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ANNEX A: SUMMARY OF PERFORMANCE AGAINST TARGETS

- A1(a) Performance against SR2000 PSA Targets
- A1(b) Performance against SR2000 SDA Targets
- A2 Performance against outstanding CSR1998 PSA Targets (1999-2002)
- A3 SR2002 PSA and SDA Targets (2003-2006)
- A4 Resources by Objectives for the year ended 31 March 2002



TABLE A1(a) HM TREASURY PERFORMANCE AGAINST SR2000 PSA TARGETS

SR2000 Objective	SR2000 PSA Targets	Performance Indicator	Latest Outturn
	1. By 2004 to raise the trend rate of growth from the current estimate of 2.5%.	Trend output is measured as the average annual rate of growth of Gross Value Added excluding the oil and gas sector between identified on-trend points.	On track/ongoing.
To maintain a stable macroeconomic framework with low inflation.	2. RPIX inflation to be kept at 2.5 per cent as specified in the Bank of England's remit.	RPIX	Met in 2002-2003, ongoing. Over the year, the 12 month RPIX inflation rate has on average been just below target, ranging between 1.5 and 3.0 per cent.
To maintain sound public finances in accordance with the code for fiscal stability.	3. Over the economic cycle to maintain (a) public sector net debt below 40 per cent of GDP and (b) the current budget in balance or surplus.	(a) Public sector net debt and (b) surplus on current budget.	On course. (a) The public sector net debt was 30.8 per cent of GDP at the end of 2002-2003, and its expected to remain below 34 per cent throughout the projection period, well within the 40 per cent target. (b) The average current surplus between the start of the cycle (1999-2000) and 2002-2003 is 1 per cent of GDP, and it is expected to stay in surplus over the economic cycle.
To improve the quality and cost-effectiveness of public services.	4. Achieve an improvement in value for money in public services year by year.	Monitored centrally using a scorecard approach, based on departmental information.	On course. The 2000 Spending Review set value for money targets in every PSA. Departments continue to report good progress against these targets. Furthermore, from April 2003, the Treasury introduced regular web-based reporting against all the new 2002 Spending Review targets, including the value for money targets at http://www.hm-treasury.gov.uk/performance/
To increase the productivity of the economy.	5. Improve UK competitiveness by narrowing the productivity gap with US, France, Germany and Japan over the economic cycle. (Joint target with DTI.)	Figures on output per worker published by HM Treasury (based on Office for National Statistics (ONS) and Organisation for Economic Cooperation and Development (OECD) statistics) and figures on output per hour worked published by the ONS (based on OECD statistics).	Outcomes mixed so far. Output per worker GDP per worker, 2001. 2000 figures in brackets. UK=100, US131 (133), F116 (116), G104 (107), J94 (95). Output per hour GDP per hour worked, 2001. 2000 figures in brackets. UK=100, US 126 (126), F 133 (127), G 125 (127), data for Japan not yet available.

SR2000 Objective	SR2000 PSA Targets	Performance Indicator	Latest Outturn
			<p>Performance to date can only be assessed on 2001 data.</p> <p>It is important to note that international comparisons of productivity are very sensitive to statistical revisions. For example, revisions as a result of UK Census 2001 as well as revisions to GDP and to Purchasing Power Parities (PPPs) led to a reduction in the estimated productivity gap on an output per worker basis with the G7. Census 2001 results are not yet incorporated into the current output per hour worked figures.</p> <p>It should also be noted that productivity performance depends not only on policies and economic developments in the UK but also on the economic cycle and the success of policies in other countries. For example, the widening of the gap with France on a per hour worked basis largely reflected the impact of the French 35-hour working week legislation and the resultant fall in hours worked in France in 2001.</p>
<p>To expand economic and employment opportunities for all.</p>	<p>6. Increase employment over the economic cycle. (Target contributes to Welfare to Work PSA.)</p>	<p>Seasonally adjusted International Labour Organisation (ILO) employment levels for the population in Great Britain (aged 16 and over), with a judgement as to cyclical influences.</p> <p>The Office for National Statistics will complete a full re-weighting of all of the Labour Force Survey (LFS) series and databases by November 2003 to take account of the 2001 Census results. In the meantime national Labour Force Survey results have been subject to an interim re-weighting. The PSA 6 employment target has also been interim re-grossed in line with the 2001 Census and is therefore consistent with ONS publications.</p>	<p>Ongoing.</p> <p>Total employment in GB seasonally adjusted = 27.07 million in winter 2002. Increase of 270,000 since spring 2001 baseline.</p>

SR2000 Objective	SR2000 PSA Targets	Performance Indicator	Latest Outturn
To promote a fair and efficient tax and benefit system with incentives to work, save and invest.	7. Make substantial progress towards eradicating child poverty by reducing the number of children in poverty by at least a quarter by 2004. (Joint target with DWP).	Number of children in low-income households by 2004-2005. Low-income households are defined as households with income below 60% of median as reported in the annual Households Below Average Income (HBAI). HBAI statistics cover Great Britain. Progress will be reported against the 1998-99 baseline figures and methodology. The baseline is 4.2 million children in low-income households after housing costs (AHC) and 3.1 million before housing costs (BHC).	Ongoing. Between 1998-99 and 2001-2002 the numbers of children in low income households fell by 400,000 after housing costs, and 500,000 before housing costs. So we are around half the way towards reaching the target in half the time.
To promote UK economic prospects by pursuing increased productivity and efficiency in the EU, international financial stability and increased global prosperity, including especially protecting the most vulnerable.	8. Increase the number of countries participating in the global economy on the basis of a system of internationally agreed and monitored codes and standards.	The IMF assesses member countries' compliance with internationally agreed codes and standards through the production of Reports on the Observance of Standards and Code.	Ongoing. Progress on these issues is described in the report "Stability, Growth and Poverty Reduction: The UK and IMF 2002" published by the Treasury.
	9. Relief of unsustainable debt by 2004 for all heavily-indebted poor countries (HIPC) committed to poverty reduction, building on the internationally agreed target that three quarters of eligible HIPCs reach decision point by the end of 2000.	Internationally agreed target of getting three quarters of eligible HIPCs to reach Decision Point by the end of 2000. ¹	Met. Target set in SR2002 of three quarters of eligible HIPCs to reach completion point by 2006.
Office of Government Commerce (OGC) target.	10. By 2002-2003, Deliver £1 billion of savings in Government procurement through the Office of Government Commerce.	Value for money gains reported by central civil government bodies.	Met-ongoing. OGC has made excellent progress against its PSA target and in the first two years of the three-year target period, reported gains of £815 million. OGC is firmly on target to achieve the £1 billion PSA target.

