

# Annex A I (a):

## Summary of Performance against SR 2000 Targets

**AI (a): Performance  
against SR 2000 Public  
Service Agreement (PSA)  
targets**

**AI (b): Performance  
against SR 2000 Service  
Delivery Agreement  
(SDA) targets**

TABLE A I(a) PERFORMANCE AGAINST SR 2000 PSA TARGETS

Related SR 2000 Objective	Spending Review 2000 PSA Target	Performance Indicator	Progress
	(1) By 2004 to raise the trend rate of growth from the current estimate of 2.5 per cent.	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	<b>On course</b>  The 2002 Budget estimated trend output growth of a little below 2 <sup>3</sup> / <sub>4</sub> % between the first half of 1997 and the third quarter of 2001 and 2 <sup>3</sup> / <sub>4</sub> % over the Budget projection period.
1. Maintaining 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	<b>Met to date, ongoing</b>  March 2002 RPIX inflation rate was 2.3 per cent.
2. Maintaining sound public finances in accordance with the Code for Fiscal Stability.	(3) Over the economic cycle to maintain (a) public sector debt net below 40 percent of GDP and (b) the current budget in balance or surplus	(a) Public sector net debt and (b) surplus on current budget.	<b>On course</b>  (a) The public sector net debt was 30.4% at end-March, and is projected to remain at or below 31% until 2006-07.  (b) The surplus on current budget is estimated to have been 1.1% in 2001-02, and is projected to remain positive in every year of the forecast.
3. Improving 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	<b>On course</b>  Good progress in delivering efficiency improvements has been reported across the public services, for example in reducing cost variation in the NHS, developing benchmarking for schools, achieving savings in government procurement and delivering efficiencies in the police. Robust value for money measures and strategies are also being put in place in other areas, for example in local government.
4. Increasing 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 and output per hour, over the economic cycle, published by the ONS (based on OECD statistics).	<b>Not yet assessed.</b> Spending Review 2000 PSA targets apply for the period 2001-04. Data on international productivity comparisons for 2001 are not yet available. ONS will publish data for 2001 in summer 2002  Following productivity growth of 2.0% in 2000, the UK registered a weaker productivity performance during 2001. This was primarily due to slower growth in manufacturing productivity, as a significant slowdown in the world economy sharply reduced manufacturing output across all industrialised countries last year. However, the Government assesses progress against its productivity objectives across the whole of the economic cycle and the continued strength of UK economic fundamentals should support resumption of productivity gains beyond the near term.

## PERFORMANCE AGAINST SR 2000 PSA TARGETS (2001-02)

Related SR 2000 Objective	Spending Review 2000 PSA Target	Performance Indicator	Progress
5. Expanding economic and employment opportunities for all	(6) Increase employment over the economic cycle. Target contributes to Welfare to Work PSA.	Working age employment level (rate) compared to similar points in previous economic cycles, based on tentative HMT estimate of output gap	<p><b>On course</b></p> <p>Employment averaged 27.4m (74.6%) in three months to December 2001, compared to 26.7m (74.1%) mid 1999, and 21.6m (72.9%) at the start of 1997</p>
6. Promoting 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 2004-05. Low-income households are defined as households with income below 60% of median as reported in the annual Households Below Average Income (HBAI) Statistics published by the DWP. 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).	<p><b>On course</b></p> <p>Latest figures, for 2000-01, show a fall from the baseline level to 3.9 million (AHC) and 2.7 million (BHC). Target for 2004-05 is 3.15 million (AHC) and 2.325 million (BHC).</p>
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	<p>(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</p> <p>(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.</p>	<p>The IMF assesses member countries' compliance with internationally agreed codes and standards through the production of Reports on the Observance of Standards and Codes (ROSCs).</p> <p>Internationally agreed target of getting three quarters of eligible HIPCs to reach Decision Point<sup>1</sup> by the end of 2000</p>	<p><b>Met and ongoing</b></p> <p>As of December 2001, 201 separate assessments had been prepared for 67 countries, of which 145, covering 45 countries, had been published.</p> <p><b>Met and exceeded</b></p> <p>22 countries had reached Decision Point by end of December 2000.</p> <p>At end of 2001, 4 countries had reached Completion Point, while 20 countries were receiving interim relief.</p>
OGC target	(10) By 2002-03, deliver £1 billion of savings in Government procurement through the Office of Government commerce.	Value for money gains reported by central civil government bodies.	<p><b>On course</b></p> <p>£433 million gains reported for 2000-01</p>

