November 2009 legislation was introduced in the Children, Schools and Families Bill to make financial capability, as part of Personal, Social, Health and Economic education (PSHE) a statutory subject in the secondary curriculum in England. Financial education is also being embedded in schools through the £11.5m "My Money" programme.

Financial Inclusion

The Government committed £130 million to the Financial Inclusion Fund between 2008-11 to continue to deliver financial inclusion services across the country. This area of policy remains increasingly important due to the wider impacts of the recession. In October 2009 the Government announced that the shared goal to halve the number of adults living in households without access to a bank account had been achieved. The shared goal was agreed in December 2004 between the Government and the banks. The latest data from the Family Resources Survey shows that the number has fallen from 2 million in 2002-03 to less than 900,000 in 2007-08.

The face-to-face money advice project has now helped over 270,000 people since April 2006 and the Growth Fund has made over 184,000 affordable loans since July 2006. The Government is now taking the first steps towards mainstreaming financial inclusion work, engaging across Whitehall, with stakeholders in the financial inclusion community and with other key players such as local government and housing associations.

Managing the risk from Terrorist Financing

HM Treasury agreed with Home Office and Foreign Office ministers a new Terrorist Finance Strategy, sitting within the CONTEST strategy, and a comprehensive and challenging cross-government delivery programme to deliver the strategic objectives. Work has continued with international partners to agree and coordinate efforts on terrorist finance priorities.

There has been a focus on the charity sector, with HM Treasury working with the Charity Commission to produce the Charity Commission Toolkit guidance on Charities and Terrorism to raise awareness in the charitable sector. This collaboration also brought about joint issuing of guidance, along with the Foreign and Commonwealth Office (FCO), on safer giving for the Hajj.

Internationally, the Government successfully introduced the Terrorism (United Nations Order) 2009, which replaces and revokes the Terrorism (United Nations Order) 2006 to ensure that the prohibitions are focussed on areas of genuine operational concern, and to strengthen and make more explicit the safeguards in how the regime is operated. In the FATF, the Government continues to work to improve the counter terrorist financing capacity of states of concern.

Quality of Data Systems

Financial Stability

Financial stability is not easy to measure through any one set of indicators. However, the Treasury, along with the Bank of England and the FSA, uses a broad range of market indicators and financial statistics to assess developments and conditions in financial markets, both in the UK and abroad.

Competitiveness of the UK's system for financial regulation

Competitiveness is assessed through the City of London Corporation's Global Financial Centres Index⁹. Success is measured by placement in this table which itself draws on existing data tables and independent research commissioned by the City of London. The World Economic Forum annual Financial Development Report rates comparative jurisdictions.

⁹http://www.cityoflondon.gov.uk/corporation/LGNL_Services/Business/Business_support_and_advice/Economic_information_and_analysis/GFCI.htm

Financial capability

For the Money Guidance pathfinder, the Treasury is working with the FSA to ensure robust evaluation, which will inform and support decisions on national rollout as starting from next spring.

Evaluation of the Money Made Clear campaign is currently underway to assess its effectiveness and impact – this will inform our work on the pathfinder. The Treasury is working with DCSF on evaluation of the £11.5 million package of support for financial education in schools.

Financial capability seeks to achieve behavioural and attitudinal shifts and this is measured through an extensive survey of financial capability conducted by the FSA every 5 to 6 years. A baseline survey was published in 2006 and the Treasury is working with the FSA on the next survey, due in 2011.

Financial inclusion

Strong access to banking is measured through the Family Resources Survey data and can be cross-checked with industry data. Management information for all major projects is reported quarterly showing client numbers and the prevalence of financial exclusion issues. Each project is subject to independent evaluations. Progress is also overseen by the Financial Inclusion Taskforce, who reported on progress at Budget 2009. The Taskforce has a significant research budget at their disposal to improve data in this area.

Managing the Risk from terrorist financing

It is difficult to measure both the risk posed by terrorist financing and the impact of the actions taken to address the risk. Further work is planned to develop appropriate metrics for the terrorist finance delivery plan in 2009-10, which should provide for better quality of data systems for future reporting.

Risks to Delivery

Key risks include:

- systemic firm-specific or sector-wide failure;
- systemic firm-specific or sector-wide major operational disruption to business operation (e.g. pandemic flu); and
- stabilisation interventions failing to achieve desired macro outcomes.

The main risk to financial capability is in the passing of the Financial Services Bill, which has specific provisions for consumer education provision therein that will further this objective.

The recession has increased demand for financial inclusion services. This is the most challenging risk to delivery.

The main risks concerning counter terrorism measures are that the new delivery plan will not secure a reduction in terrorist financing and that key actions identified in the delivery plan are not delivered. The Treasury will work closely with the Home Office to ensure coordination with all key stakeholders, to direct resources to priority actions, and to secure and develop private sector engagement.

Future Plans

The Government will continue to do whatever it takes to maintain financial stability through its objectives to ensure stability and restore confidence in the financial system, protect retail depositors' money and safeguard the interests of taxpayers.

The Government will continue to build on the agreements in the G20 and other international fora to progress international solutions.

The Government recognises the need to reform financial regulation in the UK and across the world. This will include leading measures to change banking remuneration practices and reviewing the governance of banks and other financial institutions.

HM Treasury will work with the new CFEB that will take forward the National Strategy for Financial Capability and lead implementation of the national Money Guidance service.

The Government plans mainstream financial inclusion, and is working towards agreeing plans to continue delivery into the next spending period.

The Terrorist finance delivery plan for 2009-10 will focus on preventing money being raised and used for attack planning in the UK and against UK interests. It will also focus on disrupting the flows of monies to terrorist groups through the financial system and informal transmission methods.

Outcome – 2 (f) Raising productivity with sustainable improvements in the economic performance of all English regions including narrowing the gap in growth rates between the best and worst performing regions.

Overall Outcome Assessment	Some Progress
Indicator 1	Trend growth in output per worker (productivity) over the economic cycle.
Indicator 2	International comparisons of output per worker and per hour worked.
Indicator 3	Regional Gross Value Added (GVA) per head growth rates in each region and between the best and worst performing regions.
Assessment against indicators	
Indicator 1	No Improvement
Indicator 2	Improvement
Indicator 3	Improvement
Data Statement	
Indicator 1	<p>Trend productivity growth (output per hour worked) was an estimated 2.5 per cent per year over the last economic cycle (1997H1-2006H2), compared to 1.9 per cent per year over the preceding cycle. Going forward, productivity is projected to grow at a slightly lower average rate of 2.3 per cent per year over the current cycle (2006H2 onwards). To take account of the credit shock, a phased reduction to the trend level of productivity of about 4½ per cent has also been assumed over the 3 years from mid-2007. However, this projection should be interpreted with caution, as trend productivity growth can only be precisely assessed over a full or half economic cycle.</p>
Indicator 2	<p>When comparing the change in productivity gaps, the latest data from the Office for National Statistics shows that the UK, France, Germany and the US have similar trend growth points in 1994 and 2006. Between these years, the UK's productivity gap (measured as output per worker) closed with Germany (reaching a statistically insignificant¹⁰ 1 per cent in 2006, from 14 per cent in 1994), while the gaps with France and the US both narrowed, the former by 12 percentage points to 9 per cent in 2006, the latter by 5 percentage points to 28 per cent in 2006. The alternative output per hour worked measure shows that the UK productivity gap narrowed from 25 per cent in 1994 to 19 per cent in 2006 with both France and the US, while narrowing by nine percentage points to 18 per cent with Germany.</p> <p>However, the above measurement period does not include 2008, the latest year for which international comparisons of productivity data are available. Looking at the changes in productivity gaps between 1998 and 2008, the gap in output per worker narrowed with France from 16 per cent per cent to 9 per cent and closed with Germany, moving from 7 per cent to 1per cent. The gap with the US remained broadly unchanged, at 32 per cent in 2008. Over the same period, the output per hour worked gap narrowed by 7 percentage points to 16 per cent with both France and Germany, and remained unchanged at 21 per cent with the US.</p>

¹⁰ The ONS notes that only differences of 5 percentage points should be considered as significant, due to the difficulty in obtaining directly comparable data across countries.

Indicator 3

There are two parts to the indicator for regional growth rates.

The first part of the target is based on individual growth rates of regions. Between 2002 and 2007 North East, North West, East Midlands, East of England and London have all improved on their performance compared with the baseline period, 1990-2002. Yorkshire and Humber, West Midlands, South East and South West have not grown sufficiently to exceed their baseline growth rate. The South East would have to grow at much higher rates than in the past to achieve its baseline performance.