¹Decision Point and Completion Point are defined in: "Responding to the Challenges of Globalisation: The UK and IMF 2001". Available at <http://www.hm-treasury.gov.uk/mediastore/otherfiles/IMF%20REPORT.pdf>

TABLE A1(b) HM TREASURY PERFORMANCE AGAINST SR2000 SDA TARGETS

SR2000 SDA Target	Performance Indicator	Latest Outturn
<p>Objective 5 B1. Achieve a continued reduction in the number of unemployed people over the age of 18 over the economic cycle.</p>	<p>Seasonally unadjusted International Labour Organisation (ILO) unemployment levels of working age people over 18 in Great Britain, with a judgement as to cyclical influences.</p> <p>The Office for National Statistics will complete a full re-weighting of all of the Labour Force Survey (LFS) series and databases by November 2003 to take account of the 2001 Census results. In the meantime national Labour Force Survey results have been subject to an interim re-weighting. The SDA B1 employment target has also been interim re-grossed in line with the 2001 Census and is therefore consistent with ONS publications.</p>	<p>Ongoing.</p> <p>The figure for the number of unemployed people over the age of 18 stood at 1,309,000 seasonally unadjusted in winter 2002. Represents an increase in unemployment amongst those aged 18 and over of 55,474 over the spring 2001 baseline, although the figure has fallen by 23,640 on the year since winter 2001. ILO unemployment remains below the level at the peak of the last economic cycle in 1990. The start of the current cycle is provisionally judged to have been in mid-1999. The economy was last estimated to have been on trend in the third quarter of 2001, since when GDP growth has been below its neutral trend rate of 2 3/4 per cent.</p>
<p>Objective 7 B2. Publish the first consolidated Central Government Accounts (CGA) for 2003-2004.</p>	<p>CGA Milestone 3: Completion of the first dry run CGA for 2001-02.</p>	<p>Met-ongoing.</p> <p>Accounts preparation in progress. Planned to be completed and reviewed by the National Audit Office by summer 2003.</p>
<p>Objective 8 B3. Measures of success include implementing The Financial Services and Marketing Act in 2001.</p>	<p>N/A</p>	<p>Met.</p> <p>Successfully completed the transfer of powers to the Financial Services Authority on 1st December 2001.</p>
<p>C. IMPROVING PERFORMANCE</p>		
<p>C1. Strategies for improving performance and value for money</p>		
<p>C1.1. 60% of the Department subject to review under the BQS initiative by March 2003 and 100% by end of 2004.</p>	<p>Number of standing teams reviewed.</p>	<p>Partly met / Ongoing.</p> <p>55% of the Department had completed BQS reviews by the end of March 2003.</p>
<p>C1.2. Revised appraisal system to be introduced in 2001.</p>	<p>N/A</p>	<p>Met.</p> <p>The department reviewed its appraisal system in 2001 taking into account proposals stemming from the "Modernising Government White Paper". Changes to the system were introduced in 1 April 2002.</p>
<p>C1.3. Review of how the department manages and allocates its resources will be completed in 2000.</p>	<p>N/A</p>	<p>Met.</p> <p>The review has been completed and implemented.</p>

SR2000 SDA Target	Performance Indicator	Latest Outturn
C1.4. OGC to achieve a target of £1 billion savings in Government procurement by 2002-03 (see PSA 10).	Value for money gains reported by central civil government bodies.	Met-ongoing. OGC has made excellent progress against its PSA target and in the first two years of the three-year target period, reported gains of £815 million. OGC is firmly on target to achieve the £1 billion PSA target.
C1.5. Minimise the cost of holding the Government's foreign currency reserves while reducing risk.	Average annual cost over preceding 3 years no greater than zero (quarterly).	<p>Ongoing.</p> <p>The net return on the foreign currency reserves is measured on a "mark-to-market" basis (ie including changes in the capital value of assets and liabilities as well as net interest receipts and borrowing costs).</p> <p>The cost associated with holding foreign currency reserves for the period 1 April 2000 to 31 December 2002 was £193 million, compared with a loss of £170 million for the full three year period 1 April 1999 to 31 March 2002.</p> <p>This reflects:</p> <ul style="list-style-type: none"> i. a return of £145 million in 2000-2001 resulting from the depreciation of sterling against the dollar in the first quarter, partly offset by losses in the other three quarters of the financial year as a consequence of the fall in the gold price; ii. a broadly zero return in 2001-02; and iii. a loss in the first three quarters of 2002-03 of £338 million reflecting the negative return on the IMF loans, the weakening of the sterling gold price and the strengthening of sterling against the dollar and the dollar against the yen in the first two quarters of the financial year, partly offset in the third quarter by the increase in the gold price. <p>Over the past twelve months or so the return on holding the foreign currency reserves has been affected by the volatility and unpredictability in the price of gold, exchange rates and interest rates. This has resulted from the overall volatility and unpredictability in financial markets as a consequence of the sharp decline in equity prices, the state of the US and EU economies, the terrorist attack in Bali and the conflict with Iraq.</p>