Table A1(b) PERFORMANCE AGAINST SR 2000 SERVICE DELIVERY AGREEMENTS

Target	Performance Indicator	Progress
<b>B. ADDITIONAL TARGETS</b>		
<b>Objective 5</b>		
B1. Achieve a continued reduction in the number of unemployed people over the age of 18 over the economic cycle.	Seasonally adjusted ILO unemployment level and rate of working age people over 18, compared to similar points in previous economic cycles, based on tentative HMT estimate of output gap	<b>On course</b>  ILO 18-59/64 unemployment averaged 1.4m (4.9%) in three months to December 2001, compared to 1.5 (5.6%) in mid-1999 and 1.9m (7.0%) at the start of 1997
<b>Objective 7</b>		
B2. Publish the first consolidated Central Government accounts for 2003-04	CGA Milestone 1: First agreement of intra-departmental group balances (for 31/3/2001).	<b>On course</b>
<b>Objective 8</b>		
B3. Implement the Financial Services and Markets Act	N/A	<b>Met</b>  Successfully completed the transfer of powers to the Financial Services Authority on 1st December 2001
<b>C. IMPROVING PERFORMANCE</b>		
<b>C.1 Strategies for improving performance and value for money</b>		
C1.1. 60% of the Department subject to review under the BQS initiative by March 2003 and 100% by end of 2004	Number of standing teams reviewed.	<b>On course</b>  By March 2002, 36% of the department had been reviewed under the BQS initiative.
C1.2. Revised appraisal system to be introduced in 2001.	N/A	<b>Met</b>  Appraisal system reviewed in 2001 with changes due for introduction from 1 April 2002
C1.3. Review of how department manages and allocates its resources will be completed in 2000.	N/A	<b>Met</b>  The review has been completed and implemented
C1.4. OGC to achieve a target of £1billion savings in Government procurement by 2002-03 (see PSA 10)	Value for money gains reported by central civil government bodies.	<b>On course</b>  £443 million gains reported for 2000-01

## PERFORMANCE AGAINST SR 2000 SERVICE DELIVERY AGREEMENTS

Target	Performance Indicator	Progress
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).	<b>Ongoing</b> The net return on the foreign currency Reserves is measured on a "market-to-market" basis (ie including changes in the capital value of assets and liabilities as well as net interest receipts and borrowing costs). Over the three year period from 1 April 1999 to 3 March 2002 the cost associated with holding the foreign currency reserves was £170 million. This reflects a cost of £315 million in 1999-2000 resulting mainly from a decline in the gold price and a positive return of £145 million in 2000-01 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 resulting from the fall in the gold price. The return on holding the foreign currency reserves in 2001-02 was broadly zero. The volatility and unpredictability in markets following 11 September 2001 led to a loss on holding the foreign currency reserves in the third quarter of the financial year. However, this was almost offset by the positive return in the final quarter (mainly from the rise in the gold price).
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).	<b>On course</b>  Average annual cost of debt equals 6.48% (using gross debt figure)  A proxy using gross debt is used as data on net debt interest which is needed to determine to annual cost of net government debt, is not readily available
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.	<b>Met</b>  Unit cost index for 2001-02 was 78.

**C2 Procurement**

C2.1 The Treasury will reduce transaction costs by 30% by 2004	Percentage reduction in transaction costs.	<b>On course</b>  The Treasury has achieved a 5% reduction in transaction costs 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.	<b>On course</b>  An e-procurement system is expected to be purchased at the end of 2002.
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	<b>On going</b>  98.7% of invoices, including GPC transactions, were paid within contractual conditions, or 30 days of receipt of invoice, or delivery of the goods or service.

**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	<b>Met, ongoing</b>  Named Day PQs 74.1% by due date Ordinary PQs 78.3% by due date Lords PQs 92.4% by due date
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## PERFORMANCE AGAINST SR 2000 SERVICE DELIVERY AGREEMENTS

Target	Performance Indicator	Progress
D2. Reply to 60% of ministerial replies to correspondence within 15 working days by April 2001 and 90% by April 2002.	60% by April 2001 90% by April 2002	<b>On course</b> 62% by April 2001 86% 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	On course 74% by April 2001 80% by April 2002