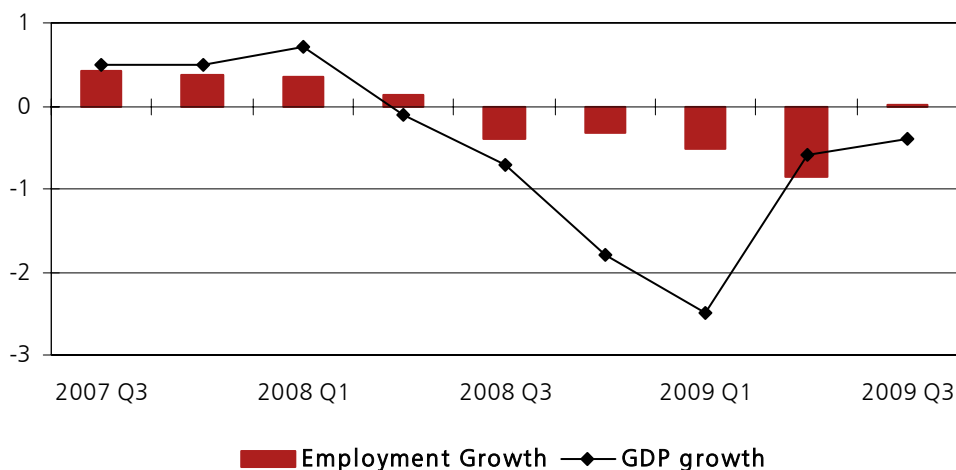
The second part of the target is the gap in growth rates between regions. The difference in growth rates between the Greater South East (London, the South East and the East) and the other six regions has narrowed from 0.6 per cent real GVA per head between 1990-2002 to 0.5 per cent in 2002-2007.

Updated data with revisions for 2007 and new figures for 2008 will be reported in the Treasury's 2010 Annual Report and Accounts.

Overall Outcome Commentary

Recent data shows productivity growth has turned negative. However, this is not unexpected. Productivity growth tends to be pro-cyclical: declining when GDP growth slows, and rising when GDP growth picks up. The reason for this is that it takes time for firms to adjust the size of their existing workforce when demand begins to rise or fall. This affects the amount of output that each worker produces, which naturally has an effect on productivity. The chart shows that GDP contracted in the second half of 2008 and in the first quarter of 2009. During this period employment growth contracted to a lesser extent. This has naturally led to a decrease in output per worker (productivity) in the UK economy.

GDP and employment growth (percentage change on previous quarter)



	<p>Therefore it is important to measure productivity growth over the duration of an entire economic cycle, in order to strip out cyclical distortions.</p> <p>Regional GVA is produced by the Office for National Statistics (ONS) with a two-year lag. The impact of the recession will therefore not be fully reflected in the regional growth figures until the relevant period of data is made available. Interim analysis based on more frequent data releases indicates that regional disparities are not as prominent as in previous recessions. Going forward, it is difficult to establish what the regional variation in recovery will be.</p>
Quality of Data Systems	<p>The Office for National Statistics (ONS) publishes the productivity gap data bi-annually. Estimates of trend productivity growth over the economic cycle are produced by the Treasury and published at Pre-Budget Report and Budget. The methodology for dating the economic cycle is audited by the National Audit Office. The regional GVA series is produced annually by the ONS and meets all National Statistics quality criteria. A Summary Quality Report for regional GVA can be found on the ONS website¹¹ This report describes the intended uses of the statistics presented, their general quality and the methods used to produce them.</p>
Risks to Delivery	<p>The risks to delivery will depend on the depth of the recession and the effectiveness of interventions to support the recovery.</p>
Future Plans	<p>The Department for Business, Innovation and Skills (BIS) are leading on work to analyse the impact of the recession on productivity growth; and are undertaking research to address existing gaps in our evidence base around productivity.</p> <p>All delivery partners will work with the Government Economic Service (GES) to encourage plans to incorporate productivity impacts in appraisal and evaluation.</p> <p>The Regional Economic Council and Council of Regional Ministers will continue to inform policy through discussions with key stakeholders on what matters for regional economic growth.</p> <p>Alignment of national, regional and sub-regional partners to deliver improved growth outcomes is critical for this DSO. The <i>Local Democracy, Economic Development and Construction Bill</i> has gained Royal Assent on 12 November and will seek to, in part, guide responsible regional authorities toward this. In addition, the National Framework, sets out the Government's strategic priorities for national, regional and local delivery of economic development and provides guidance on how the different levels of governance should work together to support delivery.</p>
Link to CSR07 PSAs	<p>PSA1 – Raise the productivity of the UK economy. PSA6 – Deliver conditions for business success in the UK. PSA7 – Improve the economic performance of all English Regions and reduce the gap in economic growth rates between regions.</p>

¹¹www.statistics.gov.uk/about_ns/economicstatistics_qualityreports.asp.

Outcome – 2 (g) Protecting the environment in an economically efficient and sustainable way.

Overall Outcome Assessment Some Progress

Indicator 1 Increase the size of the global carbon market.

Indicator 2 Increased policy cost-effectiveness.

Assessment against indicators

Indicator 1 Improvement

Indicator 2 Improvement

Data Statement

Indicator 1 The global carbon market has experienced rapid growth. Volumes of carbon traded globally in 2007 increased by 71 per cent compared to 2006, with much of the growth coming from the EU Emissions Trading Scheme (EU ETS). In 2008, global volumes traded increased by a further 61 per cent, and the EU ETS grew by 50 per cent. This significantly exceeds the success measure of 7-10 percent growth per year for this indicator. The EU ETS's sectoral coverage will also expand with the inclusion of aviation from 2012 and the inclusion of the new sectors and gases from the start of Phase III in 2013.

Indicator 2 Latest results show that 99.7 per cent of emissions reductions assessed in final impact assessments have been cost-effective, based on information from impact assessments published from April 2008 to September 2009.

However, several additional policy proposals are currently out to consultation, including the Renewable Heat Incentive. While these policies have yet to be finalised, some of these may cost more than the relevant price of carbon.

Overall Outcome Commentary

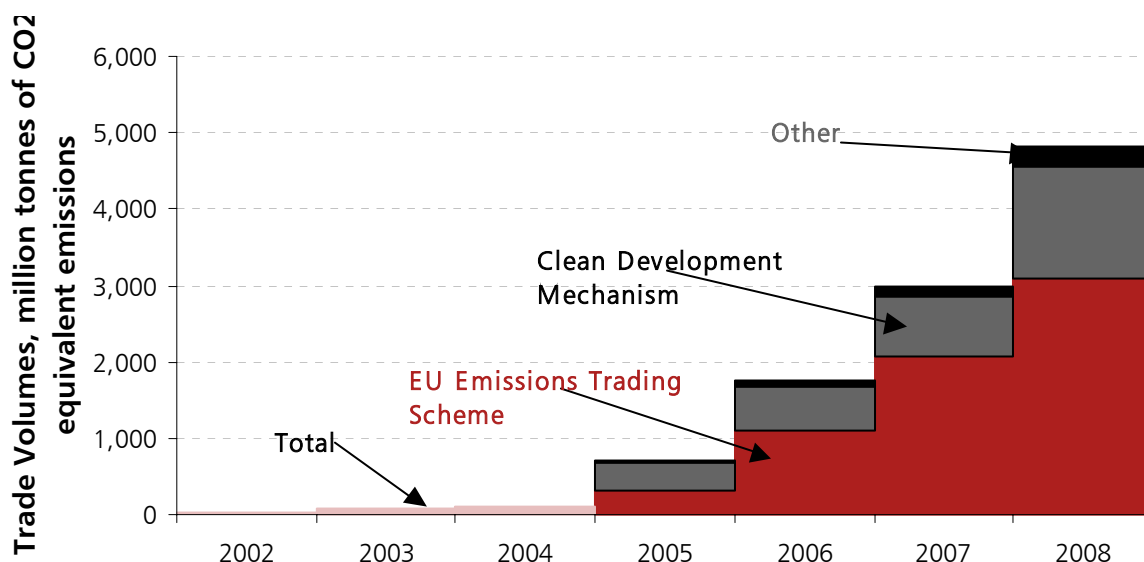
The UK's priority is to agree an ambitious, effective and fair global deal that ensures global emissions start to decline by 2020 and fall to at least 50 per cent below 1990 levels by 2050. This will put the world on a path to limiting temperature rises to less than 2 degrees. A well-designed global carbon market could reduce the global costs of addressing climate change by up to 70 per cent¹², and in the context of an ambitious deal, could generate financial flows to developing countries of \$50 billion in 2020.

