



National Audit Office

Third Validation Compendium Report: Volume 2

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Third Validation Compendium Report: Volume 2

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John Bourn
Comptroller and Auditor General
National Audit Office

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The National Audit Office
study team consisted of:

Robert Sabbarton, Simon Henderson,
David Dorrell, Helen Jackson and
Richard Dawson under the direction of
Nick Sloan

This report can be found on the National Audit
Office web site at www.nao.org.uk

**For further information about the
National Audit Office please contact:**

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400

Email: enquiries@nao.gsi.gov.uk

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PART ONE

Introduction

1.1 This volume presents the detailed results of our examination of the data systems used by the Department for Education and Skills, the Ministry of Defence, HM Treasury, the Department for Culture, Media and Sport, Cabinet Office and the Department for Environment, Food and Rural Affairs to monitor and report on progress against their 2005-2008 Public Service Agreement (PSA) targets.

The Department and their PSA targets

1.2 Under the 2004 Spending Review the Departments agreed 46 PSA targets for the period 2005-08. The Department's PSA sets out for Parliament and the public their top level aims, objectives and targets. The Department's Accounting Officer is responsible for maintaining a sound system of internal control that supports the achievement of the PSA targets. The underlying data systems are an important element in this framework of control.






The purpose and scope of this review

1.3 The Government invited the Comptroller and Auditor General (C&AG) to validate the data systems used by the Departments to monitor and report performance against their PSA targets. This involves, for each individual data system, a review of the processes and controls governing:

- The matching of data to the PSA target. The data system should measure the progress of all key elements of performance referred to in the PSA target;
 - The selection, collection, processing and analysis of data. Control procedures should mitigate all known significant risks to data reliability. In addition, system processes and controls should be adequately documented to support consistent application over time; and
 - The reporting of results. Outturn data should be presented fairly for all key aspects of performance referred to in the target. Any significant limitations should be disclosed and the implications for interpreting progress explained.
- 1.4** Our conclusions are based on the extent to which departments have:
- a put in place and operated internal controls over the data systems that are effective and proportionate to the risks involved; and
 - b explained clearly any limitations in the quality of its data systems to Parliament and the public.

1.5 The categories of conclusion that we provide are outlined in **Figure 1**. The findings for each individual data system were reviewed by an internal panel for consistency of analysis and judgements. Conclusions for each data system are also summarised in Appendix 3 of Volume 1, alongside its corresponding reference colour.

1.6 The remaining sections of this report provide a description of the findings and conclusions for each individual data system. Our assessment does not provide a conclusion on the accuracy of the outturn figures included in the Department's public performance statements. This is because the existence of sound data systems reduces but does not eliminate the possibility of error in reported data.

1 Summary of validation conclusions	
The data system is fit for the purpose of measuring and reporting performance against the target	
or	
The data system is appropriate for the target and the Department have explained fully the implications of limitations that cannot be cost-effectively controlled	
The data system addresses the majority of risks to data quality but needs strengthening to ensure that remaining risks are adequately controlled	
or	
The data system addresses the majority of risks to data quality but includes limitations that cannot be cost-effectively controlled; the Department needs to explain the implications of these more clearly to the reader	
The data system is not fit for the purpose of measuring and reporting performance against the target	
The Department have not yet put in place a system to measure performance against the target	
or	
The system is not sufficiently established to form a view on its fitness for purpose	

PART TWO

Department for Education and Skills

PSA target 1

Improve children's communication, social and emotional development so that by 2008, 50 per cent¹ of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20 per cent most disadvantaged areas and the rest of England.

Joint target with the Department for Work and Pensions

Introduction

2.1 The data systems used to measure performance against this target are the Foundation Stage Profiles which were classified as National Statistics in 2004. It is a statutory requirement, introduced for the 2002-03 academic year, that all five year olds in "settings" (schools, nurseries, children's centres etc) in receipt of government funding should be subject to continuous assessment against 13 assessment scales devised by the Qualifications and Curriculum Authority. Three of these scales relate to personal social and emotional issues, and four relate to communication, language and literacy. It is the level of attainment in these seven scales which forms the basis of the target. The remaining areas of the Foundation Stage cover mathematical development, creative development, physical development and knowledge and understanding of the world.

2.2 Improvement in children's communication, social and emotional development is measured through a 10 per cent sample of pupil individualised records. A sample has been necessary because until recently, assessment results were not systematically included in the data for the whole population. Of a sample of about 54,000, around three per cent of children are from settings that are not in receipt of government funding.

2.3 The results for children in the most disadvantaged areas are compared to those for the rest of the sample, each year. The relevant children are identified by comparing their postcode against geographical units developed by the Office for National Statistics, to establish whether the child lives in the 20 per cent most disadvantaged areas as reported in the Index of Multiple Deprivation 2004.