SR2000 SDA Target	Performance Indicator	Latest Outturn
C1.6. Minimise the cost and risk of financing the mean annual cost of net government debt.	Comparison of cost to 7.2% (the average of the mean annual cost of net government debt over the last three financial years – quarterly).	Met-ongoing. Annual average cost of central government gross debt = 6.0 per cent (based on data for 2002Q4).
C1.7 The Royal Mint unit cost index of coin production should not exceed 88.	Unit cost index, which reflects relative charges to the Treasury, at constant prices, for standard basket of UK circulation coins.	Met. Unit cost index for 2002-2003 was 76.
C2.Procurement C2.1 The Treasury will reduce transaction costs by 30% by 2004.	Percentage reduction in transaction costs.	On course. The Treasury's investment in its new financial management information system during 2002 is expected to deliver a significant increase during 2003-2004 on the 5% savings achieved to date.
C2.2 60% of the department's interactions with suppliers will use e-procurement techniques by 2003.	Percentage of department's interactions with suppliers using e-procurement techniques.	On course. The Treasury's e-procurement system is now in place. Subject to further work with the Department's suppliers, there is long-term potential significantly to exceed 60%.
C2.3 The Treasury will pay all invoices within contractual conditions, or 30 days of receipt of the invoice, or delivery of the goods or service, whichever is the later.	N/A	On-going. 92.35% in 2002-2003 (figs to December).
D. CONSUMER FOCUS Prompt handling of correspondence D1. To reply to Parliamentary Questions promptly.	Named Day PQs 50% by due date. Ordinary PQs 70% by due date. Lords PQs 80% by due date.	Targets met for the 2001-2 Parliamentary session which ended in November 2002: Named Day PQs: 73.2% Ordinary Written PQs: 80.5% Lords PQs: 94.5%
		The figures for the 2002-2003 session, which commenced in November 2002, are (as at 31 March 2003): Named Day PQs: 72.8% Ordinary Written PQs: 78.8% Lords PQs: 97.4%
D2. Reply to 60% of ministerial replies to correspondence within 15 days by April 2001 and 90% by April 2002.	60% by April 2001. 90% by April 2002.	Partly met. Achieved 62% by April 2001 and 82% by April 2002.
D3. Reply to 60% of public and treat official correspondence within 15 working days by April 2001 and 90% by April 2002.	60% by April 2001. 90% by April 2002.	Partly met. Achieved 78% by April 2001 and 79% by April 2002.

SR2000 SDA Target	Performance Indicator	Latest Outturn
E.MANAGING PEOPLE E1.Civil Service Reform		
E1.1. Retain Investors in People accreditation that was achieved in December 1999 & retained in July 2001.	N/A	On going. Working towards re-accreditation in spring 2004.
E1.2. Create an inclusive culture in which diversity is valued and different views are actively sought and listened to.	N/A	Ongoing The Treasury actively supports and consults formally established interest groups: Diversity Steering Group, Ethnic Minorities Advisory Group, Disability Advisory Group and is initiating a Gay and Lesbian Consultative group. A management survey of all staff in the Treasury was conducted in late 2002 and detailed results and their implications are currently being analysed.
E1.2(a). Contribute to civil service diversity by ensuring that by 2004-2005:	34% of Senior Civil Service (SCS) are women; and 25% of Directors and above are women.	On-going. By January 2003, 16% of Directors and above and 22% of the SCS were women.
E1.2(b). Contribute to civil service diversity by ensuring that by 2004-2005:	3.2% of SCS are people from minority ethnic groups 3% of SCS are people with disabilities.	On-going. By January 2003 1.5% of the SCS were staff from minority ethnic groups. The percentage of people with disabilities in the SCS was also 1.5%. These targets remain challenging, given that in a small department one or two departures/appointments can have a disproportionate impact on percentages.
E1.3. Bring in talent by using open competition wherever possible and by increasing inward secondments and loans.	N/A	Ongoing. 37% of all new entrants in 2002 were seconded or loaned into HM Treasury and 73% of new SCS members were seconded or loaned into HM Treasury. In 2002, 30 recruitment schemes were advertised using open competition. Of those recruited, seconded or loaned in the Treasury, 40.4% were women, 11.9% from minority ethnic groups, and 2.1% were people with disabilities. Notably, a Managing Director and a Team Leader from outside the Civil Service were recruited on a permanent basis.
E1.4. Bring on talent by providing good quality training and development opportunities, including outward secondments and loans.	N/A	On going. The Treasury continues to invest heavily in learning and development at all levels and has established a new programme to develop leadership and management in the SCS. It has also appointed an Interchange Manager and revised its policy to ensure interchange is more targeted at adding value to participants, and uses a wider range of partners.

SR2000 SDA Target	Performance Indicator	Latest Outturn
E15. Enhance leadership skills, ensuring all members of the SCS and 25 per cent of non SCS managers have completed 360 degree feedback by the end of 2001.	N/A	N/A
E2.Sickness Absence E2.1. Reduce sickness absence by 0.5 day by April 2001 and 0.8 day by April 2003,	Measured from a 1998 baseline of 5.3 average working days absence per staff year.	Partly met. For the calendar year 2001 the average absence per staff year was 4.7 days. This compares to a civil service average of 9.2 days. Figures for 2002 show an increase to 5.2 days. The increase is likely to be due to improved sick absence reporting arrangements.
E2.2. Achieve levels of ill health retirement by 2005 consistent with or better than the best quartile target of 3.72 retirements per 1000 employees.	Retirements per 1000 employees.	Met-ongoing. There was 1 ill health retirement in each of 1998, 1999 and 2001. There were none in 2000 or 2002.
F. Electronic Government F1. All services provided by the Treasury to business and the public will be provided on line by 2005. Services will only be counted as electronically enabled when every step in the process is enabled.	N/A	On course. Services in this area relate to the provision of information, specifically the work of publishing, public enquiry and ministerial correspondence units, which deal directly with the public. In all cases, the Treasury is on course to offer these services on-line, through email and websites, by 2005.
F2. Publish all material hitherto published only on papers in electronic form as well. As demand for traditional delivery channels falls we plan to make electronic publishing the default form in which material is provided though we will continue to meet requirements for hard copy versions so long as there is a residual public demand.	N/A	On course. All major Treasury publications such as Command Papers and reports to international bodies are now made available in electronic format within 24 hours of publication, through the Treasury's web site http://www.hm-treasury.gov.uk
G. Policy and Strategy G2. 'Knowledge Management' pilot projects are being run to identify effective arrangements for accessing, managing and sharing key information. Taking account of lessons learned from the pilots, we will implement the concepts across the department by 2002.	N/A	Met/ongoing. The knowledge management pilots are now consolidated into a knowledge management action plan with projects to improve information management, the information about HMT staff, the use of external information and the sharing of best practice. Evaluation of the Treasury's new working environment shows that staff believe it has helped to promote knowledge-sharing throughout the Department.
G3. The Treasury will also set targets for meeting skill gaps identified by an analysis of skills held compared to competencies needed for improving policy evaluation.	N/A	On-going. Work is continuing on identifying skills gaps as part of the business planning process..