The UK has put forward ambitious climate finance proposals and played an instrumental role in driving forward international negotiations. The Prime Minister set out on 26 June how countries could work together to raise \$100 billion per year from public and private sources by 2020. A substantial proportion of this finance will come from a scaled-up carbon market, together with international public finance. The UK secured EU endorsement at the October EU Council that developed countries would put forward €100 billion per annum by 2020, including self-funded action by advanced developing countries. The UK-chaired G20 meeting of Finance Ministers and Central Bank governors in St Andrews committed to take action to tackle the threat of climate change and work towards an ambitious outcome at Copenhagen.

¹² Lazarowicz Report: Global Carbon Trading: A framework for reducing emissions, Office of Climate Change, July 2009.

In line with its commitment to expanding the global carbon market, the UK is the only EU country to hold regular carbon auctions under Phase II of the EU Emissions Trading System. To date UK auctions have raised over £350 million, providing support to fund Government spending priorities, including on the environment. London is the global centre of the carbon market: eighty seven per cent of all international carbon trading now occurs in London.¹³

Emissions trading – global traded volumes



In July, the Government published the UK Low Carbon Transition Plan, setting out the route map for the UK's own move to a low carbon economy. The plan detailed how the Government will cost-effectively deliver the emissions targets announced at Budget 2009 of a 34 per cent cut in emissions by 2020, on 1990 levels. It is important to regularly review policies to ensure they continue to deliver good value for money: alongside the Transition Plan Government consulted on changes to the Renewables Obligation designed to improve its effectiveness and efficiency, and published its response in December 2009.

Quality of Data Systems Data on the size of the global carbon market are sourced from the World Bank. They include volumes traded and transferred through EU ETS; volumes issued of Clean Development Mechanism and Joint Implementation; and units transferred and traded in other binding carbon markets. Performance against the cost-effectiveness indicator is measured using information from Government Impact Assessments published since April 2008. In July 2009, Government published a new approach to carbon valuation, which set the valuation of carbon at a level consistent with the UK Government's short and long-term targets.

Risks to Delivery Only co-ordinated global action will successfully address the global problem of climate change. If international negotiations do not agree an ambitious framework on climate change, there will be serious risks to the UK's and the world's ability to avoid dangerous climate change.

There are also continued constraints on the availability of financing for investment in low-carbon energy, which could affect the UK's ability to meet its challenging 2020 renewable energy targets. While the measures announced at Budget 2009 go some way towards mitigating this risk, Government will continue to monitor the situation and take further action as necessary.

¹³ State and Trends of the Carbon Market 2009, The World Bank, May 2009.

Future Plans	<p>The Government will continue to work at EU and through other multilateral fora such as the G8, UN and G20 to support effective and efficient implementation of an ambitious global deal coming out of Copenhagen.</p> <p>In January 2010, the Government will publish a full response to the first progress report on the Committee on Climate Change.</p>
Link to CSR07 PSAs	PSA27 – Lead the global effort to avoid dangerous climate change.

Outcome – 2 (h) Pursuing increased productivity and efficiency in the EU, international financial stability and global prosperity

Overall Outcome Assessment	Some Progress
Indicator 1	A stable efficient and representative international financial system well equipped to promote prosperity, and to prevent and respond to crises.
Indicator 2	Progress towards the Millennium Development Goals (MDGs) (as set out in the Government's International Poverty Reduction PSA).
Indicator 3	A more outward looking, flexible and competitive European Union that enables Member States to maximise opportunity, prosperity and fairness.

Assessment against indicators	
Indicator 1	Improvement
Indicator 2	Improvement
Indicator 3	Not assessed

Data Statement

Indicator 1

Global economic conditions have been extremely challenging over the twelve months since the previous Autumn Performance Report; in 2008 the global economy entered the most severe and synchronised recession since the Great Depression. In response, progress has been encouraging at the international level through the G7/G8, G20 finance ministers and heads of government, and through the EU – leading to a number of agreements on coordinated action to stimulate the global economy and enhance the regulatory system.

The UK, as Chair of the G20 Finance Ministers in 2009 has played a leading role in setting the G20 agenda and driving work forward. At the London summit in April 2009 the G20 leaders agreed a Global Plan for Recovery and Reform, to do whatever was necessary to:

- restore confidence and growth in their economies;
- repair the financial system and restore lending;
- strengthen regulation and supervision to rebuild trust in the financial system;
- fund and reform the international financial institutions to overcome this crisis and prevent further ones;
- promote international trade and reject protectionism; and
- build an inclusive, green and sustainable recovery.

Those commitments were further advanced at the Pittsburgh Summit in September 2009, where Leaders designated the G20 as the premier forum for international economic cooperation, and, most recently, at the G20 Finance Ministers' meeting at St. Andrews in November.

Throughout, the UK has worked closely with EU partners to ensure effective coordination between European and global action – not least through agreement on the European Economic Recovery Plan, which provided a significant, coordinated fiscal boost to the EU economy to support demand and stimulate confidence.

	<p>Nonetheless, prospects for the world economy remain uncertain. Since the end of the first quarter of 2009, confidence has improved, as have financial conditions. In the third quarter, the United States, Euro Area and Japan all experienced positive growth. Although the global economy appears poised to gradually recover, its capacity to absorb further shocks remains diminished.</p>
Indicator 2	<p>World Bank data shows that global trends in reducing extreme poverty remain on-track to achieving the MDG target of halving the proportion of people living in extreme poverty by 2015. Climate change presents a serious threat to meeting the MDGs, while the global economic crisis has also made their achievement more challenging.</p> <p>The International Poverty Reduction PSA sets out a number of indicators by which progress towards the MDGs is measured. Strong progress is being made on the indicators relating to education and gender parity and there has been progress on child mortality. Those indicators relating to HIV/AIDs and access to improved water sources have mixed performance; and the target for maternal mortality, one of the most challenging, is off-track and a cause for concern.</p>
Indicator 3	<p>Performance against this indicator is encapsulated in the commitment to the Lisbon goals. The goals are unlikely to be achieved in full, but the Government, other EU Member States, the European Commission and the European Investment Bank have taken measures to both address the current economic downturn and support long-term structural reform.</p> <p>Eurostat data show that the EU employment rate, at 65.9 per cent in 2008, is below the 2010 target of 70 per cent, but has risen from 62.2 per cent in 2000. The employment rate in the UK was 71.5 per cent in 2008, against 71.2 per cent in 2000.</p> <p>In 2008, the productivity gap between the EU27 and the US is estimated to have reached 44.8 per cent on a per worker basis, against 42.0 per cent in 2000. The US – EU gap has also been increasing on a per hour basis. In 2005, the latest year for which data is available, the gap was 36.5 per cent, against 31.6 per cent in 2000.</p>
Overall Outcome Commentary	<p>Much work has been done over recent months to ensure that the problems created by the banking and economic crisis are resolved as quickly as possible. The degree of global cooperation, which the UK has promoted through its chairmanship of the G20 group of major economies and input to other EU and international forums, is unprecedented. The G20 has delivered “the largest and most coordinated fiscal and monetary stimulus ever undertaken” to prevent the financial crisis worsening and support growth in the medium term. Central banks have eased monetary policy aggressively using all available tools (including through unconventional instruments), and significant financial support has been provided, to banks, by governments around the world. G20 Finance Ministers have, most recently at St. Andrews, committed to maintaining support for the recovery until it is assured.</p>

The UK has played a leading role in international efforts to strengthen the relevance, effectiveness and legitimacy of the International Financial Institutions. Agreements at the London Summit included:

- a tripling of resources available to the International Monetary Fund (IMF) to \$750 billion, through expanding the IMF's New Arrangements to Borrow (NAB) by up to \$500 billion. At the Pittsburgh G20 Summit, Leaders announced that pledges totalling over \$500 billion had been committed to the NAB;
- a new Special Drawing Rights (SDR) allocation, implemented in August;
- additional financing for Low Income Countries (LICs); and
- an accelerated timetable for the next review of quotas; subsequently, at Pittsburgh, the G20 committed to a shift in quota share to dynamic emerging markets and developing countries of at least 5 per cent from over-represented to under-represented countries using the current quota formula as the basis to work from. They also agreed to protect the voting share of the poorest countries.

In addition, recent reforms at the IMF include the launch of the new Flexible Credit Line for countries with very strong policies and fundamentals (which has already been accessed by Mexico, Poland and Colombia), changes to the IMF's policies on conditionality to provide greater flexibility and enhance the effectiveness of support, and a boost to its resources for LICs to enable up to \$10 billion in new lending over the next three years and up to \$17 billion through to 2014. The Fund is also in the process of implementing ambitious reforms to its lending facilities for LICs. These reforms will provide much needed flexible, short-term lending arrangements and options for precautionary financing, whilst making sure poverty reduction remains a central pillar of all IMF lending to LICs.