Observations

2.4 The definition of the target level (i.e. "a good level") and the baseline from which it should be measured were only finalised in spring 2006. The provisional target of 50 per cent was reviewed and has been raised to 53 per cent by 2008. The baseline has been established at 48 per cent of children reaching a good level, as measured through the Foundation Stage Profile in 2005. The target for reducing the inequality gap has been set at four percentage points – from 16 per cent to 12 per cent. Provisional survey data for 2006 was published in October 2006.

2.5 The data is validated at each of the three stages of data input: at the setting, at the local authority and at the Department. The Department prepares validation specifications and test data which it provides to all settings and local authority software providers. The Department then quality assures the test output before approving the system. The data can be submitted in a variety of formats, all of which have in-built validation checks.

2.6 From 2007, a change will be made to the data collection system so that assessment results are now included systematically for the whole population, obviating the need for a sample. The Department is considering whether to use the complete population of data, rather than the sample, which would address the risk of sampling error. If it moves to complete population data, the Department will need to assure consistency by checking the new data set against that based on the 10 per cent sample.

¹ Provisional; now reviewed and finalised – paragraph 2.4.

2.7 When data was first collected from 2002-03 to form the Foundation Stage Profiles, the delay in disseminating guidance resulted in some confusion and inconsistencies. The published results for this year were classified as 'experimental statistics'. Inconsistencies in assessments have been addressed with more comprehensive guidance and training, and better moderation within and between local authorities. The Department considers that by 2004-05 assessments of attainment by schools and providers were deemed to be of sufficient quality to publish as National Statistics.

Conclusion

2.8 The Department has not yet reported progress, because the targets and baseline have only recently been established. The data system is generally sound, though using the full population rather than a 10 per cent sample would increase robustness. In summary, the data systems address the majority of risks to data quality but need strengthening to ensure that remaining risks are adequately controlled.

PSA target 2

As a contribution to reducing the proportion of children living in households where no one is working, by 2008:

- increase the stock of Ofsted-registered childcare by 10 per cent;
- increase the number of children in lower income working families using formal childcare by 120,000; and
- introduce by April 2005, a successful light-touch childcare approval scheme.

Joint target with the Department for Work and Pensions

Introduction

2.9 The stock of formal childcare is measured using data provided by Ofsted about registered childcare places in England. It covers full daycare (including nurseries), playgroups, registered childminders and out-of-school care. The data collected is the number of provider places of a suitable standard as judged by the Ofsted Child Care Inspector, in accordance with National Standards for Childcare.

2.10 The Department has not yet assessed progress against the second part of the target, though the baseline level, revised target and the data source to be used to measure take-up were agreed in November 2006. Ministerial approval was given to the Department changing the data source for setting the baseline, and measuring progress against this target, from the Family Resources Survey (FRS) to its Parents Childcare Survey: *"Childcare and Early Years Provision: A Study of Parents' Use, Views and Experiences"*.

2.11 For the third part of the target "success" for the Childcare Approval Scheme is defined in the Technical Note. This relates to performance information (number of approvals, processing time, cost) supplied by the Scheme operator, Nestor, which the Department monitors through meetings of the project implementation board.

Observations

2.12 The data system used for the first part of the target is generally fit for purpose. A small improvement could be made to the reporting if the Department made it clearer that the register of childcare places counts the places even if they are not filled; thus it is the total "stock" of places that is being measured, not the number taken up.

2.13 For the second part of the target, the Department's Childcare Survey is preferred to the FRS, because it represents a much more complete measure of formal childcare than the FRS. Previously, the second part of the target was to increase the take-up of formal childcare by low income working families by 50 per cent; it has also now been agreed that the target will be set, not in terms of a percentage increase, but as an increase in the number of children in lower income families using formal childcare. The target will be to increase the number by 120,000 by 2008; the previous 50 per cent target was likely to have meant an increase of about 85,000. The baseline has been set at 614,000. A new technical note will be agreed. It will include a reference to the target now representing more children than would have been the case under the previous data source.

2.14 For the third part of the target, at the time the target was set changes were expected to the childcare approval scheme. A new Childcare Register, to be established by the Childcare Act 2006 and operated by Ofsted, will replace the Childcare Approval Scheme. The Scheme will continue in its present form until September 2007. The final assessment of the extent to which the target has been met will be made between then and March 2008.

Conclusion

2.15 The data system for the stock of Ofsted-registered childcare is fit for the purpose of measuring and reporting performance against the first part of the target, although reporting could be improved slightly. The changed data system for the second part of the target should enable fuller analysis of take-up, by age ranges and types of childcare, and should also provide better evidence about factors affecting take-up. There is not yet a system in place to measure performance against the third part of the target, given the likely developments in the data system supporting it.

PSA target 3

Reduce the under-18 conception rate by 50 per cent by 2010 as part of a broader strategy to improve sexual health.

Joint target with the Department of Health

Introduction

2.16 The data used to monitor this target is collected externally to the Department, but is well-established, well-defined and has been collected consistently for some years. The target was designed with the data system in mind.