SR2000 SDA Target	Performance Indicator	Latest Outtun
G4. To improve awareness of gender, race and disability issues in policymaking the Treasury will arrange diversity awareness training for all staff.	N/A	On-going. Diversity awareness training built into induction process as well as regular refresher events.

TABLE A2 HMT PERFORMANCE AGAINST OUTSTANDING CSR 1998 PSA TARGETS (1999-2002)

SR2000 Objective	CSR 1998 Objective	CSR 1998 PSA Target	Performance Indicator	Latest Outturn
1. Maintaining a stable macroeconomic framework with low inflation		(i) Maintain effective arrangements for keeping inflation at the target level set for the Monetary Policy Committee of the Bank of England of 2.5%.	RPIX	Met/ongoing. Over 2002-2003, the 12 month RPIX inflation rate has on average been just below target, ranging between 1.5 and 3.0 per cent.
1.(Continued)		(iii) Reduce the variability of output and employment compared with the previous cycles.	Standard deviation of output growth.	Met/ongoing. In the 23 quarters from 1997Q2 to 2002Q4, the standard deviation of output growth has been 0.3 per cent. In comparison, the average standard deviation between 1986Q2 and 1997Q2 was 0.6 per cent.
			Width of GDP growth band.	Met/ongoing. Annual GDP growth has remained in a narrow band of 1.2 to 3.7 per cent since the second quarter of 1997. This compares with a range of -2.3 per cent to 6 per cent between 1986Q2 and 1997Q2. Unemployment (on a claimant count basis) has come down steadily and been in the narrow range of 3.1 to 5.5 per cent since 1997Q2. This compares to a range of 5.2 to 10.6 per cent between 1986Q2 and 1997Q2.
			Claimant count unemployment.	Unemployment on the International Labour Organisation (ILO) measure has come down steadily and has been in the range 4.9 to 7.3 per cent since 1997Q2. This compares with a range of 6.9 to 11.2 per cent between 1986Q2 and 1997Q2..

SR2000 Objective	CSR 1998 Objective	CSR 1998 PSA Target	Performance Indicator	Latest Outturn
2. Maintaining sound public finances in accordance with the Code for Fiscal Stability.		iv) Ensure current receipts at least match current spending on average over the cycle.	Public sector surplus on current budget.	Met-ongoing. The surplus on current budget is estimated to have been £9.9bn in 2001-2002. Current budget has been in surplus, on average, by 1.1% since 1999-2000.
2.(Continued)		(v) Ensure net public sector debt as a percentage of GDP falls towards 40 per cent or below over the cycle.	Public sector net debt.	Met-ongoing. The public sector net debt was 30.4 per cent of GDP at end-February 2003, up slightly from February 2002, but well below 40%.
3. Improving the quality and cost effectiveness of public services.		(vii) Ensure that all departments are set testing output and efficiency targets by the end of 1998 and work with them to ensure that they meet their targets by their deadlines.	Percentage of main departments' targets with deadlines within the reporting period and where performance information is available, that have been assessed as met or partially met.	As of April 2003, 86 per cent of targets assessed have been met or partly met. Departments continue to be responsible for reporting progress against those of their targets for which final outturn is not yet available, either because the target deadline has yet to be reached or because of timelags in data.
3. (Continued)		(viii) Improve the productivity of the public services year by year.	In Spending Review 2000, all departmental PSAs included a value for money target.	These value for money targets are now monitored as part of the Treasury's Spending Review 2000 target (iv).
3. (Continued)		(xi) Improve value for money in public procurement year on year.	Use of the Government Procurement Card (GPC).	Met-ongoing. Spend & Savings targets put in place for the first contract up to December 2002 were exceeded. The new GPC contract went live on 01/02/03 and new spend & savings targets have been set for the new contract period.

SR2000 Objective	CSR 1998 Objective	CSR 1998 PSA Target	Performance Indicator	Latest Outturn
<p>4. Increasing the productivity of the economy</p>	<p>4. Increasing the productivity of the economy and expanding economic employment opportunities for all, through productive investment, competition, innovation, enterprise, better regulation and increased employability</p>	<p>(xii) Put in place policies to raise the rate of growth of potential output above the current estimate of 2.25 per cent.</p>	<p>Change in the estimated trend rate of growth to the end of the economic cycle, from 1997 base, based on HM Treasury's published estimates.</p>	<p>Partially met The Treasury reassessed its estimates of trend output growth at the time of the 2002 Budget – for more information see 'Trend Growth: Development and Prospects', HM Treasury, April 2002.</p> <p>The estimated trend rate of growth was raised from 2.25 per cent to 2.50 per cent in the 1999 Pre-Budget Report and to 2.75 per cent in Budget 2002.</p> <p>However, the revision in 1999 stemmed from greater certainty over economic growth (a range of 2 per cent to 2.75 per cent was previously used).</p> <p>Likewise, the revision at the time of the 2002 Budget stemmed from demographic changes and employment growth.</p> <p>However, subsequent revisions in light of the 2001 Census of population results suggest that the composition of growth both over the recent past and going forward is different, with trend output growth now thought to be more productivity rich.</p>

