

HM Treasury

# Public Expenditure System

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Secretariat: 020 7270 5525

## PUBLICATION OF 2007 SR 04 AUTUMN PERFORMANCE REPORTS

### Summary

1. This PES paper sets out guidance for departments on the core contents requirements of the 2007 autumn performance reports (APRs). The key points are:
  - At the core of each department's APR should be reporting of latest available outturn against its Public Service Agreement (PSA) targets;
  - Departments must continue to set out clearly progress against their efficiency targets and clear their efficiency reporting with their Spending Team;
  - Departments should report progress against **all PSA targets**, not just those from Spending Review 2004, e.g. those which remain live or are otherwise outstanding from earlier spending reviews (although an exception is set out below in para 12);
  - Departments have discretion over presentation and additional reporting, subject to the principles set out in the core contents section of this paper;
  - Those directly involved in preparing APRs or spring Departmental Reports may subscribe to [[departmental.reports@hm-treasury.gov.uk](mailto:departmental.reports@hm-treasury.gov.uk)] in order to ensure that they receive any updates as quickly as possible;

### Timetable/Deadlines

2. The APRs form a set of publications covering all PSA and efficiency targets. They need to be published within a reasonably consistent window in order to ensure that Parliament has timely access to performance information. Departments are asked to agree their intended publication date with their Spending Team, which should fall between 1<sup>st</sup> November up to and including 15 December.

## Background

3. Autumn Performance Reports are intended to provide a brief update on PSA and efficiency targets to the public and in particular, Parliament. Departments may decide to report information that goes beyond the brief set out in this guidance, but it is not a Treasury requirement that they do so.

## Departments covered by this PES paper

4. The 18 departments with a Public Service Agreement in the 2004 Spending Review White Paper. This excludes small and non-ministerial departments who do not have a Public Service Agreement of their own but share responsibility for a target – such departments may publish an APR but are not required to do so. Departments who are not sure whether or not they are covered should be in contact with [Nick.Atkinson@hm-treasury.x.gsi.gov.uk](mailto:Nick.Atkinson@hm-treasury.x.gsi.gov.uk) cc: the Spending Team.

## Publishing options for the APR

5. Departments may consider publishing online-only (although they should send printed copies to their select committee and any other key stakeholders in Parliament if this option is pursued in addition to ensuring that the APR is **clearly signposted** on the departments' website), and it is not a Treasury requirement that departments publish their APRs in hard copy. It is up to departments to decide whether or not APRs should be published as command papers and presentation to Parliament will be the responsibility of the department concerned (Cabinet Office guidance on publication of command papers can be found at <http://www.opsi.gov.uk/official-publications/index.htm>). If in doubt, departments should consult their Parliamentary branch and their select committee.

## Reporting against PSA targets

6. The autumn performance reporting round supplements the performance reporting against PSA targets in the spring departmental reports. This guidance is intended to provide for a reasonable degree of consistency in reporting against PSA targets, yet allows departments flexibility to produce a report which reflects their own business reporting requirements or preferences. It reflects principles for good reporting practice identified from previous years' APRs by the NAO, and puts into practice Parliamentary reporting obligations. Clear, transparent, and comprehensive reporting is essential. **Reporting in the autumn performance reports must observe the following principles:**

- there is a continuing duty to report objectively against all targets, including joint and cross-cutting targets. The government has a commitment to report against all PSA targets to support accountability to Parliament and this includes any PSA targets from earlier spending reviews which remain outstanding. Where targets have been changed from those previously reported, this should be disclosed and the reasons set out.
- where a final assessment is being given for a target, this should be made clear.
- targets are considered outstanding unless publication of a final assessment of the target has taken place in a previous departmental report or APR. **Standard terms** should be used in summarising overall progress against each target. **Departments must provide an overall assessment of progress** for each target – providing assessments for each indicator or sub-target is insufficient. See [Annex A](#) for guidance on the use of standard phrases in making final assessments and providing summaries for ongoing targets.
- where a target has been rolled forward from SR2002, it remains necessary to report outturn against the original scope and timescales of the target as set out in SR2002 (in addition to covering all indicators specified in the Technical Note for the SR2004 target).
- all departments must report **latest outturn data** against their PSA targets and make it clear what period or date is covered by their performance data.
- reporting should be clear and informative, e.g. explaining the factors affecting the performance achieved, and reasons for outturn reported (including where outturn is “not known”). Departments should ensure they give a full and accurate picture of progress by basing reporting on all available measures set out in Technical Notes for the targets.
- if reporting against individual PSA targets has been dispersed through the report, e.g. in text dealing with wider departmental objectives or activities, a summary table should be included, e.g. in an annex or up front, bringing all the PSA reporting together in accessible manner, including latest outturn data for each target. The PSA reporting that is required can be set out solely in a summary table provided that reporting for each target meets the reporting principles set out in this guidance.
- departments should briefly describe the quality of their data systems (for example, by setting out the confidence interval or margin of error of their data). Where there are significant limitations in the data system or the data used for a specific target these should be identified and the implications for interpreting progress against the target should be brought out for readers.