2.17 Two elements, births and legal abortions, are legally required to be reported (through the Office for National Statistics for births and through the Department of Health for abortions). The Office for National Statistics collates the births and population data, and it receives abortions data under a service-level agreement, so that it may calculate conceptions.

2.18 The under-18 conception rate is calculated by dividing the total number of conceptions to all women aged under 18 by the total female population aged 15–17 (95 per cent of under-18 conceptions occur among 15–17 year olds). Data is generally of good quality, with systems in place for imputing missing information, such as the mother's age for the 0.5 to 0.8 per cent of cases where it is not supplied. Accuracy and plausibility are checked by reference to historic trends and time series, and the Office for National Statistics investigates anomalies.

Observations

2.19 The deficiencies in the system are relatively minor. For example, the conception rate may be under-reported because it excludes miscarriage data. There is no requirement to register miscarriages, and no data is collected centrally.

2.20 Some changes are due to be made to data collection and processing during 2006, but reliability is unlikely to be affected significantly. Registrars will be able to register births online, enabling data to be received daily. Processing will transfer from part of the Office for National Statistics to another, but handover arrangements are in place and the new staff already have some experience of handling this data.

2.21 The Technical Note briefly mentions how the target is derived. It could usefully give an example and disclose the baseline conception rate.

Conclusion

2.22 The risks to data quality are clearly identified and controls exist to address them. While some improvements to verification systems and some updating of the Technical Note would be desirable, the data systems are generally fit for the purpose of measuring and reporting performance against the target.

PSA target 4

Halt the year-on-year rise in obesity among children under 11 by 2010 in the context of a broader strategy to tackle obesity in the population as a whole.

Joint target with the Department for Culture, Media and Sport and the Department of Health

Introduction

2.23 The data system for this target is the annual Health Survey for England, run by the Department of Health. The survey is part of an overall programme of surveys designed to provide regular information on various aspects of the nation's health. It started in 1991, and is carried out under contract by the Joint Survey Unit of the National Centre for Social Research (NatCen) and the Department of Epidemiology and Public Health at University College, London (UCL).

2.24 The target will measure the change in the proportion of obese children between the three-year averages 2005-07 and 2008-10.

Observations

2.25 The data system was not designed for the purpose of the target. The survey focuses on a different demographic group each year, but children have been included each year since 1995. UCL analyses the survey data to isolate that specific to children aged two to 10.

2.26 The number of children covered by the survey has varied in recent years, from 1,733 in 2003 to almost 4,000 in 2002. From 2005, sample numbers are to be increased to 4,000 annually. However, the sample size only allows the proportion of children classed as obese each year to be estimated as falling within a wide range. It is not possible to estimate the proportion at a specific level with certainty, although it is expected that the increased sample size will remain in place for the 2009-10 survey to make the results more accurate.

2.27 The Department believes that the parents and carers most likely to withhold permission for children to be measured are those whose children may be classified as obese. There is therefore a risk that obesity is underrecorded.

2.28 The use of three-year averages for the baseline (2005-07) and target (2008-10) is intended to minimise the effect of year-on-year variations. It is not yet known whether the sample sizes for these periods will be large enough to identify and measure significant changes accurately. Because the data is not available until about a year after the period end, the target will not be measurable until after the end of the 2011 calendar year.

2.29 Controls for the UCL work on isolating data for two to 10 year olds have not yet been established. Other controls in place for capturing, transferring and maintaining the data are effective. The computer systems include queries of any unlikely height or weight measurements, which are taken using appropriately calibrated equipment and experienced staff. The data for 2005 will be validated jointly by the Health and Social Care Information Centre and the Department of Health, but it is too early to determine the reliability of these processes.

2.30 From September 2006, the Department and the Department of Health plan to measure height and weight of all children in Reception year (ages four to five) and Year 6 (ages 10–11). There is no intention at this stage for this data to be used to report on the target, but it may be possible to use it to assess the reliability of the data from the annual Health Survey.

Conclusion

2.31 The need to identify further controls, for example on the isolation of data for two to 10 year olds, means the system is not fully in place. The target is not due to be assessed until after 2010 and the 2005-07 baseline cannot yet be established. It is therefore too early to form a view on the strength of all the controls.

PSA target 5

Narrow the gap in educational achievement between looked after children and their peers, and improve their educational support and the stability of their lives so that by 2008, 80 per cent of children under 16 who have been looked after for 2.5 or more years will have been living in the same placement for at least two years, or are placed for adoption.

Introduction

2.32 Local Authorities' Social Services Departments are required to supply data on looked after children to the Department in an approved format. The data relates to children who are looked after by local authorities during the year ending 31 March, those who have recently left care at the age of 16 and their education on leaving school. The data is collected through a census designed to give a comprehensive picture of the situation and outcomes for looked after children.

