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# AUTUMN PERFORMANCE REPORT

Progress Report on HM Treasury Public Service  
Agreement Targets, 1998 - 2002

December 2003



HM TREASURY

Cm 6043





HM TREASURY

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# HM TREASURY

## AUTUMN PERFORMANCE REPORT 2003

Progress Report on HM Treasury Public Service  
Agreement Targets, 1998 - 2002

Presented to Parliament by the Chancellor of the Exchequer and the Chief Secretary to the  
Treasury by Command of Her Majesty

December 2003

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This is the second HM Treasury Autumn Performance Report to be produced, fulfilling the Government's commitment to provide a bi-annual progress report against the Government objectives established in the 1998 Comprehensive Spending Review (CSR), the 2000 Spending Review (SR2000) and the 2002 Spending Review (SR2002).

This report can be read as a stand alone document. However, many readers may find it useful to refer to HM Treasury's Departmental Report (Cm5922) which sets out more detailed background information and commentary, see [www.hm-treasury.gov.uk/departmentalreport2003](http://www.hm-treasury.gov.uk/departmentalreport2003) for more details.

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# Foreword by the Chief Secretary, the Rt Hon Paul Boateng, MP

The Government's aim is to deliver high and stable levels of growth and employment, with opportunity and rising living standards for all – a Britain of economic strength and social justice. The reforms we have made to the macroeconomic policy framework have delivered stable growth and low inflation and allowed the UK to avoid the recession which hit other countries. Despite the period of global uncertainty, the UK has continued to grow, experiencing the longest unbroken economic expansion on record. We have also delivered substantial investment in other areas, enabling us to reduce poverty among children, reform and rebuild our public services, and work with our international partners to address unsustainable debt in the world's poorest countries through the Heavily Indebted Poor Countries (HIPC) initiative.

We have made significant progress in the following key areas:

- UK has the highest employment and lowest unemployment rates of all the G7 countries, inflation is low and stable and interest rates are close to their lowest levels since the 1950s.
- We are making the biggest ever sustained investment in public services, with an extra £40 billion being spent on the NHS by 2007-08, and spending on education in England set to grow from £45 billion to £57.8 billion between 2002-03 and 2005-06.
- We have exceeded our target of achieving £1 billion worth of value for money gains to central civil Government – achieving more than £1.6 billion gains through implementing procurement best practice and working to make government departments smarter customers.
- 27 countries have started to receive debt relief under HIPC worth over \$70 billion, of which 8 countries have completed the process and are in receipt of irrevocable debt relief.
- We have announced the creation of a Child Trust Fund giving £250 to every new born child, rising to £500 for those in the poorest one third of families.

Over the past year, we also successfully undertook the assessment of the five tests for joining EMU and the first ever major review of the revenue departments. None of these achievements would have been possible without the continued commitment and dedication of officials in the Treasury, its executive agencies and offices. On behalf of all Treasury Ministers, I would like to thank all the officials for their hard work.



Paul Boateng



# 2 HM Treasury Aims and Objectives



## Background

**2.1** This Autumn Performance Report is supplementary to the Departmental Report 2003 (Cm5922), and provides information for the period up to October 2003 on the progress HM Treasury is making towards its Public Service Agreement (PSA) performance targets.

**2.2** The 2002 Spending Review (SR2002) set new plans for public spending for 2003-2006. Ministers agreed to modify HM Treasury's aims and objectives to reflect the Government's overall commitment to sustainable development. These are set out in our Public Service Agreement (PSA). The first assessment of HM Treasury's performance against these is given in Annex B of this report. The objectives for SR2002 and the lead directorates within HM Treasury responsible for each objective are set out on page 5 of this report.

**2.3** There are also two previous PSAs with outstanding targets. As the SR2002 PSA targets in most cases left unchanged or reinforced and refined targets set under the SR2000, our reporting combines these targets. For ease of reference, a table at Annex A demonstrates how the SR2002 targets map onto the SR2000 targets. The CSR1998 targets are separately reported in Annex C.

