

# INTRODUCTION

This White Paper sets out Public Service Agreements (PSAs) for all main departments for 2003 to 2006. These:

- set out around 130 demanding targets covering key areas of Government;
- underline the importance of outputs and outcomes – raising standards in education, improving health and cutting crime; and
- set targets which the public will be able to track on regular web-based progress reports.

## A COMMITMENT TO BETTER PUBLIC SERVICES

**1.1** Delivering better public services does not just depend on how much money the Government spends. Equally important is how well the Government spends it. Public Service Agreements set out departments' plans to deliver results in return for the investment being made. They provide a clear statement of priorities and a clear sense of direction, and they are an integral part of the Government's spending plans.

**1.2** The Government introduced PSAs following the 1998 Comprehensive Spending Review, setting out publicly clear targets showing what departments aimed to achieve in terms of public service improvements for the first time. Progress against those targets has been reported every year in departmental reports.

**1.3** In the 2000 Spending Review, the Government developed the PSAs set out in 1998 in a number of ways by:

- reducing the total of headline performance targets for the new period from around 300 to 160, focusing more on the Government's key priorities and outcomes;
- including at least one target in each departmental PSA about improving efficiency or value for money, which is a key part of the Government's agenda for delivering efficient public services;
- introducing Service Delivery Agreements (SDAs), which set out lower level input targets and milestones underpinning delivery of the headline PSA performance targets; and
- introducing Technical Notes, which explain how performance against each PSA target will be measured.

**1.4** Public Service Agreements are also being extended to local government. Around 60 local authorities have now agreed 'Local PSAs' which link national targets with local priorities, and the approach is being rolled out to all higher tier authorities. To give an incentive to improved performance, extra funding is made available where targets are met. As part of the discussions on targets, the Government has agreed a range of freedoms and flexibilities for local government.

**I.5** These reforms are now well established and the 2002 Spending Review builds on them. The PSAs published here set out what departments plan to deliver in return for the significant extra investment in public services going in over the next three years, set out in the 2002 Spending Review White Paper.

#### Structure of PSAs

**PSAs bring together in a single document the aim, objectives and performance targets for each of the main Government departments. They include:**

- **Aim:** a high level statement of the role of the department.
- **Objectives:** in broad terms, what the department is looking to achieve.
- **Performance targets:** under most objectives, outcome focused performance targets.
- **Value for money:** each department is required to have a target for improving the efficiency or value for money of a key element of its work.
- **A statement of who is responsible for the delivery of these targets. Where targets are jointly held this is identified and accountability arrangements clearly specified.**

## REFINING THE PSA SYSTEM

### Effective coordination

**I.6** Real world problems often do not fit neatly within the boundaries of government departments and agencies. To be effective, organisations have to work together. PSAs encourage this by setting out the outcome Government wants so that all departments can see how their policies can contribute.

**I.7** A number of targets are shared between two or more departments. For example, DTI and DWP share a target for increasing the employment rate of ethnic minorities, and narrowing the gap with the overall employment rate; and DfES and DCMS now share a target to increase children's participation in sporting activities.

**I.8** There are three cross-departmental PSAs, which are set out in Section III. As well as the existing cross-departmental arrangements for the criminal justice system and action against illegal drugs, the responsibilities for childcare, early years and Sure Start have been brought together in a single inter-departmental unit under a single PSA. As a result of the transfer of employment responsibilities from the former Department for Education and Employment to the new Department for Work and Pensions, there is no longer a separate cross-departmental PSA on Welfare to Work.

**I.9** Shared responsibility for common goals goes beyond ensuring that central government departments work collaboratively. In many areas of the public services, such as in education and social services, local government plays a key role in delivering national priorities. The targets in the Local Government PSA in Chapter 24, which have been developed from the shared priorities agreed between the Local Government Association and central government, set out those key national targets that rely on local government for delivery. They provide the high level goals that will form the basis of the next set of local PSAs first developed following the 2000 Spending Review.