Observations

2.33 The Department does not see the introductory words to the target, on 'educational achievement', as requiring separate measurement because comparative performance at Key Stage 2, the proportion of looked after children sitting a GCSE or equivalent, and proportion of looked after children gaining 5 A*-C GCSEs are all reported through a 2002 Spending Review PSA target, inherited from the Department of Health. But the relationship with this associated PSA target is not fully explained in the Technical Note or the Autumn Performance Report 2005.

2.34 The system, which is a web-based system for extraction of local authority data, is well-established. Provisional figures produced in May are confirmed later in the year when full data is available. The Audit Commission also uses the data for its annual work on performance indicators. Guidance to local authorities is explicit and the system contains extensive validation checks. The Department operates helplines to resolve any queries. An independent statistician undertakes the Department's validation, including a comparison of the data to previous years.

Conclusion

2.35 The data system addresses the majority of risks to data quality. The issue of whether "educational achievement" should be measured needs to be addressed in the Department's public reporting.

PSA target 6

Raise standards in English and maths so that:

- by 2006, 85 per cent of 11 year olds achieve Level 4 or above, with this level of performance sustained to 2008; and
- by 2008, the proportion of schools in which fewer than 65 per cent of pupils achieve Level 4 or above is reduced by 40 per cent.

PSA target 7

Raise standards in English, maths, ICT and science in secondary education so that:

- by 2007, 85 per cent of 14 year olds achieve Level 5 or above in English, maths and ICT (80 per cent in science) nationally, with this level of performance sustained to 2008; and
- by 2008, in all schools at least 50 per cent of pupils achieve Level 5 or above in each of English, maths and science.

Introduction

2.36 The data systems underpinning targets 6 and 7 are largely the same. Our observations and conclusions on the targets are therefore reported together.

2.37 The results of statutory Key Stage 2 (KS2) tests in English and mathematics, usually taken by pupils at age 11, are used to measure target 6. The results of statutory Key Stage 3 (KS3) tests in English, maths and science, usually taken by pupils at age 14, are used to measure target 7. The ICT element of target 7 is measured through teacher assessment of pupil performance.

2.38 A division of the Qualifications and Curriculum Authority, the National Assessment Agency, is responsible for setting, marking and collating the test results.

2.39 Results are collected and published annually in a Statistical First Release. They are revised after schools have checked the data, and are republished in the Achievement and Attainment Tables.

Observations

2.40 The targets' aim is to measure the change in the standard of pupils' 'knowledge' in certain subject areas. It reports this in terms of pupils and schools. Change is measured using pupils' reported performance in the key stage tests. If the key stage test results are to be a reliable

measure of the standard of pupils' knowledge, there is a need to ensure the test standards – i.e. the hurdles pupils must cross – are comparable over time.

2.41 There are a number of factors which increase the risk that the test standards may not be comparable; for example, the ongoing changes to the national curriculum and the need to produce entirely new tests each year.

2.42 The National Assessment Agency has a number of well defined, established procedures that use professional expertise and data sources to mitigate the risks to the comparability of test standards. These include:

- Specialised test development agencies are commissioned to devise test questions. Their work is overseen by review groups comprising experienced educationalists.
- Draft test papers are produced over a year in advance of the tests. They are sat by a sample of pupils just before they take their real tests. Pupils' performance in the draft and the real tests is compared and used to set a first indicative threshold for each Key Stage level.
- In the year of the tests, subject committees comprising senior markers review an early batch of marked papers and, based on their professional experience, decide a second set of thresholds.
- The indicative and second sets of thresholds are compared. Using these data, and projections of pupils' performance from the early batch of marked papers, the subject committees decide where the final thresholds should be set.

2.43 Nonetheless, the decision about where to place a threshold is a matter of judgement. Furthermore, there are risks to the reliability of the draft test setting process. In particular, there may be differences between pupils' performance in the draft and real tests which are caused by motivational factors. This risk is controlled through the use of 'anchor' tests (tests which remain consistent year on year), but cannot be entirely eliminated. Also, schools and pupils opt in to the draft test process, so may not be representative of the wider pupil population.

2.44 Data from the Qualifications and Curriculum Authority shows that if the threshold for KS2 Level 4 was erroneously set one mark higher or lower than the mark that was truly comparable with the previous year, around 9,000 pupils, or 1.5 per cent of the pupil population taking the English test, and around 6,000 pupils (one per cent) of those taking the maths test, would be affected.

2.45 The markers of the key stage tests are extensively trained. Sample testing is used before markers are appointed and throughout the marking process to ensure consistent application of the marking scheme. However, under the current system, one marker is responsible for marking all questions on a paper, and all the papers from a school. This does not conform to best practice, which is to randomise papers and to allocate markers to specific questions.