## Performance Information

**2.4** In SR2000 and CSR1998, each of HM Treasury's objectives had at least one PSA target and a Performance Indicator (PI) to measure progress. Objectives cover the full range of departmental activity over the medium term whereas PSA targets identify the specific priorities that Government aims to achieve in order to measure progress towards the objectives

in the three year time frame covered by the spending plans. In SR2002 seven of our objectives had related PSA targets. Some of our targets are short term, where a significant change can be seen over a relatively short period of time. Some are longer term, where change is less obvious in the short term and progress needs to be assessed over a longer time period.

**2.5** Each PSA target is underpinned by a Technical Note, which sets out how the target is measured, how success is defined, the sources of the relevant data, and any other relevant information such as geographic or demographic coverage. Further information on the Technical Notes is available on HM Treasury's website: (<http://www.hm-treasury.gov.uk/technicalnote>).

**2.6** For further background information on HM Treasury PSAs please refer to the Departmental Report (Cm 5922) available on HM Treasury's website (<http://www.hm-treasury.gov.uk/departmentalreport2003>).

## Delivery

**2.7** To ensure that the achievement of its PSA targets is planned for thoroughly, and that progress is systematically monitored, HM Treasury has established similar arrangements for delivery to those in place in other departments. Each target has an owner at managing director level, who is responsible for ensuring delivery plans are in place and for monitoring progress against them.

**2.8** Progress against the Service Delivery Agreements (SDAs) is reported annually in the Departmental Report.

## Progress

**2.9** A summary of the current position on these targets is set out in the Annexes to this report:

- Annex A maps SR2002 PSA targets (2003-06) to SR2000 PSA targets (2001-04).
- Annex B combines performance against SR2002 PSA targets (2003-06) and SR2000 PSA targets (2001-04);

- Annex C shows performance against out-standing CSR1998 PSA targets (1999-2002), addressing those PSA targets whose final outturns have not previously been published.

**2.10** Standard terminology in line with HM Treasury central guidance to departments has been adopted when reporting against all targets.

For final assessments, the terms used are:

TERM	DEFINITION
Met	Target achieved by the target date
Met-ongoing	For older 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

For interim assessments of those targets yet to reach their completion date, the terms used are:

TERM	DEFINITION
Met early	The target has been met ahead of schedule
Met-ongoing	The target is still live, but is measured on a continuous basis
Ahead	Progress is exceeding plans and expectations
On course	Progress is 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

## HM Treasury Aims and Objectives - 2002 Spending Review

The overall aim of HM Treasury for the SR2002 period (2003-2006) will be to **raise the rate of sustainable growth, and achieve rising prosperity and a better quality of life, with economic and employment opportunities for all.**

	<b>LEAD DIRECTORATE</b>
<p><b>MAINTAINING MACROECONOMIC STABILITY</b></p> <p>Maintain a stable macroeconomic framework with low inflation (Objective I)</p> <p>Maintain sound public finances in accordance with the Code for Fiscal Stability (Objective II)</p>	<p>Macroeconomic Policy and International Finance</p> <p>Budget and Public Finances</p>
<p><b>MEETING THE PRODUCTIVITY CHALLENGE</b></p> <p>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 (Objective III)</p> <p>Increase the productivity of the economy (Objective IV)</p> <p>Secure an innovative, fair dealing, competitive and efficient market in financial services, while striking the right balance with regulation in the public interest (Objective V)</p>	<p>Macroeconomic Policy and International Finance</p> <p>Finance Regulation and Industry</p> <p>Finance Regulation and Industry</p>
<p><b>INCREASING EMPLOYMENT OPPORTUNITY FOR ALL</b></p> <p>Expanding economic and employment opportunities for all (Objective VI)</p>	<p>Budget and Public Finances</p>
<p><b>BUILDING A FAIRER SOCIETY</b></p> <p>Promote a fair and efficient tax and benefit system with incentives to work, save and invest (Objective VII)</p>	<p>Budget and Public Finances</p>
<p><b>DELIVERING HIGH QUALITY PUBLIC SERVICES</b></p> <p>Improve the quality and the cost effectiveness of public services (Objective VIII)</p> <p>Achieve a high standard of regularity, propriety and accountability in public finance (Objective IX)</p>	<p>Public Services</p> <p>Financial Management Reporting and Audit</p>
<p><b>PROTECTING THE ENVIRONMENT</b></p> <p>Protect and improve the environment by using instruments that will deliver efficient and sustainable outcomes through evidence-based policies (Objective X)</p>	<p>Joint lead between Budget and Public Finances and Public Services Directorates</p>