- departments should identify and explain the impact of any changes in the way in which performance is measured or presented – this includes a change in the indicators used, greater or lesser data accuracy, changes to data collection methods, and so on – for example, in footnotes to performance summaries.

7. Departments **must** liaise with partner departments to **ensure reporting against any joint targets is consistent** – at a minimum, the relevant departments should agree on an assessment. The NAO have previously picked up on inconsistent reporting against joint targets and targets that are reported inconsistently are likely to attract criticism.

8. Departments may choose not to report against ‘legacy’ targets from the 1998 Comprehensive Spending Review and the 2000 Spending Review in their APRs provided that they have **secured agreement from the relevant select committee** first. Departments are reminded that they must continue to report against all outstanding targets in their spring Departmental Reports.

## **Reporting against efficiency programmes**

9. Departments are required to provide regular updates on progress towards meeting their efficiency targets set out in the 2004 Spending Review. In the APR, departments should provide a breakdown for Q1 (end June 2007) and Q2 (end September 2007) covering progress towards their targets for:

- the headline efficiency target (i.e. the £million target);
- Workforce reductions;
- Relocation of posts out of London and the South East.

10. Efficiency reporting should follow the principles established for PSA reporting (see paragraph 8), namely clear, informative and objective reporting, with supporting information (including any data/statistics) and set in the context of wider policy where appropriate.

11. The government has committed to Parliament (and the PAC in particular) that it will improve the transparency and openness of its efficiency reporting, so it is key that both the Treasury and departments agree on effective efficiency reporting that enables Parliamentary scrutiny. This section of the document must be cleared by Treasury. In reporting progress on efficiency, departments should:

- Set out their agreed efficiency targets;

- Set out the efficiency gains achieved to date – i.e. the amount achieved in monetary terms by the end of June 2007, bearing in mind that efficiency gains claimed in previous years must be shown to persist through the subsequent years of the spending review;
- Clarify which of the efficiency savings are cashable and which are non-cashable;
- Report on the quality measures and assessments which underpin the efficiency gains in order to demonstrate that efficiencies have not affected the quality of service delivery;
- Outline the significant actions that are taking place to deliver efficiencies - initiatives under way, projects completed etc. – including highlights of any achievements;
- Set out the plans and prospects for delivering efficiencies over the coming 6 to 12 month period;
- Ensure that reporting is consistent with the measures and methodologies set out in the published revised Efficiency Technical Note (ETN). Departments may wish to make explicit links and references to their renewed ETN;
- Ensure that the information reported in the APR is consistent with that provided to OGC/HMT for the purposes of public reporting.
- Set out progress towards meeting the workforce reduction targets and outline the number of Civil Service posts relocated out of London and the South East to date, consistent with measures and methodologies for recording changes set out by Cabinet Office and HMT.

12. Departments are reminded of the need to ensure that attention is also paid to reports of progress towards the 2002 vfm PSA targets, where applicable.

13. Enquiries about the requirements in this section for reporting against efficiency programmes should be addressed to: Matthew Gould, tel 7270 5393, e-mail [Matthew.Gould@hm-treasury.x.gsi.gov.uk](mailto:Matthew.Gould@hm-treasury.x.gsi.gov.uk)

## Clearance

14. Departments **must ensure that the efficiency reporting in their APR has been agreed to** with their Spending Team and should share a draft copy of the APR before publication.

Additionally, departments wishing to make a final assessment of any target must agree the assessment with their Treasury Spending Team. It is not necessary to seek clearance on the entirety of the APR provided that this guidance has been adhered to.