2.46 The marking system is likely to identify papers which have not been awarded sufficient marks, but is less likely to identify papers which have been marked too leniently. This means there is a risk that pupils' performance is overstated. There are two reasons for this:

- **Borderlining:** all marks which fall one to three marks below a threshold are automatically remarked. This system (which is not unique to Key Stage testing) ensures any papers which were marked too harshly in the first round of marking are corrected. There is no review of marks which fall just above the threshold, and therefore no mechanism to identify papers which were marked too leniently. After borderlining, the proportion of pupils achieving each target level increases by the amounts shown in **Figure 2**; and
- **School appeal:** Schools may appeal where they feel there has been marker error. In most cases, they have an incentive to appeal only where there has been an error which results in a lower than expected level being awarded. At both KS2 and KS3, reviews result in predominantly upward changes. The revisions in 2005 affected respectively around 0.5 per cent and one per cent of the KS2 and KS3 cohorts..

2.47 There are specific weaknesses with the data used to measure pupils' performance in ICT for target 7. Pupils' reported performance is based on teacher assessment, rather than Key Stage tests. There is no moderation of the assessments between teachers, schools or years, and therefore no assurance over the accuracy or comparability of the data.

2 Effects of borderlining

KS	Level	English per cent	Maths per cent	Science per cent
2	4	+1.3	+0.2	+0.5
3	5	+1.3	+0.2	+0.9

2.48 There are some anomalies in the way Key Stage test data is used to measure progress against the targets. In some cases, the data is used in a way that will overstate pupils' performance. For example, independent schools are included in the pupil-level targets if they opt into the KS2/3 testing. Analysis of the 2004 data shows that inclusion of these pupils' results increased performance at KS2 English and maths by one percentage point. There is no significant impact at KS3 because of the small number of independent secondary schools opting into the tests.

2.49 Conversely, in some cases the Department's use of the data may lead to understatement of performance. For example, around one per cent of primary pupils and four per cent of secondary pupils are absent on the day of the KS2 and KS3 tests respectively. These pupils are marked as having not reached the expected level. Analysis of the teacher assessments for these pupils at KS3 suggests that some would have been likely to reach the expected level if they had sat the tests. The effect results in a potential understatement of around one percentage point in the three subjects measured by target 7.

Conclusion

2.50 The data system contains controls which address most of the risks to data quality. There remain risks to the reliability of data due, in particular, to the risk that results are overstated due to borderlining, to the risk inherent in unmoderated teacher assessments for the ICT element of target 7 and to the comparability of standards over time.

PSA target 8

Improve levels of school attendance so that by 2008, school absence is reduced by eight per cent compared to 2003.

Introduction

2.51 Schools in England and Wales are required by statute to take a register twice every school day to record whether each pupil on the roll is present, absent, or engaged in an "approved educational activity". They must also record whether each absence is authorised or unauthorised, which only the school may determine. Schools are required to submit aggregated absence returns to Forvus (a statistical data management, compilation and analysis company) on an annual basis. Forvus validates and reports the data to the Department. From 2006 maintained secondary schools, City Technology Colleges and Academies (from 2007 also primary schools and special schools); the absence data will be collected via the

School Census. Independent schools, Pupil Referral Units and Hospital Schools will complete school-level School Census returns from 2007.

2.52 Statistical First Release 56 (Pupil Absence in Schools in England) reports overall, authorised and unauthorised absence rates for England in September (provisional) and December (final). This publication is a National Statistic.

Observations

2.53 There are some clear positive aspects of the data system definition: a single quantitative indicator; a clear baseline figure; a clear target date; and an established data stream.

2.54 Consistency of data collection cannot, however, be guaranteed because the raw data is collected by thousands of teachers and administrative staff operating varying school policies on classification of absences. Staff turnover is also likely to be a factor in data consistency and quality.

2.55 The Department does not know whether these risks are likely to lead to a significant impact on the data or whether remedies would be cost effective. In theory, it would be possible to require that schools submit an electronic copy of their raw daily register extracts to Forvus. However, schools are not currently required to hold the data electronically, so such a requirement would involve additional costs for some schools.

2.56 Collection of the data via the School Census will make it possible to check pupil-level to school-level aggregation. For schools with electronic registration, individual pupil-level calculations of sessions missed and absence rates will be automatic. However, the remainder of schools will continue to calculate pupil-level figures manually, leaving a need for validation of these procedures. Validation might include checking in cases where validation warnings occur on a school's aggregate data submission, or random inspections of the raw data and its aggregation to school level.

2.57 Post-registration truancy is not captured by the attendance statistics. There is a risk that the absence rate reported may not reflect the actual attendance, because pupils may attend registration then leave the school. The Department has no information on the likely extent of post-registration truancy and hence its effect on the underlying absence level. This risk could, in theory, be controlled through lesson monitoring involving mandatory registration at every lesson with resulting data reported to the Department. The adoption of additional mandatory

data requirements, while practically feasible, would require additional administration by schools and may not be cost effective.