# ANNEX A

Mapping of 2002 Spending Review PSA Targets to  
2000 Spending Review PSA Targets

SR 2002 PSA TARGETS		EQUIVALENT SR 2000 PSA TARGETS	
<b>Target 1</b>	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.	<b>Target 1</b>	By 2004 to raise the trend rate of growth from the current estimate of 2.5 per cent.
<b>Target 2</b>	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).	<b>Target 2</b>	RPIX inflation to be kept at 2.5 per cent as specified in the Bank of England's remit.
<b>Target 3</b>	Over this economic cycle, maintain: public sector net debt below 40 per cent of GDP; and the current budget in balance or surplus.	<b>Target 3</b>	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.
<b>Target 4</b>	Promote increased global prosperity and social justice by: <ul style="list-style-type: none"> <li>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;</li> <li>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 (joint target with the Department for International Development); and</li> <li>demonstrating progress towards the Lisbon goals by 2006, by working with our European Union partners to achieve structural economic reform in Europe.</li> </ul>	<b>Target 8 &amp; 9</b>	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.  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.
<b>Target 5</b>	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 the Department for Trade and Industry).	<b>Target 5</b>	Improve UK competitiveness by narrowing the productivity gap with US, France, Germany and Japan over the economic cycle (joint target with the Department for Trade and Industry).

SR 2002 PSA TARGETS		EQUIVALENT SR 2000 PSA TARGETS	
<b>Target 6</b>	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).		This was a new target in SR2002, and hence there is no corresponding SR2000 target.
<b>Target 7</b>	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).	<b>Target 6</b>	Increase employment over the economic cycle (target contributes to Welfare to Work PSA, and is joint with the Department for Work and Pensions).
<b>Target 8</b>	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).	<b>Target 7</b>	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 the Department for Work and Pensions).
<b>Target 9</b>	Improve public services by working with departments to help them meet their Public Service Agreement (PSA) targets, consistently with the fiscal rules (joint target with the Cabinet Office).	<b>Target 4</b>	Achieve an improvement in value for money in public services year by year.
<b>Target 10</b>	By 2005-06, deliver £3 billion of value for money gains in central civil Government procurement through the Office of Government Commerce.	<b>Target 10</b>	By 2002-03, deliver £1 billion of savings in Government procurement through the Office of Government Commerce.



# ANNEX B

Performance against PSA Targets from the 2002 and  
2000 Spending Reviews

SR2002 OBJECTIVE	SR2002 PSA TARGET	PERFORMANCE INDICATOR	COMMENTARY	LATEST OUTTURN
<p>This PSA target refers directly to HM Treasury's overall 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.</p>	<p>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.</p>	<p>Trend rate of output (excluding oil and gas extraction) growth over the last complete economic cycle.</p> <p>Source: Trend growth estimates made by HM Treasury based on Office for National Statistics data.</p>	<p>The ultimate indicator of HM Treasury's performance in meeting this target is the rate of trend growth over the current cycle. This cycle started in mid 1999, and is not yet judged to have been completed, so it is not possible to give a proper assessment. Therefore, we report on trend growth over the recent past, currently measured by growth over the last one and a half economic cycles - from 1997H1 to 2001Q3. Over this period, trend growth is now estimated at 2.9 per cent, compared to 2.5 per cent over the previous cycle (1986Q2 to 1997H1).</p>	<p><b>On course</b></p>
<p>(I) Maintain a stable macroeconomic framework with low inflation.</p>	<p>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).</p>	<p>12-month increase in the RPIX.</p> <p>The Retail Price Index (RPI) measures the change from month to month in the average level of prices of goods and services purchased by most households in the United Kingdom. The RPIX is the RPI excluding mortgage interest payments.</p>	<p>Between January and September 2003, RPIX inflation has been in the range 2.7 per cent to 3 per cent, averaging 2.9 per cent.</p> <p>The current remit defines price stability in terms of a single, symmetric inflation target of 2.5 per cent for the 12 month increase in the RPIX.</p> <p>Following his announcement on 9 June 2003, the Chancellor confirmed in the Pre-Budget Report that the new inflation target will be based on the Harmonised Index of Consumer Prices. The National Statistician has decided that the Harmonised Index of Consumer Prices will be renamed the Consumer Prices Index or CPI in the United Kingdom. The Chancellor has decided that the new inflation target will be 2 per cent for the 12-month increase in the CPI. The rate for the new target is 0.5 percentage point lower than the old target because of differences in the way that CPI and RPIX inflation are measured. The level of the new target is set to be consistent with the old target in two years' time and with the expected longer-term difference between the CPI and RPIX measures arising from differences between their formulae.</p>	<p><b>Met - ongoing</b></p>