The G20 Leaders' Summit in Pittsburgh reached agreement to launch a new G20 Framework for Strong, Sustainable, and Balanced Growth to ensure that G20 policies promote adequate and more balanced global demand and help ensure that future growth avoids the re-emergence of asset bubbles and unsustainable global financial flows. Further details of the Framework were agreed at St. Andrews in November, including the adoption of a mutual assessment process that will examine the consistency of national policies with the G20's shared objectives.

In addition, the UK has long emphasised the need for the IMF to move quickly to establish an early warning exercise with the IMF and a stronger Financial Stability Board (FSB), with broader membership, working closely to better identify and address risks to global financial and economic stability. A first pilot of the early warning exercise took place at the Spring Meetings in April 2009 in advance of a successful full implementation at the Annual Meetings in October 2009; going forward, the early warning exercise will continue to be part of Ministers' discussions at the Spring and Annual Meetings. In Europe, we continue to make progress towards the establishment of a European macro-financial supervisory system. The Treasury continues to work through finance and economic ministry channels (such as ECOFIN, the G7, IMF and the Paris Club) to support all of the UK development agenda. In particular, the Treasury:

- has used the chair of the G20 process and worked with DFID to maintain the focus of donor country finance ministers on international development, including on plans to meet their 2005 commitments on aid and debt relief;
- has sought to address the issue of capital flight from developing countries arising from both tax evasion and tax avoidance. The G20 called for adherence to prudential standards to counter money-laundering and agreed measures to improve transparency and information exchange on tax;
- works with DFID through the Paris Club, the IMF and the multilateral development banks, as well as with other groups of creditors and with borrowing countries, to promote responsible lending to developing countries and support sustainable debt management in these countries; and
- advocates an ongoing, active role for international financial institutions in low income countries, based on country owned poverty reduction strategies and with sufficient flexibility to take account of country circumstances.

Included in the London Summit announcement of an additional \$850 billion for the IFIs was \$50 billion to support social protection and safety nets, boost trade and safeguard development in low-income countries; the G20 Finance Ministers Meeting in September announced that they were close to completing the delivery of that finance. More recently, the G20 Pittsburgh Leaders Summit pledged cooperation to improve access to food, fuel, and finance for the poor.

In recognition of the serious threat that climate change poses to the achievement of the MDGs, the Prime Minister has set out that, in the context of an ambitious global deal on climate change, the UK will put forward some climate finance in addition to existing Official Development Assistance (ODA) commitments and ensure that all ODA is consistent with our climate objectives. A limited portion of ODA, up to 10 per cent, will be used for climate finance where it also achieves significant poverty reduction.

At a European level, the Government, EU Member States, the European Commission and the European Investment Bank have all taken measures both to respond to the downturn – to support the economy and respond to the financial crisis - and to support long-term structural reform by resisting protectionism and continuing to promote open markets and competition.

In December 2008, EU partners reached agreement on the European Economic Recovery Plan to support purchasing power, boost demand and stimulate confidence: a timely targeted and temporary fiscal stimulus worth around 1.5 per cent of EU GDP, from Member States', EU, and European Investment Bank budgets:

- the UK and our European partners have, following negotiations on the 2010 EU Budget, now secured the final tranche of the EC budget's additional contribution of €5 billion to the stimulus package; the UK has successfully argued for a re-allocation of funds within the EU Budget, ensuring that there has been no increase to the overall Financial Framework ceilings agreed by EU leaders in 2005;

- to help EU economies support recovery, the EU has agreed to bring forward, from future years, payments of structural and cohesion funds into 2010;
- the EIB has increased lending by €50 billion over two years in 2009 and 2010, a 30 per cent increase compared to previous years, to support small and medium sized enterprises, work on energy and climate change and convergence. The EIB has also increased by 50 per cent the total amount of lending available to small firms, and simplified its approach to increase the attractiveness of its lending; and
- the EU agreed temporary state aid rules for the real economy in December 2008, in response to the downturn, which provided valuable additional support to UK and EU businesses. HMT, in conjunction with BIS, are continuing to work with EU partners on a road map, focused on a return to full state aid disciplines by end 2010, as part of wider exit strategies.

Member States across the EU have also taken steps domestically to support recovery. However, the global recession affected progress towards the Lisbon Strategy, which is due to end in 2010. Based on latest available data, it is unlikely that the Lisbon goals will be achieved in full. The EU and its Member States still need to implement significant economic reforms to improve the flexibility of product, capital and labour markets and to encourage greater investment in human capital and innovation.

A new strategy for jobs and growth remains a vital goal towards increased prosperity within Europe and work is being done to ensure a successor to the Lisbon strategy is in place beyond 2010. The UK initiated and led a discussion at the October 2009 European Council that “stressed the importance of reforms to strengthen the internal market, deliver investment in the industries and jobs of the future, promote increased trade and strengthen the financial sector”. The Government has engaged proactively with its EU partners to encourage further progress in specific policy areas.

Quality of Data Systems The data used in assessing progress towards the MDGs are taken from the World Bank and United Nations’ agencies who, in turn, use countries’ own data systems. Systems for gathering data are very weak in many countries.

Measurement of progress uses the set of structural indicators developed, produced and maintained by Eurostat, and mandated by the Council of the European Union. Data are collected from national bodies in each Member State; in general, a high degree of confidence can be attached to these data. The data for the productivity and employment measures are sourced from the Eurostat structural indicators database. Outturn data are subject to a time lag due to national data collection and Eurostat collation and standardisation and can periodically be revised subsequent to publication. The productivity data has been rescaled for the EU27 and so cannot be compared to previous releases based on EU25 = 100.

Risks to Delivery	<p>There is a risk that further economic and financial shocks could destabilise progress made to tackle the global downturn, which, in turn, could risk undermining the progress that has been made on stabilising the international financial architecture and weaken appetite for advancing long-term reform. In particular:</p> <ul style="list-style-type: none"> • G20 partners will need to uphold commitments made in 2009 to sustain stimulus measures until recovery is assured, and use the new Framework to deliver strong, sustainable and balanced growth and strengthen the global financial system; and • current economic difficulties could make meeting the MDG's even more challenging, and potentially divert global attention from the area. <p>Risks remain that some EU member states do not prioritise a renewed and invigorated economic reform agenda in the light of ongoing economic difficulties, particularly if persistent and structural unemployment occurs.</p>
Future Plans	<p>The Treasury are working closely with South Korea to ensure a smooth handover of the G20 presidency in 2010 and continued progress on the G20 commitments made in 2009, and also with Canada who hold the presidency of the G7/8 in 2010.</p> <p>The European Commission, the European Investment Bank and the Government continue to monitor the impact of m taken. The Government will continue to work with its EU partners to accelerate economic reform in Europe, for example by being actively involved with ongoing discussions in the EU on a successor to the Lisbon Strategy beyond 2010.</p> <p>The UK will also be working closely with EU partners and the new European Commission to ensure a continued focus on structural reform and economic openness, taking into full account the global nature of the economic challenges facing Europe.</p>
Link to CSR07 PSAs	<p>PSA27 – Lead the global effort to avoid dangerous climate change. PSA29 – Reduce poverty in poorer countries through quicker progress towards the Millennium Development Goals.</p>

3

Ending Child Poverty

Introduction

3.1 Childhood experience lays the foundation for later life. It is essential that children receive the best start possible in life in order to fulfil their potential for themselves, their families and society as a whole. Growing up in poverty can damage physical, cognitive, social and emotional development which increases the likelihood that children will face poverty and deprivation later in life and families can become locked into a cycle of poverty.

3.2 Families living in poverty are at greater risk of being victims of crime, social exclusion, and mental and physical illness. The Government is therefore committed to giving everyone the opportunity to make the most of their potential ensuring that all children have a good start in life, enjoy a fulfilling childhood and have the capabilities and opportunities to flourish. The Government recognises that bringing up and supporting children is the responsibility of parents, but it believes that the state has a role to help parents achieve the best for their children.

3.3 In 1999, the Government made a pledge to eradicate child poverty in the UK within a generation. Since that pledge, the Government has set itself the ambitious target of halving child poverty by 2010, on the way to eradication by 2020, and has monitored progress using three indicators: absolute poverty, relative poverty and material deprivation (definitions given in Box 3.A).

3.4 The Child Poverty Review, and “Ending Child Poverty: Everybody’s Business” outline the Government’s commitment to tackling child poverty in a sustainable way focusing its strategy on supporting parents to remain and progress in work, but also improving children’s outcomes so that their quality of life and life chances are improved, and future poverty is prevented.