2.58 Absence statistics are measured only for those children who are on school rolls. Children not on school rolls, including those who cannot find a school place, those being educated outside school, and missing children, are not covered by the absence statistics. The Department has no reliable estimate of the total number of children affected, and thus has been unable to assess whether the impact on performance against the target is significant. When pupil-level data becomes available, it will be possible to monitor the absence levels of particular subgroups of pupils, including those who are subsequently excluded from school. As a result, it will be possible to examine effects such as differences in exclusion rates among persistent truants and more regular attenders.

Conclusion

2.59 The data system addresses the majority of risks to data quality but includes limitations that it may not be possible to control cost-effectively. There are limitations to the data system in not capturing post-registration truancy, from the potential for inconsistency in the raw data and from not including children not on school rolls. The Department should report these limitations and evidence that their mitigation would not be cost effective.

PSA target 9

Enhance the take-up of sporting opportunities by five to 16 year olds so that the percentage of school children in England who spend a minimum of two hours each week on high quality PE and school sport within and beyond the curriculum increases from 25 per cent in 2002 to 75 per cent by 2006 and to 85 per cent by 2008, and to at least 75 per cent in each School Sport Partnership by 2008.

Joint target with Department for Culture, Media and Sport

Introduction

2.60 The target is intended to measure the quantity and quality of physical education and school sport by pupils aged five to 16 for all state-maintained schools. For quantity of provision, the data system is based on an annual survey of schools in the School Sport Partnerships (PE, School Sport and Club Links). Schools need to take account of additional data for sport outside school for individual pupils. Data sources may include pupil surveys or information held by people running sports clubs.

2.61 The data system for quality of provision is Ofsted's annual subject reports, which are based on a sample of about 30 schools, including primary and secondary.

Observations

2.62 The baseline of 25 per cent of pupils was an estimate and was based on the proportion of schools that were in partnerships in 2002. It is misleading because it assumes that all schools in a partnership delivered the necessary level of provision and all schools not in partnerships did not.

2.63 The target is expressed in terms of quality and quantity of provision, but these are measured by two independent data systems. Survey responses used to identify quantity of provision are intended to count only provision that is "high quality" as defined in the Department's guidance, but this quality assessment is subjective. For quality of provision, the Department relies on separate data from Ofsted's inspections of about 30 schools.

2.64 Survey data on the quantity of provision will not be available for all schools until autumn 2007. At December 2006, when the target is due to be reported, data will be available for 80 per cent of schools. The Department has yet to decide how it will assess the quantity of provision for the 20 per cent of schools which join partnerships in September 2006. For these pupils, schools depend on data systems which may be considerably less reliable, both in terms of quantity and quality of provision.

2.65 The Department's contractor responsible for the survey validates a small sample of partnerships' responses – three schools in each of three partnerships, which include a disproportionate number of secondary schools. From 2005-06, the Department has extended the validation to 10 schools (of which six should be primary/special schools) in 10 per cent of partnerships.

2.66 The system for measuring quality, based on inspection visits to about 30 schools, was not designed for the purpose, and is not statistically reliable. But it was the only independent means of assessing quality. It identified the proportion of schools in which teaching quality was assessed as either good or better. From September 2005, subject evidence is to be gained from qualitative inspections of a small sample of schools, but the methodology and basis for reporting is not yet clear. The 2006 Departmental Report incorrectly stated the percentage of PE teaching judged by Ofsted to be good or better. The 2006 Autumn Performance report will include a correction.

Conclusion

2.67 The system is sound for the quantity of provision for the majority of pupils in the majority of schools, but it is not well defined or statistically robust for quality of provision. There is, however, no better, cost effective way of collecting the data. The Technical Note should outline the limitations, particularly those relating to the use of two separate systems for quantity and quality of provision.

PSA target 10

By 2008, 60 per cent of those aged 16 to achieve the equivalent of five GCSEs at grades A* to C; and in all schools, at least 20 per cent of pupils to achieve this standard by 2004, rising to 25 per cent by 2006 and 30 per cent by 2008.

Introduction

2.68 SERAP (Schools Examination Results Analysis Project at the University of Bath, part of Research Machines (RM) group of companies) collects qualification achievement data from awarding (examination) bodies on behalf of the Department. Forvus, another RM company, is contracted to check this data with schools and other institutions (such as colleges). Information is collected for qualifications listed in Section 96 of the Learning and Skills Act 2000 (a list of qualifications approved by the Department for delivery to young people; e.g. GCSEs, GNVQs, A/AS levels).

2.69 The Department collects data from school management information systems through the School Census. One key purpose is to obtain a count of all pupils in education in England. Maintained schools are asked to return data on individual pupils; some school types (e.g. independent schools) are only required to provide data at an aggregate level. Data collected covers pupil characteristics (e.g. gender, ethnicity), some basic information about post-16 learning aims and similar information. Pupil attainment data is not part of the Census.