SR2002 OBJECTIVE	SR2002 PSA TARGET	PERFORMANCE INDICATOR	COMMENTARY	LATEST OUTTURN
(II) Maintain sound public finances in accordance with the Code for Fiscal Stability.	3. Over this economic cycle, maintain: public sector net debt below 40 per cent of GDP; and the current budget in balance or surplus.	Public sector net debt as a percentage of Gross Domestic Product (GDP) at the end of each year of the economic cycle.  The average surplus on current budget as a percentage of GDP over the economic cycle.	Public Sector Net Debt at the end of 2002-03 was 30.9 per cent of GDP, and it is expected to stay well within the 40 per cent ceiling throughout the remainder of the economic cycle.  The average surplus on current budget since the start of the economic cycle was 1.0 per cent of GDP at the end of 2002-03, and it is expected to remain in surplus throughout the remainder of the economic cycle.	<b>On course</b>
(III) 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.	4. Promote increased global prosperity and social justice by: <ul style="list-style-type: none"> <li>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;</li> </ul>	The International Monetary Fund (IMF) assess member countries' compliance with internationally agreed codes and standards through production of Reports on the Observance of Standards and Codes (ROSCs).	As of July 2003, 432 (293) separate assessments had been prepared for 94 (83) countries, of which 302 (217) had been published (bracketed figures are 2002 totals).  ROSC assessments are undertaken voluntarily. The UK continues to lead by example. In 2003 we completed a Financial Sector Assessment Programme (FSAP) review. The UK has now completed 11 of the 15 separate assessments and we have committed to completing the remaining 4 ROSCs.	<b>On course</b>

SR2002 OBJECTIVE	SR2002 PSA TARGET	PERFORMANCE INDICATOR	COMMENTARY	LATEST OUTTURN
	<ul style="list-style-type: none"> <li>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 (joint target with the Department for International Development); and</li> <li>demonstrating progress towards the Lisbon goals by 2006, by working with our European Union partners to achieve structural economic reform in Europe.</li> </ul>	<p>Number of countries reaching Completion Point as recorded in 'Heavily Indebted Poor Countries (HIPC) Initiative: Status of Implementation', available on the World Bank website at: <a href="http://www.worldbank.org/hipc/progress-to-date/progress-to-date.html">http://www.worldbank.org/hipc/progress-to-date/progress-to-date.html</a></p> <p>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: Latest outturn information is for 2001.</p>	<p>Progress in countries reaching Completion Point has not been as rapid as previously projected by the IMF and World Bank. This is partly due to slippage in the policy performance of individual countries. However, a large group of countries are expected by the IMF and World Bank to reach Completion Point by the end of 2004, so we still expect to achieve the target.</p> <p>Decision Point and Completion Point are defined in: 'Responding to the Challenges of Globalisation: The UK and IMF 2001' which is available at: <a href="http://www.hm-treasury.gov.uk/documents/international_issues/international_institutions">http://www.hm-treasury.gov.uk/documents/international_issues/international_institutions</a></p> <p>The EU is four years into a 10 year process of structural reform. Achievements include modernisation of the EU's competition regime and reform of the state aid rules.</p> <p>However, further action is needed to deliver improved outcomes. Though rising, the EU employment rate stood at just 64.1 per cent in 2001 - some way below the target of 70 per cent by 2010. And the productivity gap between the EU and the US has remained merely stable in recent years, at around 13 per cent on a per hour basis and 19 per cent on a per worker basis in 2001.</p> <p>The Government believes that further reform is needed to make progress toward the Lisbon goals and continues to work with its European partners to this end.</p>	<p><b>On course</b></p> <p><b>Slippage</b></p>