**Focusing on delivery** **I.10** Having clear targets helps departments to focus on delivery and work effectively with the wide variety of bodies they need to get things done. The Prime Minister's Delivery Unit was established last year to strengthen the capacity of departments to deliver effectively on particularly challenging targets. It has been concentrating on the key areas of health, education, law and order, and transport. It is now planning to expand its scope to include priorities in the other main domestic service delivery departments. Working in close collaboration, the Treasury and the Delivery Unit will together ensure that departments have in place effective delivery plans for their new PSA targets. They will ensure that these plans contain robust and clear milestones and trajectories showing how delivery will be achieved over the target period, through effective implementation of reform and with the minimum bureaucracy. The key features of these plans will be set out in published SDAs in the autumn.

**I.11** The Prime Minister's Office of Public Service Reform was also set up in 2001, and is focusing in particular on:

- communicating the principles and values of public service reform and customer focus to the wider public service, identifying and promoting best practice;
- models for improving public service delivery by working with departments on more flexible structures, systems, processes, and ways of involving the private and voluntary sectors; and
- pay and recruitment problems in the public sector.

**Focusing on deprivation** **I.12** The Government is committed to narrowing the gap between the poorest neighbourhoods and the rest of the country. This relies on government departments delivering improvements in public service outcomes in these areas. To underpin this strategy, the 2000 Spending Review set specific targets ('floor targets') for key government departments aimed at levering up the performance of public services in deprived areas towards the national average. The 2002 Spending Review takes this strategy further, with existing floor targets being rolled forward and strengthened, and new targets being added. This puts in place deprivation related targets for education, employment, crime, health, housing, enterprise, road accidents and regional growth.

**I.13** The 2002 Spending Review has delivered substantial improvements to the set of floor targets, for example by:

- setting new school level floor targets for 11 and 14 year olds;
- covering a wider range of crimes;
- tightening the floor target on housing conditions to cover the private as well as social housing sector;
- introducing a new target to reduce over the long term the persistent gap in growth rates between different regions; and
- a new target to reduce the gap in productivity between the least well performing rural areas and the average.

**I.14** In addition, a range of other new PSA targets will also have significant impacts on disadvantaged communities, for example the targets to:

- reduce the number of children in low-income households by at least a quarter by 2004;
- achieve a more sustainable balance between housing availability and the demand for housing in all English regions; and
- improve life outcomes of adults and children with mental health problems through improvements in access to services.

**Enhancing  
accountability**

**I.15** The number of headline PSA performance targets for this forthcoming Spending Review period has been reduced from around 160 in the 2000 Spending Review to 130. Most targets have been rolled forward in line with the new spending plans, with adjustments where necessary to reflect experience. In some cases separate targets have been combined under a new headline target where they cover closely related areas. Some of the existing targets have not been included because they are an input into one or more PSA targets, rather than outcomes in themselves. These will normally be included in the department's Service Delivery Agreement. A small number of headline targets will not be carried forward as either new PSA or SDA targets, where they have already been, or soon will be, met; or superseded by new targets or events. The Treasury will shortly publish details on its website of how all the headline 2000 Spending Review PSA targets translate into the new PSAs.

**I.16** The Government is strongly committed to regular public reporting on progress against PSA targets. Departments publish progress reports in their annual Departmental Reports in the spring. Starting this year departments will also publish progress against their PSA targets in an autumn performance report. The Treasury website ([www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)) will provide links to those and future reports, so the public can access them all from a single point. These reports will provide the information necessary to allow the public to make an assessment of all departments' performance against their targets. In a further major reform in public transparency and accountability, the Government will introduce regular web-based reporting of progress against all these PSA targets, with links to the associated Technical Notes.

**I.17** As well as providing timely and accessible information, the Government is committed to ensuring that the information that underpins these reports is reliable and trusted. The Technical Notes, which will be published before the end of the year, will set out how the targets will be measured. The Government has invited the Comptroller and Auditor General to externally validate the data systems underlying PSA targets, whilst recognising that the C&AG will normally rely on existing forms of validation provided by the National Statistician and the Audit Commission.