SR2000 Objective	CSR 1998 Objective	CSR 1998 PSA Target	Performance Indicator	Latest Outturn
4. (Continued)		(xiii) Put in place policies to narrow the productivity gap relative to other industrialised countries over the cycle (joint DTI target)	<p>International comparisons of output per worker and output per hour worked. UK productivity is compared with productivity levels in the US, France, Germany and Japan.</p> <p>These figures are produced biannually by the ONS. They are based on OECD data.</p>	<p>Partially met</p> <p>1997-1999 economic cycle</p> <p>Output per worker Between 1997 and 1999 the productivity gap in terms of output per worker narrowed against Japan (101.7% to 96.7% of UK productivity) and remained broadly unchanged with Germany (109.4% to 109.0%). The gap widened against the US (132.2% to 135.9%) and France (116.0% to 117.3%).</p> <p>Output per hour Between 1997 and 1999 the productivity gap in terms of output per hour narrowed against Japan (94.7% to 91.8%) and remained broadly unchanged with Germany (125.5% to 125.3%). The gap widened against the US (124.2% to 126.6%) and France (125.6% to 126.3%).</p> <p>Current economic cycle (1999-)</p> <p>During the current economic cycle (using data between 1999 and 2001), the gap in terms of output per worker has narrowed against the US (135.9% to 134.4% of UK productivity), Germany (109% to 106.8%) and Japan (96.7% to 95.9%) and has widened against France (117.3% to 118.7%).</p>

SR2000 Objective	CSR 1998 Objective	CSR 1998 PSA Target	Performance Indicator	Latest Outturn
				<p>The gap in terms of output per hour remains broadly unchanged with the US (126.6% to 126.3%), has narrowed against Germany (125.3% to 124.6%) and has widened against France (126.3% to 132.6%). ONS have not yet produced output per hour data for Japan in 2001.</p> <p>For more information see Chapter 3.</p>

SR2000 Objective	CSR 1998 Objective	CSR 1998 PSA Target	Performance Indicator	Latest Outturn
4. (Continued)		(xiv) Secure an increase in the number of successful high growth business start ups (joint DTI target).	Number of firms with a turnover above £1 million, or 10 employees, four years after start-up.	Some slippage. There is a four year time lag in the measurement of this target, so final progress is not yet known.
6. Promoting a fair and efficient tax and benefit system with incentives to work, save and invest.	5. Promoting a fair and efficient tax and benefit system with incentives to work, save and invest.	(xx) Continue to develop the tax system so that it underpins the strategy on sustainable development and delivers environmental objectives. Shared with Inland Revenue target (vi) and Customs and Excise target (vii)	Implementation of environmental taxes and use of existing taxes to achieve environmental objectives.	<p>Ongoing.</p> <p>Implemented climate change levy (2001) and aggregates levy (2002).</p> <p>Implemented landfill tax escalator from 2000 to 2004.</p> <p>Changes to fuel duties to encourage cleaner fuels including biodiesel, road fuel gases and ultra low sulphur fuels, and better vehicle efficiency while taking account of impact on business.</p> <p>Reformed Vehicle Excise duty and company car tax to reflect environmental costs.</p> <p>Budget 2002 announced Government aims to introduce a lorry road user charge based upon distance, with offsetting tax reductions, to ensure that foreign hauliers pay their fair share to the costs of using UK roads, Publication of Government's environmental tax report 'Tax and the Environment: Using economic instruments published alongside Pre Budget Report 2002.</p>

SR2000 Objective	CSR 1998 Objective	CSR 1998 PSA Target	Performance Indicator	Latest Outturn
7. Achieving a high standard of regularity, propriety and accountability in public finance.	6.Maintaining an effective accounting and budgetary framework and promoting high standards of propriety and accountability.	(xxiv) Publish whole of government accounts (WGA), subject to results of current study, for 2001-2002.	Readiness for publication; methodology, format and medium agreed.	Ongoing. First statistically-based WGA planned to be published in Autumn 2003.
N/A	8. Arranging for cost effective management of government's debt and foreign currency reserves and the supply of notes and coins	xxvi): Minimise the cost of holding the Government's foreign currency reserves, while reducing risk. The target for 2000-2001 was zero.	Average annual cost over preceding 3 years no greater than zero (quarterly).	Ongoing. See target C1.5 Annex A1 (b).
		(xxvii) Minimise the cost and risk of financing the Government's borrowing.	Comparison of cost to 7.2 per cent (the average of the mean annual cost of net government debt over the last three financial years-quarterly).	Met/ongoing See Target C1.6 Annex A1(b)
9. Promoting UK economic prospects by pursuing increased productivity and efficiency in the EU, international financial stability and increased global prosperity including especially protecting the most vulnerable.	9. Promoting international financial stability and the UK's economic interests and ideas through international co-operation as a way of increasing global prosperity including seeking to protect the most vulnerable groups.	(xxviii) Make the International Financial Institutions more effective transparent and accountable.	Progress in preventing and resolving international financial crises. Publication of IMF papers, particularly surveillance reports. Progress towards the Millennium Development Goals.	Met/ongoing. Progress on these issues is described in the report "Stability, Growth and Poverty reduction: The UK and IMF 2002" published by the Treasury.
9. (Continued)		(xxix) Improve the quality of surveillance of international economies.	See (xxviii) above	Met/ongoing. See (xxviii) above.
9.(Continued)		(xxxii) Pave the way for a successful and affordable enlargement of the EU.	Enlargement negotiations respect the roadmap agreed at Nice in 2000 and the 1999 Berlin financial framework ceilings	Met. At the Copenhagen European Council in December 2002 negotiations were completed with 10 candidate countries paving the way for an enlargement from 1 May 2004 which will increase the size of the single market by over 70 million people. The agreed financial package is well within the sums provided for enlargement at the 1999 Berlin European Council.