SR2002 OBJECTIVE	SR2002 PSA TARGET	PERFORMANCE INDICATOR	COMMENTARY	LATEST OUTTURN
	<p>The equivalent SR2000 PSA Target was "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>Number of countries reaching Decision Point and Completion Point as recorded in 'Heavily Indebted Poor Countries (HIPC) Initiative: Status of implementation available on the World Bank website at: <a href="http://www.worldbank.org/hipc/progress-to-date/progress-to-date.html">http://www.worldbank.org/hipc/progress-to-date/progress-to-date.html</a></p>	<p>More than three-quarters (22) countries reached Decision Point by the end of 2000. Of those that did not reach Decision Point, 4 had potentially sustainable levels of debt, 1 had not yet opted for debt relief, and 10 were either in conflict or had protracted arrears.</p> <p>Progress in countries reaching Completion Point has not been as rapid as previously projected by the IMF and World Bank. This is partly due to slippage in the policy performance of individual countries. Of those countries that had reached Decision Point by the end of 2000, all but one are expected by the IMF and World Bank to reach Completion Point by the end of 2004.</p>	<p><b>On course</b></p>
<p>(IV) Increasing the productivity of the economy.</p>	<p>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 the Department for Trade and Industry).</p>	<p>International comparisons of productivity (ICP) data: output per worker and output per hour. The data are produced by the Office for National Statistics (ONS) based on Organisation for Economic Co-operation and Development (OECD) data. Last data point 2002 (published September 2003).</p> <p>Government estimate of trend productivity growth based on ONS data.</p>	<p>ICP output per worker productivity gap 2002 (2000 in brackets) UK=100: France 113.8 (114.9), Germany 104.6 (108.6), USA 130.8 (131.1)</p> <p>ICP output per hour productivity gap 2002 (2000 in brackets) UK=100: France 125.2 (123.2), Germany 123.1 (126.3), USA 122.5 (121.6)</p> <p>Government estimate of trend productivity growth is unchanged.</p> <p>Productivity data are volatile and heavily effected by economic cycles. Therefore, annual data has to be interpreted with some caution.</p> <p>[NB. ICP data does not yet reflect the effects of recent ONS revisions to census data. These are estimated by HMT to have the following small effects on the figures cited above:</p> <p>Output per worker productivity gap 2002 (2000 in brackets) UK=100: France 114.5 (115.5), Germany 105.2 (109.2), USA 131.6 (131.8)</p> <p>Output per hour productivity gap 2002 (2000 in brackets) UK=100: France 125.8 (123.7), Germany 123.7 (126.9), USA 123.1 (122.1)]</p>	<p><b>On course</b></p>