2.70 The School Census information for pupils' ages is provided to SERAP and matched to the data held on its database, to ensure that SERAP's population data is complete.

Observations

2.71 Achievements in GCSEs and similar qualifications (e.g. VGCSEs, GNVQs) make up the vast majority of ‘successes’ against the target, for which the Department and contractors have routinely collected data for many years, so the system is considered to be stable. However, a possible risk to the accuracy of the data systems comes from the inclusion of vocational equivalent examinations and graded examinations in music, speech and dance – non GCSE/GNVQ and similar qualifications – in the target measure, for which robust data collection methods have not been established. The collection of vocational equivalents (NVQs/VRQs) requires system developments and likely contact with awarding bodies who were not previously within the scope, or even aware, of the target.

2.72 There is a risk to the effective measurement of the second part of the target (about the achievement in “all schools”) as schools may be unclear (when checking the awarding body data) for which qualifications they can claim credit. This is especially true in respect of non-GNVQ vocational equivalents. The Department’s not unreasonable assumption is that the risk of schools not submitting all relevant qualifications is offset by it being in a school’s best interests to ensure it claims for every qualification that counts towards national targets.

2.73 Errors could occur as data transfers through the system from the University of Bath to Forvus, and from Forvus to the Department. This is addressed by controls, such as validation checks by the Department on awarding body data and checks of record counts and headline figures every time data is transferred.

2.74 The Statistical First Release is not fully consistent with the target; in 2003-04 for example it stated the school-level target as being for “maintained mainstream schools” whereas the Department’s reporting of progress against the target implies that it includes all schools. The use, in practice, of maintained schools means that there is a link between government expenditure and the target. This is not the case for the first part of the target, which includes GCSE results across all schools, including independent schools.

2.75 Departmental reporting against the target does not make it clear that the “standard” referred to in the target relates to performance in examinations, rather than to improvements in the inherent standards achieved in examinations.

2.76 The Qualifications and Curriculum Authority compares standards across awarding bodies and takes action to correct for inconsistencies. It thus exercises a key control in the system. Fewer resources are available, however, for ensuring consistency of standards in vocational qualifications such as NVQs and VRQs. These qualifications are responsible for very little of the target measurement, and so at present their inclusion represents a minor risk, although it may become more important if trends change.

Conclusion

2.77 The data systems supporting both parts of the target are generally appropriate and address the majority of risks to data quality – most of the key risks are well controlled. The systems include limitations that cannot be cost-effectively controlled; the Department needs to explain the implications of these more clearly to the reader. The inconsistency in assessment between the first and second part of the target, due to the inclusion of independent schools in the GCSE results population, could be made clear in the reporting. Also, reporting against the target does not make it sufficiently clear that there may be some limitations in the extent to which performance (as opposed to standards) is being measured.

PSA target 11

Increase the proportion of 19 year olds who achieve at least Level 2 by 3 percentage points between 2004 and 2006, and a further two percentage points between 2006 and 2008, and increase the proportion of young people who achieve Level 3.

Introduction

2.78 The data systems for this target are well-established. The School Census (paragraphs 2.69) is the source for the school population data. Data on the qualifications gained by young people comes from three sources: SERAP (described in paragraph 2.68) is the source for qualifications gained at Key Stages 4 and 5; the National Information System for Vocational Qualifications is used to obtain data on the vocational qualifications; and achievements for students beyond the age of 16 are extracted from the Learning and Skills Council’s Individualised Learner Records which cover further education and work-based learning qualifications. The Individualised Learner Records are census-based records and include some 150 fields of information on approximately nine million students attending further education colleges in England.

Observations

2.79 Attainment of the target is based on the proportion of students achieving certain qualifications, or limited combinations of qualifications such as GCSEs combined with Intermediate General National Vocational Qualifications (GNVQs), where GNVQs have an assigned equivalence to GCSEs. New qualifications that have no previous equivalent are being introduced each year. This affects the number of students reaching the target and makes it difficult to determine whether, or to what extent, results are improving. This difficulty should be made clear in reporting performance against the target.

2.80 The distinction between performance and examination standards which applies to targets 6, 7 and 10 applies also to this target.

2.81 The Department's statisticians extract data based on computer codes. Validation includes cross-checking of outturns, completeness and consistency checks against Learning and Skills Council data. The National Information System for Vocational Qualifications compares its own data with aggregate data on the number of vocational awards reported to the Qualifications and Curriculum Authority by awarding bodies. These validation checks are undertaken for all NISVQ data and not just that relating to 19 year olds achieving Level 2. The system could be improved by documenting and formally evidencing all data collection and validation procedures.

2.82 It is too early for the Department to report achievement against this target because it covers the periods 2004-06 and 2006-08. The 2004-06 target outturn will be reported in a Statistical First Release in February 2007.