SR2000 Objective	CSR 1998 Objective	CSR 1998 PSA Target	Performance Indicator	Latest Outturn
9.(Continued)		(xxxii) Ensure the UK is ready for the introduction of the euro from 1999 and make proper preparations so as to create a genuine option of joining the single currency should Government, Parliament and the people so decide.	To produce a range of information materials for business and deliver them to SMEs through electronic and other means. To ensure that the UK has a genuine option to make a decision to joining the euro, if that is what Government, Parliament and the people, in a referendum,decide.	Met-ongoing.
	Corporate Services and Development Directorate Objective To maintain a professional, well motivated and outward looking organization committed to open and accountable conduct of policy both here and abroad and manage its running costs effectively.	(e) Deliver 2.5% annual efficiency gains and secure at least 2.5% savings of running costs in real terms each financial year from 1997-1998.	N/A	The final result against this target was reported in the Treasury's Autumn Performance Report (CM 5665,p16).
		(f) Review the application of procurement techniques to all expenditure	N/A	Met. Procurement techniques are reviewed on a regular basis and practices are revised whenever it is beneficial to do so.
		(i) Collaborate in joint procurement projects when they offer better value.		Met. The Treasury has introduced innovative joint procurement arrangements with the Inland Revenue. One of the key benefits is the maximisation of opportunities for joint procurement. The two Departments also undertake joint procurements with other government departments wherever they offer better value for money.

TABLE A3 HM TREASURY SR2002 PSA AND SDA TARGETS (2003-2006)

Aim: To raise the rate of sustainable growth, and achieve rising prosperity and a better quality of life, with economic and employment opportunities for all.

PSA 1 Demonstrate progress by 2004 on the Government's long-term objective of raising the trend rate of growth over the economic cycle from the current estimate of 2.5 per cent and make further progress towards increasing trend growth up to 2006.

SDA B1.1 By setting a stable and prudent macroeconomic framework, which fosters economic stability and reduces the variability of output and inflation; and by designing evidence-based policies to support sustainable increases in productivity growth and the employment rate.

SDA B1.2 By ensuring that fiscal projections and policy decisions are based on considered economic forecasts underpinned by expert assessment of economic developments, including trend growth and productivity; and using forecasts as a baseline against which to weigh up the risks to macroeconomic stability.

Objective 1: To maintain a stable macroeconomic framework with low inflation.

PSA 2 Inflation to be kept at the target as specified in the remit sent by the Chancellor of the Exchequer to the Bank of England's Monetary Policy Committee (currently 2.5 per cent RPIX).

SDA B2.1 By setting clear, long term policy objectives.

SDA B2.2 By following predictable, well-understood procedural rules for fiscal and monetary policy making and ensuring the two are co-ordinated effectively.

Objective 2: To maintain sound public finances in accordance with the Code for Fiscal Stability.

PSA 3 Over this economic cycle, maintain: public sector net debt below 40 per cent of GDP; and the current budget in balance or surplus.

SDA B3.1 By planning and controlling public expenditure within firm overall spending limits and revenues to meet the fiscal rules.

SDA B3.2 By continuously monitoring the state of the public finances to ensure that any risks to the target are identified as soon as they emerge, and by regularly updating, and publishing, forecasts of government revenues and spending in accordance with the provisions of the Code for Fiscal Stability, including cautious assumptions audited by the National Audit Office (NAO).

Objective 3: To promote UK economic prospects by pursuing increased productivity and efficiency in the EU, international financial stability and increased global prosperity, including especially protecting the most vulnerable.

PSA 4 Promote increased global prosperity and social justice by: working to increase the number of countries successfully participating in the global economy on the basis of a system of internationally agreed and monitored codes and standards; ensuring that three-quarters of all eligible HIPC countries committed to poverty reduction receive irrevocable debt relief by 2006 and working with international partners to make progress towards the United Nations 2015 Millennium Development Goals (target shared with Department for International Development); and demonstrating progress towards the Lisbon goals by 2006, by working with our European Union partners to achieve structural economic reform in Europe.

- SDA B4.1** By working with the IMF and others to promote and implement: open trade systems; measures to tackle abuses of the financial system; transparent surveillance of country policies and performance; adherence to internationally agreed codes and standards; and crisis resolution mechanisms.
- SDA B4.2** By working with DFID and other partners to maximise the number of HIPC's that benefit from debt relief by 2006, through: helping HIPC's put in place and implement effective and sustainable poverty reduction strategies; and encouraging donors to ensure that HIPC provides a sustainable exit from debt. In particular, working with others to ensure that three quarters of all eligible HIPC countries receive irrevocable debt relief by 2006.
- SDA B4.3** By working within the EU to control the EU Budget and tackle fraud.
- SDA B4.4** By maximising the economic benefits from enlargement and the Single Market.
- SDA B4.5** By creating and maintaining pressure for the EU to take effective actions on competition, enterprise, innovation, skills and investment to increase private and public sector productivity and to implement measures to raise employment towards the Lisbon and Stockholm targets.
- SDA B4.6** By working with international partners to ensure that countries accessing IDA resources and their key donors are committed to and supporting effective and sustainable poverty reduction strategy processes.
- SDA B4.7**¹ By working with other government departments (especially Foreign and Commonwealth Office), EU member states, the Commission and the EP towards improving the effectiveness of EC development assistance (shared with Department for International Development)
- SDA B4.8** By working with other departments towards the achievement of the agreed target for EU average aid to reach 0.39 per cent by 2006 and the promotion of greater aid effectiveness among donors.

Objective 4: To increase the productivity of the economy.