SR2002 OBJECTIVE	SR2002 PSA TARGET	PERFORMANCE INDICATOR	COMMENTARY	LATEST OUTTURN
	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).	The main measure for this target is Gross Value Added (GVA) per head in each region.	<p>We are currently researching and consulting to improve the evidence base on the drivers of productivity, to assess the factors underlying regional economic performance and to review comparative international evidence.</p> <p>Conclusions emerging from the research and consultation are being assimilated and discussed with government departments, to feed into the 2004 Spending Review process.</p>	<b>On course</b>
(V) Secure an innovative, fair dealing, competitive and efficient market in financial services, while striking the right balance with regulation in the public interest.	There is no PSA target for Objective V.		<p>HM Treasury has put in place a range of policies aimed at maintaining financial sector stability; protecting the financial system from financial crime; improving competition in financial services; enhancing consumer protection; streamlining regulation around mortgages and insurance; and pushing forward delivery of the European Financial Services Action Plan (FSAP).</p> <p>Key achievements include:</p> <ul style="list-style-type: none"> <li>• Announcing the two-year review of the Financial Services and Markets Act, which was well-received;</li> <li>• Negotiating successful outcomes to a number of EU FSAP directives (e.g. conclusion of the Occupational Pensions directive; and final agreement to the Prospectus directive);</li> <li>• Splitting the role of Chairman and Chief Executive of the FSA (and appointing Callum McCarthy and John Tiner), following corporate governance best practice.</li> </ul>	<b>While there is no associated PSA target, we are on course to meet this objective</b>

SR2002 OBJECTIVE	SR2002 PSA TARGET	PERFORMANCE INDICATOR	COMMENTARY	LATEST OUTTURN
(VI) Expand economic and employment opportunities for all.	<p>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).</p> <p>The equivalent SR2000 PSA Target was "Increase employment over the economic cycle (target contributes to Welfare to Work PSA, and is joint with the Department for Work and Pensions).</p>	<p>For employment, seasonally adjusted International Labour Organisation (ILO) employment rates for the working age population of Great Britain (GB), with a judgement as to the economic cycle, as assessed by HM Treasury in the Pre-Budget Report and Budget.</p> <p>For unemployment, seasonally adjusted ILO unemployment rates for the population of GB, aged 16 and over, with a judgement as to the economic cycle, as assessed by HM Treasury in the Pre-Budget Report and Budget<sup>1</sup>.</p> <p>Seasonally adjusted ILO employment levels for the population of Great Britain aged 16 and over, with a judgement as to the economic cycle, as assessed by HM Treasury in the Pre-Budget Report and Budget.</p>	<p>The employment rate stood at 74.7 per cent in Summer 2003, down slightly from 74.8 per cent in Spring 2003.</p> <p>The unemployment rate stood at 5.0 per cent in Summer 2003, unchanged from Spring 2003.</p> <p>Employment and unemployment rates are on track for the target to be achieved over the economic cycle.</p> <p>The employment level stood at 27.374 million in Summer 2003, up 16,000 since Spring 2003.</p> <p>It is likely that employment is on course for the target to be achieved over the economic cycle.</p>	<p><b>On course</b></p> <p><b>On course</b></p>

<sup>1</sup>Estimates of employment and unemployment rates in Great Britain are taken from the Labour Force Survey (LFS). The LFS is a large sample survey in which around 10,000 people aged 16 and over are interviewed each week. However, in order to produce estimates of employment and unemployment from the survey, the LFS sample data needs to be weighted to national population estimates. The Office for National Statistics (ONS) is currently conducting a full re-weighting of all of the LFS series and databases to take account of revisions to the population estimate resulting from the 2001 Census. Performance against this target is therefore reported using revised interim re-weighted, seasonally adjusted employment and unemployment rates for Great Britain.