3.5 As a result, between 1998-99 and 2007-08 relative child poverty fell by 500,000 children from 3.4 to 2.9 million and absolute poverty halved from 3.4 to 1.7 million children. In 2004-05 (the baseline year) there were 2.2 million children in combined material deprivation and low income poverty.

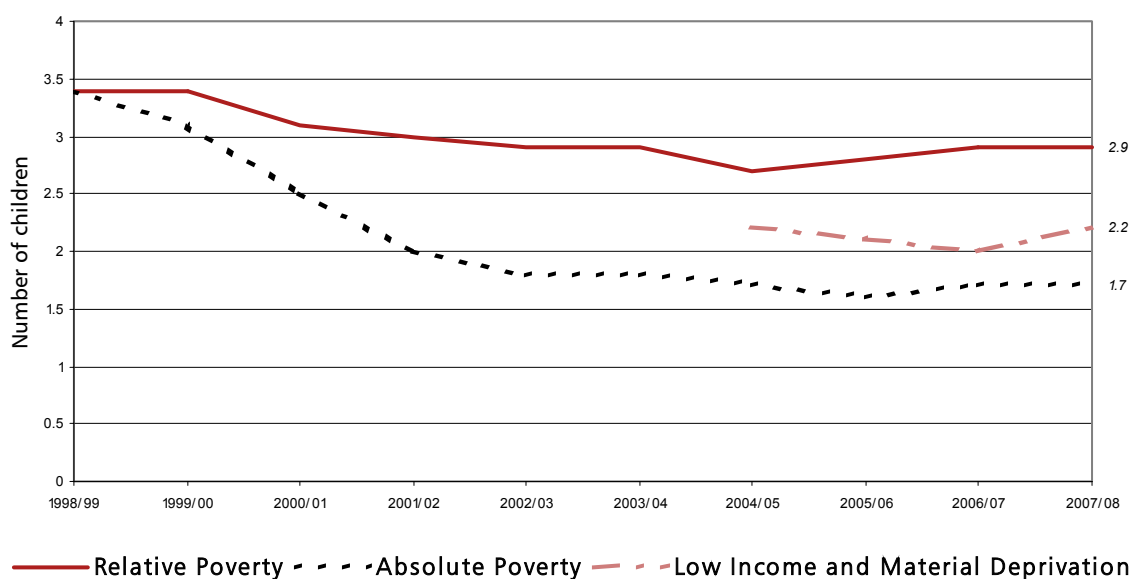
Child Poverty- performance to date and projections for the future

Box 3.A: Targets and Indicators

The Child Poverty PSA target uses three indicators to monitor performance. The data is compiled into the Households Below Average Income (HBAI) Report published by the Department for Work and Pensions.

- **Absolute low income:** this indicator measures whether the poorest families are seeing their income rise in real terms. The level is fixed as equal to the relative low-income threshold for the baseline year of 1998-99 expressed in today's prices.
- **Relative low income:** this measures whether the poorest families are keeping pace with the growth of incomes in the economy as a whole. This indicator measures the number of children living in households below 60 per cent of contemporary median equivalised household income.
- **Material deprivation:** defined on the basis of those items that cannot be afforded. This indicator provides a wider measure of people's living standards through a survey which asks respondents whether they have 21 goods and services, both child and household items. The 21 items were chosen following a thorough analysis of all existing UK material deprivation data to identify a set of questions which best discriminated between poor and non-poor families. They are designed to work together as a suite of items that combined present a picture of material deprivation rather than as individual indicators.

Chart 3.A: Time series analysis of Child Poverty Indicators



Source: Households below average income (HBAI) survey 2009

3.6 Building on this, the Government introduced the Child Poverty Bill earlier this year to enshrine in legislation its pledge to eradicate child poverty in the UK by 2020. The Child Poverty Bill defines success in eradicating child poverty and establishes an accountability framework to drive progress towards the 2020 goal at national and local level. The Child Poverty Bill will require the Secretary of State to publish a UK child poverty strategy, setting out how the targets will be met and Ending Child Poverty: Making it Happen set out the four key areas that will be key to the Government's strategy: employment and adult skills; financial support; housing and communities; and services for children and families. In considering these building blocks, the 2009 Pre-Budget Report announced five principles that will guide its strategy:

- work is the best route out of poverty. Parents should be supported to take up work and those in low paid jobs should be helped to progress;
- families and family life should be supported. Government support must be responsive to families' needs and should promote strong and positive relationships. Government and employers should work together to provide family friendly working practices;
- early intervention in childhood is necessary to break cycles of deprivation. Action to tackle child poverty should aim to be preventative and prioritise early interventions even if the impact on child poverty is not immediate;
- excellence in delivery. The public sector should work in partnership with other agencies and voluntary groups to provide joined up and responsive public services to all families, with additional support for those who need it most; and
- cost-effectiveness and affordability. The long-term eradication of child poverty can only be achieved through a sustainable and affordable strategy.

Governance

3.7 The Chancellor of the Exchequer, the Secretary of State for Children, Schools and Families (DSCF) and the Secretary of State for Work and Pensions (DWP) are responsible for the delivery of the child poverty PSA. The Chancellor of the Exchequer is the lead minister.

3.8 The Senior Responsible Officer (SRO) within Government for this PSA is the Managing Director for Budget Tax and Welfare in HM Treasury. The SRO chairs a Senior Official PSA Delivery Board which is made up of senior officials from DWP and DCSF. The Board meets regularly to monitor progress and review delivery and reports directly to an Inter-Ministerial Group comprised of Treasury Ministers and Secretaries of State for the DWP and DCSF. This group is chaired by the Chancellor of the Exchequer and is responsible for regularly monitoring progress and holding departments and programmes to account.

3.9 In addition to this, the Senior Official on the PSA Delivery Board jointly chairs a cross-Whitehall Child Poverty Board which has a much broader focus on the contribution of public services towards eradicating child poverty. The Board and its working group enable partners like HM Revenue and Customs (HMRC), Communities and Local Government (CLG), and the Department for Business, Innovation and Skills (BIS), as well as representatives from local authorities, to contribute to delivering this PSA. This group reports to the relevant Cabinet Committee.

Action and Aims

3.10 Children in families with at least one parent in work are four times less likely to be in poverty than those in families without, and children in families with a second earner have an even lower poverty risk. Work also has impacts that go beyond increased income including improving well-being and raising aspirations for both children and parents.

3.11 DWP provides a range of support to help families move back into work: offering Work-Focused Interviews for Partners (WFIP), mentoring services and easy access to integrated family services through the Sure Start Children's Centre. The New Deal for Partners was created to encourage partners of benefit recipients to improve their job readiness and employment opportunities and gain independence through working.

3.12 Pre-employment support for lone-parents includes the New Deal for Lone Parents (NDLP), offering access to a specialist Personal Adviser providing a package of support and advice tailored to the individual's circumstances. Under Work Trials a lone parent can try out a job for up to 6 weeks without losing benefit. To further strengthen work incentives PBR 2009 announced rolling out the of Better Off In Work Credit. This will ensure that all claimants who have been receiving benefits for over 6 months will be entitled to a top up payment to guarantee their in work income is greater than their benefits.

3.13 The Government is committed to making work pay, and has worked to ensure that for those who can and want to work, full-time work will leave them in a better financial position than would benefits. Through the introduction of the National Minimum Wage (NMW) and the Working Tax Credit (WTC) the Government has ensured that the minimum weekly income for a family with one child and one full-time worker (35 hours) will be £309 per week from April 2010, compared to £182 in 1999, when the NMW was first introduced. This represents around 29 per cent more in real terms. Income Support or Job-Seeker's Allowance for a couple, both aged 18 or over is £100.95 per week.

3.14 Recognising that some parents may not be able to earn enough to lift themselves above the poverty line, the tax and benefit system provides financial and material support to assist these families while maintaining incentives to work. The tax credit system provides a flexible and responsive system that is well placed to respond to people's changing circumstances, through the Working Tax Credit and the Child Tax Credit. This has provided for support for families during the recession; 400,000 families have seen their awards increase by an average of £37. HMRC is delivering tax credits to six million families, benefiting ten million children. They are tailoring help to the needs of customers and have made significant service improvements through the **Tax Credits Transformation Programme**. They have introduced a service for the 170,000 couples who report a relationship breakdown each year to help them adjust their claim quickly. HMRC are also contacting around 100,000 vulnerable customers to assist them in renewing their claim, and tax credits advisers are working with 100 Children's Centres to ensure advice and help are available more widely.

3.15 The Government recognises that to eradicate child poverty will require a renewed drive drawing on new ideas. Budget 2008 announced pilots that are taking place in around 1 in 3 local authorities testing a range of approaches to tackling child poverty. These will be completed in early 2010, and a comprehensive evaluation will occur in order to inform effective policy to help the Government reach its 2020 target in an innovative and sustainable way.

