

## AIM

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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

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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% and make further progress towards increasing trend growth up to 2006.*

**Objective I:** maintain a stable macroeconomic framework with low inflation.

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% RPIX).*

**Objective 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% of GDP; and the current budget in balance or surplus.*

**Objective 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:*

- *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. JOINT TARGET WITH DfID; and*
- *demonstrating progress towards the Lisbon goals by 2006, by working with our European Union partners to achieve structural economic reform in Europe.*

**Objective IV:** increase the productivity of the economy.

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 DTI*
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 ODPM AND DTI*

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

**Objective VI:** expand economic and employment opportunities for all.

7. *Demonstrate progress by Spring 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle. JOINT TARGET WITH DWP*

**Objective 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 DWP*

**Objective VIII:** 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, consistently with the fiscal rules. JOINT TARGET WITH CABINET OFFICE*

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

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

#### **Value for Money**

10. *By 2005-06, deliver £3 billion of value for money gains in central civil Government procurement through the Office of Government Commerce.*

## **WHO IS RESPONSIBLE FOR DELIVERY?**

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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 4; the Secretary of State for Work and Pensions on targets 7 and 8; the Secretary of State for Trade and Industry on targets 5 and 6; the Deputy Prime Minister on target 6; and the Minister for the Cabinet Office on target 9.