SR2002 OBJECTIVE	SR2002 PSA TARGET	PERFORMANCE INDICATOR	COMMENTARY	LATEST OUTTURN
(VII) Promote a fair and efficient tax and benefit system with incentives to work, save and invest.	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).	Number of children in low income households by 2004-05. Low-income households are defined as households with income below 60 per cent of contemporary median as reported in the annual Households Below Average Income (HBAI). HBAI statistics cover Great Britain. Progress is 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>Between 1998-99 and 2001-02 (the latest available data, published in March 2003) the numbers of children in low-income households fell by 400,000 AHC and by 500,000 BHC. So we are making steady progress towards the target.</p> <p>The latest data do not include the effect of tax credits introduced in April 2003 nor the increases announced in PBR 2003. As a result of these changes, the Government is on track to meet or exceed the target on BHC basis. The target is more challenging on an AHC basis. There are uncertainties either way. Analysis by the Institute for Fiscal Studies suggests that this increase will enable the Government to make substantial progress on an AHC basis.</p>	<b>On course</b>
(VIII) Improve the quality and the cost effectiveness of public services.	<p>9. Improve public services by working with departments to help them meet their Public Service Agreement (PSA) targets, consistently with the fiscal rules (joint target with the Cabinet Office).</p> <p>The equivalent SR2000 PSA Target was "achieve an improvement in value for money in public services year by year."</p>	<p>Departments are responsible for delivering their individual SR2002 PSA targets. As such, this target can only be assessed as each PSA target for SR2002 comes to completion.</p> <p>Monitored centrally using a scorecard approach, based on departmental information.</p>	<p>SR2002 set stretching outcome-focused targets for key areas of the public services. HM Treasury and the Prime Minister's Delivery Unit are working with Departments to promote and support effective planning and management to deliver PSA targets, although responsibility for delivery of PSA targets rests with departmental Secretaries of State, as set out in the responsibility section of each PSA. Progress towards PSA targets is reported biannually in (spring) Departmental Reports and Autumn Performance Reports, and progress towards the SR2002 PSAs is set out on the PSA Performance website (<a href="http://www.hm-treasury.gov.uk/performance">www.hm-treasury.gov.uk/performance</a>)</p> <p>SR2000 set value for money targets in every PSA. Departments continue to report good progress against these targets, and HM Treasury will publish a detailed final assessment against this target following the end of the SR2000 period (2001-2004).</p>	<p><b>Not yet assessed</b></p> <p><b>On course</b></p>

SR2002 OBJECTIVE	SR2002 PSA TARGET	PERFORMANCE INDICATOR	COMMENTARY	LATEST OUTTURN
(IX) Achieve a high standard of regularity, propriety and accountability in public finance.	There is no PSA target for Objective IX.		<p>While this objective has no related SR 2002 PSA target, achievements include:</p> <ul style="list-style-type: none"> <li>• Securing further significant improvements in the quality and timeliness of departments' resource accounts;</li> <li>• The Government has announced a decision to publish Whole of Government Accounts (WGA) based on Generally Accepted Accounting Practice (GAAP) for 2006-07 onwards. The GOLD consolidation system has been rolled out to departments and a dry run process for Central Government Accounts for 2001-02 has been completed and reviewed by the NAO. A second dry run is now underway;</li> <li>• We have implemented the undertakings in the Government's response to the Sharman report on Audit and Accountability in central government.</li> </ul>	<b>While there is no associated PSA target, we are on course to meet this objective</b>
(X) Protect and improve the environment by using instruments that will deliver efficient and sustainable outcomes through evidence-based policies.	There is no PSA target for Objective X.		<p>While this objective has no related SR 2002 PSA target, there has been a significant programme of activity - the Climate Change Levy, Aggregates Levy, Landfill Tax increases, reforms of Vehicle Excise Duty and company car tax, and fuel duty differentials - which has continued to develop over the SR2002 period. This has included the forthcoming EU Emissions Trading Scheme, due to start in January 2005, further incentives for biofuels and sulphur free fuels, further reform of Vehicle Excise Duty and company car tax, as well as new Enhanced Capital Allowances for energy saving and water efficiency.</p> <p>This work also feeds in to objective (VII).</p>	<b>While there is no associated PSA target, we are on course to meet this objective</b>

SR2002 OBJECTIVE	SR2002 PSA TARGET	PERFORMANCE INDICATOR	COMMENTARY	LATEST OUTTURN
No SR2002 Objective.	<p>10. By 2005-06, deliver £3 billion of value for money gains in central civil Government procurement through the Office of Government Commerce.</p> <p>The equivalent SR2000 PSA target was "by 2002-03, deliver £1 billion of savings in Government procurement through the Office of Government Commerce".</p>	<p>Annual returns on value for money gains reported by central civil government bodies. The reporting is based on methodology agreed with the National Audit Office.</p> <p>As above.</p>	<p>This is a new target, based on annually produced retrospective data, and as such progress is not yet assessed.</p> <p>Departments have reported gains of £1.649 billion in the SR2000 period.</p>	<p><b>Not yet assessed</b></p> <p><b>Met</b></p>