**E. MANAGING PEOPLE****E1. Civil Service Reform**

E1.1. Retain Investors in People accreditation	N/A	<b>Met, ongoing</b> Investors in people retained in July 2001
E1.2. Create an inclusive culture in which diversity is valued and different views are actively sought and listened to.		The Treasury has an action plan in place focused on meeting these targets
	E1.2(a). Contribute to civil service diversity by ensuring that by 2004-05:  34% of SCS are women  25% of Directors and above are women	E1.2(a). Diversity target for women  <b>Ongoing</b>  The Treasury is making progress towards meeting its diversity target for female members of staff especially at the levels just below the SCS. We hope that this will soon feed through to the SCS itself (see paragraph 4.37 – 4.39). By January 2002, 12% of directors and above 18.3 of the SCS were women.
	E1.2(b). Contribute to civil service diversity by ensuring that by 2004-05:  3.2% of SCS are from minority ethnic groups  3% of SCS are people with disabilities	Diversity target for staff with disabilities and from minority ethnic groups  <b>On going. By January 2002, 1.1% of the SCS were from minority ethnic groups</b>  On going. By January 2002, 1.1% of the SCS were staff with disabilities. These targets remain challenging, given that in a small department one or two departures/appointments can have a disproportionate impact on percentages.

## PERFORMANCE AGAINST SR 2000 SERVICE DELIVERY AGREEMENTS

Target	Performance Indicator	Progress
E1.3. Bring in talent by using open competitions wherever possible and by increasing inward secondments and loans.	N/A	<b>Met ongoing</b>  Around 160 Treasury staff are on loan or secondment from other organizations, 30% of all new entrants were seconded or loaned into HM Treasury and 60% of new SCS members were new entrants or were seconded or loaned to HMT. In 2001, 28 recruitment schemes were advertised using open competition. A total of 212 staff were recruited. Of these 47.5% were women, 14.5% from minority ethnic groups and 1.8% were people with disabilities
E1.4. Bring on talent by providing good quality training and development opportunities, including outward secondment and loans.	N/A	<b>On course</b>  The Treasury runs a Development Programme that provides a structured framework of training in the Treasury's core skills and is available to everyone in the Treasury. The Treasury launched "PROSPECTS" a development scheme for ranges A-C in March 2002. We have increased the numbers of Treasury Staff working in other organizations to around 130 people.
E1.5. To enhance leadership skills, ensure that all members of the SCS and 25% of non –SCS managers have completed 360 degree feedback by end of 2001	N/A	<b>On course</b>  All members of the SCS have enrolled in the 360 degree feedback process. Non-SCS managers will start in Spring 2002.
E1.6. The Treasury will continue to improve its business planning system by subjecting it to independent peer review in Spring 2001.	N/A	<b>Met, ongoing</b>  The peer review's recommendations fed into Treasury's consideration of departmental strategy priorities which informed the 2002-03 business planning round.

**E2. Sickness Absence**

E2.1. The Treasury will reduce sickness absence by 0.5 days 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.	<b>On course</b>  By April 2001 the average working days absence per staff year was 4.3 days.
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## PERFORMANCE AGAINST SR 2000 SERVICE DELIVERY AGREEMENTS

Target Indicator	Performance	Progress
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.	<b>On course</b>  There were no ill health retirements in 2000 and once case in 2001.

**F. ELECTRONIC GOVERNMENT**

F1. All services provided by the Treasury will be provided on line by 2005	N/A	<b>On course</b>  Our services in this area relate to the provision of information. We have identified 3 such services - Publishing (including our public web site), our Public Enquiry Unit and Ministerial Correspondence. In all cases we are well on the way to meeting the targets
F2. Publish all material previously only published on papers in electronic form as well.	N/A	<b>On course</b>  All major Treasury publications, such as Command Papers and reports to international bodies, are now made available in both electronic and paper formats. The Treasury are working with partners, such as the Stationery Office and the Office of National Statistics, to stream line production processes and ensure that accurate and accessible versions of all documents appear on-line within 24 hours of print publication..

**G. POLICY AND STRATEGY**

G2. To support target 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.(bi-annually)	N/A	<b>On course</b>  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.
G3. The Treasury will set targets for meeting skill gaps identified by an analysis of skills held compared to competencies needed for improving policy evaluation. (annually)	N/A	<b>On course</b>  The analysis of skill needs is on course to be completed by June 2002.
G4. To improve awareness of gender, race and disability issues in policymaking the Treasury will arrange diversity awareness training for all staff. (annually)	N/A	<b>On course</b>  The majority of Treasury staff undertook diversity awareness training during 2001. The remainder of staff will receive training in 2002.