

AIM

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

OBJECTIVES AND PERFORMANCE TARGETS

1. *Demonstrate by 2008 progress on the Government's long-term objective of raising the trend rate of growth over the economic cycle by at least meeting the Budget 2004 projection.*

Objective I: Maintain a stable macroeconomic environment with low inflation and sound public finances in accordance with the Code for Fiscal Stability.

2. *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% as measured by the 12-month increase in the Consumer Prices Index).*
3. *Over the economic cycle, maintain:*
 - *public sector net debt below 40% of GDP; and*
 - *the current budget in balance or surplus.*

Objective II: Increase the productivity of the economy and expand economic and employment opportunities for all.

4. *Demonstrate further progress by 2008 on the Government's long-term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the gap with our major industrial competitors. **Joint with the Department of Trade and Industry.***
5. *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 with the Department for Work and Pensions.***
6. *Make sustainable improvements in the economic performance of all English regions by 2008, and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006. **Joint with the Office of the Deputy Prime Minister and the Department of Trade and Industry.***

Objective III: Promote efficient, stable and fair financial markets, for their users and the economy.

Objective IV: Promote a fair, efficient and integrated tax and benefit system with incentives to work, save and invest.

7. *Halve the number of children in relative low-income households between 1998-99 and 2010-11, on the way to eradicating child poverty by 2020. **Joint with the Department for Work and Pensions.***

(The Government will also set a target as part of the next Spending Review to halve by 2010-11 the numbers of children suffering a combination of material deprivation and relative low income. The target will be met if there is an equivalent proportional reduction to that required on relative low income between 2004-05 and 2010-11.)

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

8. *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 90% of all eligible Heavily Indebted Poor Countries committed to poverty reduction that have reached Decision Point by end 2005, receive irrevocable debt relief by end 2008 and that international partners are working effectively with poor countries to make progress towards the United Nations 2015 Millennium Development Goals. Joint with the Department for International Development; and*
- *working with our European Union partners to achieve structural reform in Europe, demonstrating progress towards the Lisbon Goals by 2008.*

Objective VI: Improve the quality and the cost-effectiveness of public services.

9. *Improve public services by working with departments to help them meet their:*

- *PSA targets, joint with the Cabinet Office; and*
- *efficiency targets amounting to £20 billion a year by 2007-08, consistently with the fiscal rules.*

10. *Deliver a further £3 billion saving by 2007-08 in central government civil procurement, through improvements in the success rate of programmes and projects and through other commercial initiatives.*

Objective VII: Achieve world-class standards of financial management in government.

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

WHO IS RESPONSIBLE FOR DELIVERY?

The Chancellor of the Exchequer is responsible for the delivery of this PSA. The Chancellor of the Exchequer is jointly responsible with the Secretary of State for International Development for delivering the debt relief and Millennium Development Goals element of target 8. The Secretary of State for Work and Pensions is jointly responsible for targets 5 and 7. The Secretary of State for Trade and Industry is jointly responsible for the delivery of target 4 and, with the Deputy Prime Minister, target 6. The Minister for the Cabinet Office is jointly responsible for the PSA targets element of target 9.

The Chancellor of the Exchequer and other HM Treasury ministers are responsible for delivering the Chancellor's Departments agreed efficiency target set out in the Chancellor's Departments chapter of the 2004 Spending Review White Paper.