- PSA 5** Demonstrate progress by 2006 on the Government's long-term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the productivity gap with the US, France and Germany. (Joint Target with shared with the Department for Trade and Industry)
- SDA B5.1** By bringing forward a continuing programme of microeconomic reform targeted at the five drivers of productivity performance.
- SDA B5.2** By ensuring that new and previous reforms are successfully implemented and delivered.
- SDA B5.3** By working with departments to reform the public services to improve performance and productivity.
- PSA 6** Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006. (Joint Target with the Office of the Deputy Prime Minister and the Department for Trade and Industry)
- SDA B6.1** By furthering cross-departmental research to identify the causes of regional disparities and the most effective policy measures for reducing such disparities.
- SDA B6.2** By generating relevant information on regional priorities and on the regional impacts of departmental policies.
- SDA B6.3** By giving a regional focus to the outcomes of future Budget and Spending Review processes, using information on regional priorities, on regional impacts of departmental activities, and on the most effective policy measures, including the scope for further devolution and decentralisation, for addressing regional disparities.
- SDA B6.4** By continuing to foster strong regional institutions, maximising their freedom and flexibility to deliver their own solutions at local level.

¹A more detailed version of B4.7 appears in the SDA published by DFID, and is reflected in HM Treasury's business planning.

Objective 5: To secure an innovative, fair dealing, competitive and efficient market in financial services, while striking the right balance with regulation in the public interest.

Achieve progress towards more efficient financial services markets that serve their customers better, working with other public authorities here and abroad, the UK based industry and consumer groups:

SDA B Objective 5.1 By implementing, with the FSA, the new legislative and regulatory framework established under the Financial Services and Markets Act 2000.

SDA B Objective 5.2 By maintaining, with the Bank of England, FSA and authorities abroad, the framework for safeguarding financial stability.

SDA B Objective 5.3 By improving the transparency, accessibility and responsiveness of retail financial markets, especially in following up reviews such as that undertaken by Ron Sandler into savings markets and in on-going policy work.

SDA B Objective 5.4 By achieving, with our European partners, the EU targets for the single market in financial services (2003 and 2005), and making progress in the WTO round towards more global open trade.

SDA B Objective 5.5 By continuing to improve national and international systems for fighting financial crime, especially money laundering and terrorist financing.

Objective 6: To expand economic and employment opportunities for all.

PSA 7 Demonstrate progress by Spring 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle. (Joint Target with the Department for Work and Pensions.)

SDA B7.1 By maintaining macroeconomic stability (objective 1).

SDA B7.2 By working with DWP to develop cost effective policies to help people move from benefits into work, and to ensure that such welfare to work programmes are delivered in a cost effective manner.

SDA B7.3 By establishing appropriate incentives to work.

Objective 7: To promote a fair and efficient tax and benefit system with incentives to work save and invest.

PSA 8 Reduce the number of children in low-income households by at least a quarter by 2004, as a contribution towards the broader target of halving child poverty by 2010 and eradicating it by 2020. (Joint Target with the Department for Work and Pensions.)

SDA B8.1 By working with DWP and Inland Revenue to ensure a secure and uninterrupted family income that makes a sufficient contribution to meeting the 2004 target through tax and benefit reforms, notably through the smooth delivery of the Working Tax Credit and the Child Tax Credit from 2003.

SDA B8.2 By working with DWP to increase employment and reduce unemployment over the economic cycle (PSA 7).

SDA B8.3 For the longer term, by working with DWP to implement the conclusions from DWP's consultation on the measurement of child poverty.

Objective 8: To improve the quality and the cost effectiveness of public services.

PSA 9 Improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules. (Joint Target with the Cabinet Office.)

HMT and Prime Minister's Delivery Unit will work with departments to:

SDA B9.1 Ensure they have in place effective plans to deliver their PSA targets, with robust milestones and trajectories;

SDA B9.2 Monitor departments' performance against their plans and their PSA targets through information gathering, regular meetings at official level, and supporting ministerial discussions; and

SDA B9.3 Ensure necessary corrective action is taken when delivery is not on track.

Objective 9: To achieve a high standard of regularity, propriety and accountability in public finance .

SDA B Objective9.1 To develop and maintain an effective financial accounting and reporting framework for the UK central government sector, so maintaining a world-class position in government financial management.

SDA B Objective9.2 To develop and maintain an effective framework for control of public finances promoting high standards of regularity, propriety, value for money and accountability, and reflecting as appropriate best practice in the private sector.

SDA B Objective9.3 To improve the quality of information available for Government decision making by developing and implementing systems and procedures needed to produce consolidated accounts for central government. A measure of success will be to publish the first consolidated Central Government Accounts for 2003-2004.

SDA B Objective9.4 To provide the Treasury Accounting Officers with assurance on the internal control system.

Objective 10: To protect and improve the environment by using instruments that will deliver efficient and sustainable outcomes through evidence-based policies.

SDA B Objective10.1 By working with other departments and with EU partners to appraise the sustainable development implications of policy proposals

SDA B Objective10.2 By using fiscal instruments to deliver environmental objectives, in accordance with the Statement of Intent on Environmental Taxation, and other instruments where appropriate.

Value for Money

PSA 10 By 2005-2006, deliver £3 billion of value for money gains in central civil Government procurement through the Office of Government Commerce.

SDA B10.1 By: i) directly supporting the successful delivery of projects and programmes by departments; ii) focusing our effort on activities that have high value and high impact for Government; and iii) assisting and leading departments in developing the level of capability they need as clients.

SDA B10.2 By: i) developing and managing the Gateway process; ii) improving the commercial skills available to departments; iii) improving Government ability to manage supplier relationships; iv) making the Government marketplace more attractive to suppliers in all sectors; v) developing innovative tools and techniques and more effective ways of achieving private sector involvement; vi) helping departments to embed best practice (including operational guidance) and cross-government lessons learned in their commercial activities; vii) catalysing collaborative opportunities (including aggregation deals).