3.16 The Government recognises that child poverty is a result of a number of complex and varied factors and can be influenced by changes in economic circumstances, levels of employment and demographics. There is significant uncertainty about the impact on child poverty of the current economic circumstances and the Government faces additional pressures as a result of the extraordinary economic events. However, the Government remains committed to tackling child poverty and has taken further steps at Budgets and Pre-Budget Reports even in difficult times.

3.17 Following public consultation in Ending Child Poverty: Making it Happen, the Government published **the Child Poverty Bill** earlier this year, which sets child poverty targets and establishes an accountability framework to drive progress towards the 2020 goal at national and local level. The Bill is progressing through Parliament, and has completed Committee Stage in the House of Commons.

3.18 In PBR 2009 the Government announced additional measures to support low income households and, as mentioned in paragraph 3.6, set out the principles that will guide the Government's strategy to 2020.

3.19 The Government recognises that making the transition back into employment can be difficult. To support low-income families, and improve incentives to work, the 2009 Pre-Budget Report announced that the Government will extend eligibility to Free School Meals to primary school pupils in working families with a household income below £16,190. This will reduce costs as families make the transition into work. When fully rolled out this will benefit around 500,000 children. In addition, the Government will extend the current pilots of universal free school meals so that there is a pilot in each English region.

3.20 The Government also believes that achieving excellence in service delivery will be key to achieving the 2020 strategy. Tax credits are a flexible responsive system that have responded well to changes in family circumstances. However, the Government isn't complacent. As set out in a report by the Take Up Taskforce, if an additional 10 per cent of eligible families took up the benefits to which they were entitled, around a further 40,000 children would be lifted out of poverty. PBR 09 therefore announces that a new online service bringing together information on a whole range of benefits and entitlements in a single place will be publicly available by the start of next year to support low income families take up the support they are entitled to. In addition to this, from January 2010, HMRC will improve services for families who report a change in family composition late. This means that when families experiencing a household breakdown or starting a new relationship report the change late, HMRC will offset against the overpayment to take account of what their entitlement would have been had they reported the change promptly.

3.21 If benefits and tax credits were to track the September RPI as normal, they would be cut by 1.4 per cent next April – equivalent to 30 pence of the weekly rate of Child Benefit. The 2008 Pre-Budget Report set out the Government's intention to maintain the cash value of benefits and tax credits next April, which would be equivalent to a 1.4 per cent real increase, and then revert to RPI in subsequent years, locking in the real increase from not reducing benefits next April. PBR 2009 announced that the Government will bring forward a proportion of the increases to benefits and tax credits expected in April 2011 a year earlier. This provides a 1.5 per cent increase next April for those benefits and tax credits that are normally up-rated by RPI. In April 2011, rates will be increased by the remaining amount necessary to make up with difference with the RPI for September 2010. This still preserves the real increase from not reducing benefits next April for future years, and provides additional support to households during the early stages of economic recovery. The child element of the Child Tax Credit is unaffected by this announcement. The Government has committed to up-rating the child element by earnings until the end of this Parliament, which means that the child element will increase by £65 in 2010-11, reflecting both earnings indexation and the additional £20 increase announced in Budget 2009.

3.22 Taken together, measures announced in and since Budget 2007 will lift around an additional 550,000 children out of poverty.

Box 3.B: Tax Credits

Take up of tax credits is higher than any previous system of income-related support for in-work families.

Child Tax Credit (CTC): is an income related payment for parents and carers of children or young people who are still in full-time non-advanced education or approved training. It is a single system of support for families, independent of parents' employment status, thus providing a stable source of income as parents move into work. In April 2009, the child element of the Child Tax Credit increased by £150, and at the same time, it was announced that it would increase by another £20 above indexation in April 2010, benefiting about 4m families.

Working Tax Credit (WTC): "tops up" income from low-paid work, improving incentives to work while also helping to ensure a decent income for families. For people who face a significant barrier to working full-time, such as those with children or a disability, **WTC** is available if they work at least 16 hours a week

The **WTC** also contains a childcare element, which provides support with up to 80 per cent of childcare costs, to a maximum eligible amount of £175 a week for one child or £300 per week for two or more children.

Overall Assessment for PSA9

3.23 The position on the first two indicators has not changed since the start of the 2007 CSR period; the third indicator (Low Income and Material Deprivation) showed slight progress in 2006-07 but has since reverted to its baseline of 2.2 million. Therefore the overall assessment for this PSA is **No Progress**.

3.24 An explanation of the indicators used to measure Child Poverty appears in Box 3.A.

PSA9 – Halve the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020	
Overall PSA Assessment	No Progress
Assessment against indicators	
Indicator 1	The number of children in absolute low-income households
Indicator 2	The number of children in relative low income households
Indicator 3	The number of children in relative low-income households and in material deprivation
Data Statement	
Indicator 1	Between 2006-07 and 2007-08 absolute child poverty remained constant, standing at 1.7million children, a fall of 1.7 million children since 1998-99.
Indicator 2	Between 2006-07 and 2007-08 relative child poverty remained constant standing at 2.9 million children, a fall of 500,000 children since 1998-99.
Indicator 3	In 2007-08 there were 2.2 million children in combined material deprivation and low income poverty. In 2004-05 (the baseline year) there were 2.2 million children in combined material deprivation and low income poverty. While this indicator has shown no change over the period as a whole, it fell to 2.0 million children in 2006-07. The recent increase is likely to be due to high prices, particularly the high cost of fuel, over the period in question.
Overall Outcome Commentary	<p>Since the Government made its pledge to eradicate child poverty within a generation it has set out its commitment to tackling child poverty based around supporting parents into work and improving children’s life chances. As a result, between 1998-99 and 2007-08 some 500,000 children were lifted out of relative poverty.</p> <p>Through 2007 and 2008 the world economy faced exceptional challenges and PBR 2008 and Budget 2009 announced additional support to help low income families through the downturn. The Government has built on this in PBR 09 and announced additional support for vulnerable families, such as extending free school meals to primary school children from low income working families, while setting out the key principles that will guide the strategy to 2020. As a result of measures announced in and since Budget 2007 around an additional 550,000 children will be lifted out of poverty.</p> <p>The Government remains committed to the sustainable eradication of child poverty and is taking forward the Child Poverty Bill which will drive action to ensure the Government achieves its vision of eradicating child poverty by 2020. Legislation will require the Government to publish a child poverty strategy, to be refreshed every three years, evaluating progress towards the 2020 vision and setting milestones for future action across a wide range of policy areas.</p>
Quality of Data Systems	Performance against this target is assessed using the annual Households Below Average Income (HBAI) report published as National Statistics by DWP. The latest data available are for 2007-08.

Risks to Delivery	<p>It is possible that child poverty targets become more challenging because of;</p> <ul style="list-style-type: none"> • rising parental worklessness as a result of the downturn; and • parental incomes falling and parents not claiming all of the financial support on which they are entitled to rely.
	<p>To mitigate against these risks, the Government has taken quick and decisive action to help people move back into work quickly and prevent long-term detachment from the labour market; and the Government is taking action to ensure that families claim all the support to which they are entitled.</p>
Future Plans	<p>Earlier this year the Government introduced the Child Poverty Bill which defines success in eradicating child poverty and sets a clear accountability framework to drive progress at both a national and local level. The Bill will also require the Secretary of State to publish a UK strategy setting out how the targets will be met. The tri-departmental Child Poverty Unit is working to develop the long term strategy as well as taking forward a number of existing commitments such as rolling out the child poverty pilots and working with local delivery partners to ensure that local authorities are doing all they can to tackle child poverty.</p>
Link to CSR07 DSOs	<p>DSO 2(c) Improving incentives and means to work; supporting children and pensioners and helping people plan and save for the future.</p>

4

Value for Money

Delivering value for money in the CSR 2007 period

4.1 Building on the success of its previous efficiency and relocation programmes,¹ HM Treasury Group published its original VfM Delivery Agreement in December 2007, setting out how it planned to achieve a target of £30 million VfM savings per annum by 2010-11. Budget 2009 announced an increase of this VfM target to £35 million recurrent savings from 2010-11 onwards, contributing to the government's increased £35 billion overall target. Treasury Group's additional contribution will be achieved through participation in the Operational Efficiency Programme (OEP) together with other initiatives designed to maximise value for money, while ensuring that outputs and quality of service delivery are not adversely affected. A revised VfM Delivery Agreement was published in July 2009.²

4.2 Progress towards achieving the revised target are set out in Table 4.A, which highlights savings at Group level, how these have been allocated as indicative savings by business area, and a Delivery Plan summarising OEP strands and other areas where savings are expected.