## **Related papers**

15. PES (2006) 18 set out guidance for the spring 2007 Departmental Reports.

16. Guidance on the content of the Management Commentary (MC) section of resource accounts can be found in paragraphs 7.2.9 to 7.2.20 of the Financial Reporting Manual, which can be viewed at [www.financial-reporting.gov.uk/](http://www.financial-reporting.gov.uk/). The aim of the MC is to enable the reader to understand the main influences on the overall results and how they interrelate, and their impact in the future. The MC should be concise and include references to other published documents in which more detailed information is to be found; for example, the departmental report, departmental investment strategy, and in particular the APR. Departments should therefore adopt an integrated approach to drafting their APRs and MCs, so that the two are separate but complementary documents, with the APR containing the detail of reporting against performance targets. The APR should, however, refer to the resource accounts; it should explain what the MC covers and, as appropriate, when the resource accounts were or will be published and from where they may be obtained.

## **Electronic publication**

17. In placing the 2007 reports on their websites, departments should ensure that previous reports are archived, and remain linked and easily accessible on the website so that the record is preserved and reference to earlier years is possible.

18. The Treasury no longer requires departments to provide updates on their PSA targets for its PSA Performance web-portal. Instead, the Treasury has established a page of links to all departmental reports and other key performance documents on its website at <http://www.hm-treasury.gov.uk/performance> and this page will be updated to refer to the 2007 autumn performance reports following their publication. Departments are asked to send links to the electronic versions of their reports to the Treasury (see 'Contact' below).

## **Best practice**

19. Departments are advised to consider the following points on best practice, although these are not core requirements:

- Departments are reminded to take account of ministerial clearance and print deadlines in planning their publication timetables, and of the need to avoid letting publication slip. This is particularly important for those aiming to publish at the end of the publication period.
- Departments should consider any comments that their select committee has made and ensure that the APR contains any information specifically requested by the select committee
- Departments may wish to consider requesting comments or liaising with their Spending Team over content, although this is not a requirement (with the exception of **efficiency reporting**). It would be helpful if the department would agree well in advance an indicative date with the Spending Team for sharing the draft report. When providing the draft APR for comment or clearance, it would also be helpful if the department could set out which aspects of the APR the Spending Team should comment on, highlighting any passages that are likely to be of interest (including those relating to efficiency), and provide a deadline for comments with at least 10 days' notice.
- Departments are urged to utilise graphs or tables, for example to illustrate trends, where this would help to convey information effectively.
- Departments should ensure an appropriate degree of continuity in their PSA reporting over the spring/autumn cycle. By way of example, if there is no improvement in the relevant measures for a target, Parliamentary readers might question an assessment of a target as being 'on course' when it was assessed as 'slippage' in the Spring reporting round, unless explanation is provided.
- Departments have discretion to include reporting against other targets as they see fit, for example to fit in with their existing reporting practice, or to provide further supporting information which helps to explain departmental performance against PSA targets. In such cases, however, it is important that reporting against the PSA targets themselves should be differentiated and clearly labelled. The autumn performance report is not intended to include financial information derived from the departmental resource accounts.
- If there are any indicators set out in the Technical Note to a target that a department is not reporting on because it no longer monitors those indicators, then the department should be in contact with the Treasury Spending Team to discuss amending the Technical Note.

- The NAO have commented that it is not always clear how departments have arrived at a summary assessment, e.g. 'on course', for PSA targets. Where the indicators used for tracking progress against a target could be interpreted in a number of ways the department should briefly set out how it has arrived at the assessment. This could be done, for example, in a footnote.
- Where data systems have been externally validated the results should be summarised and the department should explain how they have, or are, responding to any negative conclusions. Departments should seek to agree any references to NAO's work, including their PSA data systems work, in advance with NAO. Department's should give consideration to the reporting principles and practices identified in Chapter 4 of **the NAO's 2<sup>nd</sup> validation compendium report: 2003-2006 data systems**.
- On format, departments may wish to look at what other departments have done. Links to the 2005 APRs of those departments with a PSA can be accessed from <http://www.hm-treasury.gov.uk/performance/>.
- Departments may find it helpful to look at the Scrutiny Unit's February 2007 presentation on 2006 Departmental Annual Reports and their earlier 2005 Review of Departmental Annual Reports for best practice reporting on PSAs (these can both be accessed by way of an internet search engine and are available at [www.parliament.uk](http://www.parliament.uk)). Although they do not look at APRs in the main, the principles of good PSA reporting also apply to the APRs.

## Contact

Questions about this guidance, and links to the electronic versions of reports, should be sent to: Nick Atkinson, tel GTN 270 4986, e-mail [Nick.Atkinson@hm-treasury.x.gsi.gov.uk](mailto:Nick.Atkinson@hm-treasury.x.gsi.gov.uk)