# ANNEX C

Performance against outstanding Comprehensive Spending Review (CSR) 1998 PSA Targets

SR2000 OBJECTIVE	CSR1998 OBJECTIVE	CSR1998 PSA TARGET	PERFORMANCE INDICATOR	COMMENTARY	LATEST OUTTURN
3. Improve 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 November 2003, 85 per cent of targets assessed have been met or partly met. This is the final aggregate assessment of the CSR1998 targets published by HM Treasury. Only 14 performance targets for the main departments remain unassessed, for example because the target deadline has yet to be reached or because of time lags in the data. Departments will continue to be responsible for reporting progress against these remaining targets.	<b>Met</b>
		(viii) Improve the productivity of the public services year by year.	Under SR2000, all departmental PSAs included a value for money target.	This target was superseded in SR2000 by Value for Money Targets for each department.	<b>Not known</b>
4. Increase the productivity of the economy.	4. Increase the productivity of the economy and expanding economic employment opportunities for all, through productive investment, competition, innovation, enterprise, better regulation and increased employability.	(xiv) Secure an increase in the number of successful high growth business start-ups (joint target with the Department for Trade and Industry).	Number of firms with a turnover above £1 million, or 10 employees, four years after start-up.	This target bases performance on the number of high growth businesses in operation four years after they registered for VAT purposes. Performance in 1999 (the first year of CSR 1998) is based on provisional data available at the end of 2003. Estimates by the Small Business Service (SBS) indicate that 12,900 businesses created in 1999 are likely to fulfil the high growth criteria. This is an increase of 5.7% from 1998. A firm assessment cannot, however, be made until the data are finalised at the end of 2004.	<b>On course</b>
6. Promote a fair and efficient tax and benefit system with incentives to work, save and invest.	5. Promote 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, (joint target with Inland Revenue (CSR 1998 target (vi)) and Customs and Excise (CSR 1998 target (vii))).	Implementation of environmental taxes and use of existing taxes to achieve environmental objectives.	This is the final assessment of this target.  Implemented climate change levy (2001) and aggregates levy (2002). Implemented landfill tax escalator from 2000 to 2004. Changes to fuel duties, vehicles excise duty and company car tax to encourage better vehicle efficiency.	<b>Met</b>

SR2000 OBJECTIVE	CSRI998 OBJECTIVE	CSRI998 PSA TARGET	PERFORMANCE INDICATOR	COMMENTARY	LATEST OUTTURN
				<p>Budget 2002 announced Government aims to introduce a lorry road user charge based upon distance, with offsetting tax reductions.</p> <p>The UK Emission Trading scheme was launched in April 2002, using economic instruments to reduce carbon dioxide emissions from industry. The Government is working to introduce the EU Emissions trading scheme, due to begin in January 2005.</p> <p>Enhanced Capital Allowances to energy saving and water quality were launched in 2003.</p>	
7. Achieve a high standard of regularity, propriety and accountability in public finance.	6. Maintain 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 2001-02.	Readiness for publication: methodology, format and medium agreed.	Target slippage due to significant methodology issues identified. These will be addressed as part of the preparatory work for publishing full Whole of Government Accounts for 2006-07 as announced in the Pre-Budget Report. This should allow the first statistically based WGA to be published in late 2005 or early 2006. The Government is still on course to publish Central Government Accounts for 2003-04.	<b>Slippage</b>
No SR2000 objective.	8. Arrange 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 2000-01 was zero.	Average annual cost over preceding 3 years no greater than zero (quarterly).	<p>This is the final assessment of this target.</p> <p>The net return on the foreign currency reserves is measured on a "mark-to-market" basis (includes changes in the capital value of assets and liabilities as well as net interest receipts and borrowing costs).</p> <p>Over the three-year period to 31 March 2003 the return, net of costs, on the Government's foreign currency reserves was £221 million; an average annual return over the period of £74 million.</p> <p>This reflects net returns of £145 million and £95 million in 2000-01 and 2002-03 respectively, partly offset by a net loss of £19 million in 2001-02.</p>	<b>Met-ongoing</b>