Table 4.A: Treasury Group VfM agreed target and delivery plan

CSR 07 VfM Agreement/Delivery Plan		2008-09 Trajectory	2009-10 Trajectory	2010-11
VfM Savings	Counterfactual	243	248	249
	Spending Plans (as at 2007-08)	231	225	214
	Treasury Group Total savings	12	23	35 Target
Indicative VfM Savings agreed across the Group	Core Treasury	4.9	9.3	15.3
	Group Shared Services (GSS)	3.1	7.5	12.8
	Office of Government Commerce (OGC)	2.6	5.0	5.9
	UK Debt Management Office (DMO)	0.1	0.4	0.7
	Programme	1.3	0.8	0.3
	Treasury Group Total Allocated Savings	12.0	23.0	35.0 Target
Group Delivery Plan	OEP strands:			
	– Back Office IT	1.0	1.0	1.0
	– Collaborative Procurement	3.0	5.0	6.0
	– Property	1.0	1.0	1.0
	Other Administration Costs	6.3	16.4	28.5
	Programme Costs	1.3	0.8	0.3
	Contingency (5%)	(0.6)	(1.2)	(1.8)
	Treasury Group Total Savings Delivery Plan	12.0	23.0	35.0 Target

¹ As reported in the 2007-08 HM Treasury Group Annual Report (Cm 7408), which included 37 posts moved out of London by 31 March 2008.

² Both VfM Delivery Agreements are available from the HM Treasury website at www.hm-treasury.gov.uk/vfm_delivery_agreement.htm

4.3 Actual savings have been calculated in line with the agreed VfM methodology, in particular the criteria used to assess potential VfM gains. No account has been taken of any over-delivery from the Gershon Efficiency Programme in the 2004 Spending Review period, so all savings claimed relate to the CSR07 period only. In accordance with the agreed methodology, in order for savings to be claimed under the current VfM programme, they must be:

- properly calculated;
- net of costs;
- quality neutral in high priority and strategically important areas;
- new to the period;
- not reallocating costs to another part of the organisation;
- cash releasing;
- sustainable; and
- scored only once.

4.4 To ensure that structures are sufficiently robust to validate VfM gains, HM Treasury Group is including VfM reporting and control systems in its annual audit programme of internal financial management. The National Audit Office is also auditing the cross-Government VfM Programme.

Progress against value for money delivery plans

Table 4.B: Treasury Group actual and forecast VfM savings 2008-09 and 2009-10

VfM Savings (£ million)	2008-09 Trajectory	2008-09 Actual	2009-10 Trajectory	2009-10 Q2 Actual ^a	2009-10 Forecast
Core Treasury	4.9	–	9.3	3.9	7.8
GSS	3.1	7.3	7.5	8.9	10.2
OGC	2.6	2.6	5.0	5.1	5.0
DMO	0.1	0.2	0.4	0.2	0.4
Programme	1.3	3.0	0.8	3.0	0.8
Total Allocated Savings	12.0	13.1	23.0	21.1	24.2

^a includes 2008-09 recurrent savings Source: HM Treasury

2008-09 VfM savings outturns

4.5 For 2008-09, total savings were £13.1 million against a trajectory of £12 million. Core Treasury recycled savings into new work supporting the government's measures to promote financial stability within the global economy. This was achieved within the existing funding baseline, representing an in-year efficiency gain. However, the Group has merged Financial Stability work into its overall structure from 2009-10 onwards and received additional resources by drawing down some of its available stock of EYF (end-year flexibility) funding. As a result, the savings achieved and recycled in 2008-09 would not meet the VfM sustainability criteria over future years, so have not been claimed against the 2008-09 trajectory, which is why no Core Treasury savings are shown for the year.

4.6 Group Shared Services (GSS) made savings through:

- the implementation of a corporate programme designed to reduce travel costs through discounts against listed prices; and
- Collaborative Procurement gains and negotiated rates for professional secondment support, in line with the financial stability initiatives.

4.7 OGC delivered net savings in administration costs while maintaining output and meeting its objectives. For 2008-09, the main efficiency reductions were in respect of consultancy, staff costs, and other administration costs.

4.8 DMO made savings through more efficient use of IT and back office support, while managing a considerably increased workload arising from measures to promote stability in financial markets.

4.9 Programme expenditure was overall less than budgeted through ongoing monitoring and challenge of bids made for individual projects throughout the year. This resulted in efficiency savings that exceeded the figure originally expected in the VfM Delivery Agreement. These savings are sustainable because Programme expenditure remains within baseline and costs have been absorbed on an ongoing basis in line with delivery of DSO objectives.

2009-10 – progress at September 2009 and forecast for the year

4.10 A further £8 million has already been saved in 2009-10, in addition to £13.1 million recurrent from 2008-09, and on course for an indicative VfM trajectory of £23 million. This is set against a particularly challenging environment in terms of economic conditions and the overall need to provide fast, responsive and flexible support in meeting new demands placed upon the department. Despite this good progress has been made, largely through absorbing costs and delivering more output for the same level of expenditure, while ensuring that quality of delivery is not compromised. As a result, plans have been made in a number of areas to absorb costs and surrender proposed expenditure as part of a particularly challenging 2009-10 budgeting round. Progress against efficiencies agreed at the outset of the year was revisited at the mid-year point and a comprehensive forecasting exercise has served to quantify further savings to be achieved by the end of the financial year.

4.11 Core Treasury aims to absorbing additional costs of £7.8 million over the year, which were built into its budget for 2009-10. This can only be fully evidenced at the end of the financial year and is subject to delivering the pre-agreed additional output for the same level of expenditure.

4.12 Group Shared Services surrendered an additional bid for resources of £3.2 million at the start of the financial year from its IT budget. At the same time, GSS has served some additional 100 or so staff in 2009-10 without additional funding, representing an efficiency saving of around 7 per cent (£3.8 million) over its total budget. As with Core Treasury, provided funding is not sought over the remainder of the year, the full efficiency saving will be achieved. In both cases therefore, only half of the absorbed costs are shown in Table 4.B at the mid point of the year. Other savings stem from the OEP strands of Collaborative Procurement, Back Office Operations (net of IT refurbishment savings) and property costs, for which complete and verifiable information will not be available until later in the year. Table 4.A sets out the detailed forecast savings for the OEP strands in 2009-10, amounting to £8 million in total.

4.13 OGC has confirmed that expenditure at the end of Q2 is within the pre-agreed parameters of its VfM savings programme. At the mid-year stage, savings are therefore scored as half of the annual forecast total. As with 2008-09, these are anticipated to be made up largely of more efficient use of administration costs. These savings will be subject to further verification once full year outturns have been assessed.

4.14 DMO is assessing the impact of its increased cash management requirements and higher gilt issuance activity on efficiency targets, and will report details of verifiable savings for IT and back office support costs at the year end. These savings will be subject to further verification once full year outturns have been assessed.

A Legacy Targets

A.1 This annex provides performance information against the outstanding PSA targets from the 2004 Spending Review.

A.2 The Treasury has three targets outstanding from these earlier spending reviews.

- PSA5 – Employment;
- PSA 8 Global Prosperity - Lisbon Goals (a final assessment was given in the Annual Report and Accounts 2008-09 against the Heavily Indebted Poor Countries (HIPCs) element of this PSA); and
- PSA9 Public Services

As the Treasury leads on the cross government CSR 2007 PSA for Child Poverty reporting in respect of the SR 2004 target to reduce child poverty by 2010 is described within **Chapter 3 Ending Child Poverty**

Reporting Terminology

A.3 SR2004 Spending Review targets have a different rating terminology to that of the CSR 2007 DSOs and PSAs. This terminology is given in the tables below.

Table A.A: Final Assessment Terminology

Term	Usage
Met	Target achieved by the target date.
Met-ongoing	For older open-ended targets where no end date was set, but the target level has been met and a decision has been taken to make a final assessment.
Partly met	Where a target has two or more distinct elements, and some – but not all – have been achieved by the target date.
Not met	Where a target was not met or met late.
Not Known	This will only be used where it is not possible to assess progress against the target during its lifetime or subsequently. In these cases an explanation will be given as to why, and reference made to any subsequent targets covering the same area.

Table A.B: Interim Assessment Terminology

Term	Usage
Met early	This target has been met ahead of schedule.
Met – ongoing*	This target is live, but measured on a continuous basis.
Ahead	If progress is exceeding plans and expectations.
On course	Progress in line with plans and expectations.
Slippage	Progress is slower than expected.
Not yet assessed	A new target for which data are not yet available.