SDA Targets affecting more than one PSA

SDA BA.1 Support the development of economic statistics so as to add value to the design of the evidence base for policy.

SDA BA.2 Keep Parliament and the public well informed about the Government's economic policies and their effects, support policy outcomes by ensuring that effective communication goes hand-in-hand with policy development and communication.

SDA BA.3 Produce a comprehensive and rigorous five tests assessment by June 2003, which fully reflects the framework detailed in all relevant PSAs.

SDA BA.4 Ensure UK public, private and voluntary sectors are prepared for a managed transition, with minimal disruption, in the event that a decision is made to join the euro.

SECTION C: CONTEXT

C1 Value for Money

SDA C1.1 Bank of England Minimise the cost of holding the Government's foreign currency reserves, while managing risk within the limits agreed between the Bank and the Treasury - performance will be assessed (excluding the impact of exchange rates) against a target of average annual cost over the preceding three years no greater than zero.

SDA C1.2 Debt Management Office The Debt Management Office has been given the task of delivering its objectives effectively and efficiently and to ensure value for money in its administrative expenditure. More information is set out in its Business Plan for 2002-03 at <http://www.dmo.gov.uk/publications>. Jointly with the Treasury: The Government's debt management strategy aims to minimize its net financing costs over the long-term while taking into account its risk management objectives for the debt portfolio. Performance of this strategy will be assessed over the business cycle by monitoring the average annual cost of net government debt and behaviour of net financing costs in relation to the Government's debt portfolio risk objectives.

SDA C1.3 The Treasury, OGC and DMO regularly review the efficiency of their internal operations as part of business planning and budgeting. Techniques such as benchmarking and independent reviews are used as appropriate.

C2 Electronic Government

SDA C2.1 Treasury Services All services provided by the Treasury to business and the public will be provided on line by 2005. Services will only be counted as electronically enabled when every step in the process is enabled.

SDA C2.2 Information The Treasury already publishes most of its material on its website and makes extensive use of e-mail to distribute information. The Treasury has a target to publish all material hitherto published only on papers in electronic form as well. As demand for traditional delivery channels falls we plan to make electronic publishing the default form in which material is provided though we will continue to meet requirements for hard copy versions so long as there is a residual public demand. A Treasury publication scheme has been sent to the Information Commissioner for approval. The scheme enshrines the department's commitment to making information available pro-actively and includes several new classes of information to be made available for the first time. The scheme will be published on and integrated with the Treasury website.

C3 Corporate Government

SDA C3.1 Corporate Governance The Treasury Management Board will work to ensure that risk assessment, management and accountability are embedded in the organisation and culture of policy and decision-making, and that it creates the appropriate control environment.

C4 Performance Management

SDA C4.1 Efficiency Reviews As part of the annual business planning process, the Treasury Management Board reviews strategic priorities each year and determines how in-year performance will be measured. The Board reviews progress against PSAs on a quarterly basis. The Permanent Secretary holds regular reviews with Managing Directors and their teams, who in turn hold individual managers accountable for specific objectives.

SDA C4.2 Modernising Management and Diversity Internal business plans include targets for modernizing management and providing the Treasury with the information it needs to deliver on its objectives. These targets are embodied in the "Change in the Treasury" programme. They include targets which are shared across the civil service, such as improving the representation of women, people from a minority ethnic background and people with disabilities in Senior Civil Service posts.

A4 RESOURCES BY OBJECTIVE FOR THE YEAR ENDED 31 MARCH 2002 (£000)

Objective	2001-2002 Gross Expenditure	2001-2002 Income	2001-2002 Net	2000-2001 As restated Net
1. Maintaining a stable macroeconomic framework with low inflation	97,026	(21,325)	75,701	62,007
2. Maintaining sound public finances in accordance with the code for fiscal stability	24,289	(1,582)	22,707	22,941
3. Improving the quality and cost effectiveness of public services	48,776	(34,959)	13,817	58,346
4. Increasing the productivity of the economy	10,294	(269)	10,025	12,513
5. Expanding employment and economic opportunities for all	2,225	(58)	2,167	
6. Promoting a fair and efficient tax and benefit system with incentives to work, save and invest.	3,335	(87)	3,248	3,612
7. Achieving a high standard of regularity propriety and accountability	9,531	(250)	9,281	8,845
8. Securing an innovative, fair dealing competitive and efficient market in financial services, while striking the right balance with regulation in the public interest	75,522	(54,756)	20,766	(178,453)
9. Promoting UK economic prospects by pursuing increased productivity and efficiency in the EU, international financial stability and increased global prosperity, including especially protecting the most vulnerable	9,723	(270)	9,453	7,050
10. Other resources required not falling under HM Treasury's nine main objectives	1,570	(39)	1,531	4,072
Net operating cost	282,291	(113,595)	168,696	933

Resources have been attributed to objectives in line with estimates made by relevant managers within the Department.

The department's objectives were revised with effect from April 2001. Figures for 2000-01 have, so far as possible, been restated for consistency with those for 2001-02, but comparisons should still be made with caution. In particular there is no objective for 2001-02 directly corresponding to objective 8 for 2000-01.

Aside from this, key reasons for change between years include the reduction in the dividend paid by the Bank of England (affecting objectives 1 and 8); the exceptional loss of £27 m in 2000-01 on disposal of investments (objective 3); the exceptionally high Pool Re surplus for 2000-01 (objective 8); the costs in 2000-01 of establishing Partnerships UK (objective 3); a reduction in OGC income attributable to the transfer of activity to OGC buying solutions (objective 3); an increase in OGC administration costs resulting from projects deferred from the previous year (objective 3); and change in provisions for the residual estate (objective 3; see also note 4.2 of HM Treasury Resource Accounts 2001-02).

Source: HM Treasury Resource Accounts 2001-02 Schedule 5