Summary of performance against outstanding SR2004 PSA targets

PSA Target		Assessment
PSA5	As part of the wider objective of full employment in every region, over the three years to spring 2008, and taking account of the economic cycle, demonstrate progress on increasing the employment rate. (Joint target with Department for Work and Pensions (DWP).)	On Course
PSA8 (iii)	Promote increased global prosperity and social justice by: working with our European Union (EU) partners to achieve structural reform in Europe, demonstrating progress towards the Lisbon goals by 2008	Slippage
PSA9	Improve public services by working with departments to help them meet their Public Service Agreement (PSA) targets, consistently with fiscal rules. (Joint target with the Cabinet Office.)	Slippage

A.4 The following tables provide a more detailed explanation of performance against these outstanding targets.

PSA5 - Employment	
Target	As part of the wider objective of full employment in every region, over the three years to spring 2008, and taking account of the economic cycle, demonstrate progress on increasing the employment rate (Joint target with (DWP).)
Performance Indicator	The target is measured using the seasonally adjusted employment rate (the proportion of the population of working age (16-59 for females and 16-64 for males) who are in employment) in Great Britain (GB), based on the International Labour Organisation (ILO) definition with a judgement as to the economic cycle, as assessed by the Treasury in the Budget and Pre-Budget Report.
Outturn	On Course
Commentary	<p>The baseline for the 2004 Spending Review target is 2005Q2¹ (April-June 2005), at which time the GB employment rate for the working age population of Great Britain (GB) was 74.9 per cent. The GB employment rate in 2008Q2 was 74.9 per cent.</p> <p>Progress on this target is measured taking account of the economic cycle. As set out at the time of the <i>2008 Pre-Budget Report (PBR)</i>², the latest National Accounts data, taken together with the evidence from the range of cyclical indicators monitored by the Treasury, supports the assessment that the economic cycle judged to have started in the first half of 1997 ended during the second half of 2006. The National Audit Office (NAO) has audited the Treasury's judgement that the last economic cycle ended in the second half of 2006, finding that taking all the evidence available as a whole, it is reasonable to conclude currently that the second half of 2006 marked the end date of the most recently completed economic cycle.</p> <p>There is a significant degree of uncertainty surrounding the cyclical position of the economy. The second half of 2006 represents the most recent adjudged on-trend point and so estimates of the trend employment rate since this point are not yet available. A final assessment cannot therefore be made on this target.</p>
Quality of data systems	UK labour market figures for employment are taken from the Labour Force Survey (LFS) and are published by the Office for National Statistics (ONS). The definitions used in the LFS are based on internationally agreed standards set by the ILO.
Risks	The Treasury continues to work with DWP on monitoring and improving Jobcentre Plus performance, and assessing the potential pressures on delivery under a sustained increase in the claimant count ensuring there is the appropriate balance between plans for tackling economic inactivity and the need to maintain low levels of unemployment. Since 2008 Pre Budget Report, the Treasury set aside £5 billion over 2 years to ensure that employment interventions regime has the capacity to deal with higher numbers of individuals claiming Jobseeker's Allowance.
Future Plans	This target will continue to be monitored until the Treasury has made a judgment on the end of the current economic cycle, at which point a final assessment can be made.

¹The Office for National Statistics is now publishing Labour Force Survey data on a calendar quarter basis, instead of the seasonal quarter previously used. The baselines of this target has therefore been changed and reflected in the technical note.

²More details of the Treasury's assessment of the economic cycle are set out in *Evidence on the economic cycle*, published alongside the 2008 Pre-Budget Report.

PSA8(iii) – Lisbon Goals

Target	Promote increased global prosperity and social justice by: (iii) working with our European Union (EU) partners to achieve structural reform in Europe, demonstrating progress towards the Lisbon goals by 2008.
Performance indicator	Progress is measured using Eurostat data for the total EU employment rate (against an EU target of 67 per cent by 2005 and 70 per cent by 2010) and the percentage difference between US and EU labour productivity per hour and per worker.
Outturn	Slippage
Commentary	<p>Nine years into the EU's ten-year programme of structural reform, there is slippage against this target. There is a significant risk that Europe will fail to fully achieve fully the strategic ambitions of the Lisbon Strategy, particularly its aim of achieving 70 per cent employment rates across the EU by 2010. At 65.9 per cent in 2008, EU employment remains well below this target, having missed the interim target of 67 per cent employment rates by 2005. The UK met the interim target with employment at 71.7 per cent in 2005, and 71.5 per cent in 2008. Since 1999, one year before the Lisbon process began, EU 27 employment has risen by 4.1 per cent. While part of this appears to have been driven by structural improvements, some may also be cyclical. As employment is falling as a result of the global economic situation, there may be further slippage in the coming period.</p> <p>The productivity gap between the EU and the US has been increasing in the last few years. Using the latest available data, the productivity gap on a per worker basis (EU27) increased from 40.1 per cent in 2002 to 44.8 per cent in 2008. On a per hour basis it rose from 31.4 per cent in 2002 to 36.5 per cent in 2005.</p> <p>Based on this analysis and the current economic climate, two years away from the original 2010 deadline, it is clear that the Lisbon Goals will not be realised in full. The EU and its Member States still need to implement significant economic reforms to improve the flexibility of products, capital and labour markets and to encourage greater investment in human capital and innovation. These reforms will also allow Europe to respond to the current economic downturn effectively. The current focus in the EU and in Member States is rightly on supporting the economy and responding to the financial crisis by helping people and businesses affected by the economic downturn. The design of these policies should be fully consistent with the longer-term objectives of the Lisbon Strategy, in particular by resisting protectionist tendencies and continuing to promote open markets, competition and flexicurity.</p> <p>While domestic structural reforms remain the primary responsibility of individual Member States, the Government has engaged proactively with its EU partners to encourage progress towards the goals of the Lisbon Strategy. For example, the UK has led efforts across Member States to mainstream the Better Regulation and globalisation agendas into EU policymaking. The UK has also strongly supported a European Economic Recovery Programme that responded both to the current economic and financial crisis, was consistent with long-term Lisbon objectives and which bolstered structural reform.</p> <p>The Government will continue to work with its EU partners to accelerate economic reform in Europe, for example by being actively involved with ongoing discussions in the EU on a successor to the Lisbon Strategy beyond 2010. The UK strongly supports an ambitious strategy that would ensure a strong recovery from the crisis and deliver strong, sustainable and balanced growth in Europe.</p>

Quality of Data Systems	Measurement of progress uses the set of structural indicators developed, produced and maintained by Eurostat, and mandated by the Council of the European Union. The data for the productivity and employment measures are sourced from the Eurostat structural indicators database. Outturn data is subject to a time lag due to national data collection and Eurostat collation and standardisation and can periodically be revised subsequent to publication. The productivity date has been rescaled for the EU27 and so cannot be compared to previous releases based on EU25 = 100.
Risks	That the effects of the crisis, particularly persistent and structural unemployment, hinder progress in advancing long-term reform across Europe.
Future Plans	This target will continue to be assessed until data for 2010 is available.

PSA9 – Public Services	
SR 2004 Target	Improve public services by working with departments to help them meet their; Public Service Agreement (PSA) targets (joint with the Cabinet Office) consistently with fiscal rules.
Performance Indicator	Departmental progress towards PSA targets and efficiency delivery is reported biannually in the (spring) Departmental reports and Autumn Performance Reports. This performance information can be accessed through a single website ³ .
PSA Element Outturn SR2004	Slippage
PSA Element Commentary SR2004 target	The Treasury supports departments in their work to achieve their SR2004 PSA commitments but the ultimate responsibility for delivery remains with departmental Secretaries of State. 93 per cent of SR2004 PSAs were given an overall summary assessment by departments in their 2009 Departmental Reports. Of those, almost half were reported as met, met-ongoing, ahead or on course, and further progress has been made on other targets with 28 per cent being partly met. This outturn represents a significant level of success in meeting these targets. However, for this overall target to be fully met '100 per cent' of individual SR2004 PSAs must be met or partly met. There has been some slippage against such an ambitious aim. Presently 9 per cent of targets are rated as slippage and 16 per cent not met.
Quality of Data Systems	The data systems underpinning PSA targets are validated by the National Audit Office. Efficiency Technical Notes set out the measures and methodologies the departments use to assess efficiency gains. These can be found on the Treasury' website.
Risks	Departments are unable to deliver the scale and pace of progress needed to achieve SR04 PSAs.
Future Plans	The Treasury continues to work closely with departments to support them in their work to achieve their SR2004 PSA commitments.

³[http://www.hm0treasury.gov.uk/documents/public-spending-reporting/public service - etc](http://www.hm0treasury.gov.uk/documents/public-spending-reporting/public%20service%20-%20etc)

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