Conclusion

2.83 The data systems supporting both parts of the target are generally appropriate and most of the key risks are well controlled. They include limitations that cannot be cost-effectively controlled. As for target 10, reporting against the target does not make it sufficiently clear that there may be some limitations in the extent to which performance (as opposed to standards) are being measured; explaining the impact of new qualifications would be an improvement.

PSA target 12

Reduce the proportion of young people not in education, employment or training (NEET) by two percentage points by 2010.

Introduction

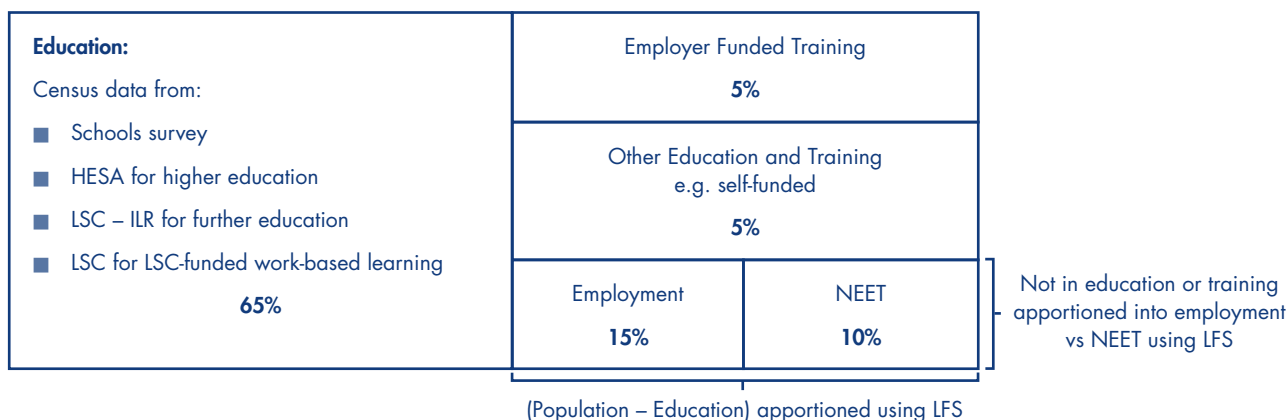
2.84 Data on the 16-18 year old population of England is provided by the Office for National Statistics and the Government Actuary's Department population estimates and is based on Census data. These population estimates, which are based on age data at mid-year, are a National Statistic. Provisional NEET figures are calculated by reference to the most recent population estimate for the academic year, and this figure is revised once over the following two years.

2.85 Numbers of 16-18 year olds in education, employment and training are based on School Census data, the Labour Force Survey, the Learning and Skills Council's Individualised Learner Records and the Higher Education Statistics Agency Student Records. The latter covers all students registered at a UK Higher Education Institution studying towards a qualification or credits which count towards a qualification. There are some 200 fields and approximately three million records.

2.86 The population of 16-18 year olds in England, who are not in education, employment or training is determined by a process of elimination using data from these systems. The data on 16-18 year old students determined to be participating in education and training are subtracted from the 16-18 year old population. Based on five years of average quarterly data from the Labour Force Survey, the remaining population is apportioned between employer-funded training, other education and training, and those not in education or training. Finally, the figure for those not in education or training is divided between employed and unemployed people using labour market proportions from the Labour Force Survey. The NEET figure represents those who are not in education and training and who are also unemployed (see [Figure 3 overleaf](#)).

3 NEETs

All 16-18 year olds: GAD projection/ONS estimates: 1.95m



Observations

2.87 Management information prepared by the Connexions Service (the advice and guidance service for young people) indicates a significantly lower NEET level than the estimate based on the Labour Force Survey (7.7 per cent rather than 10.1 per cent). The 47 Connexions Partnerships, which together form the Connexions Service, track all 16-18 year olds in their areas, and maintain their own databases. Data is collated monthly, and they prepare a year-on-year comparison of local NEET figures, using November data. The Department has work in hand to identify fully the differences between NEET and Connexions data.

2.88 The key limitation on the data is the use of proxy response rates in the Labour Force Survey (that is, responses from other household members). Proxy responses account for 70-85 per cent of the 16 to 19 year old age group. A review by the Office for National Statistics in 2003 found that for 19 to 21 year olds the rate was 46 per cent. The Department estimates that 5.5 per cent of proxy responses are inaccurate and a further 5.1 per cent are incomplete.

2.89 Limitations in the Labour Force Survey data used for measuring the target, and estimates of sampling error, are clearly set out in the Statistical First Releases, but estimated error margins on the NEET figures are not included in the Technical Note supporting the target, or in either the Autumn Performance Report or the Departmental Report. Because of the size of the error margins, to be reasonably certain the target has been met a fall of three percentage points rather than two would be required.

Conclusion

2.90 Reporting could usefully give more information about what is being measured and on the margin of error in the data. Ongoing work to reconcile data with lower estimates of NEETs from the Connexions Service management information – which may be a more appropriate data system for producing accurate data for this target – could also be reported. Thus the data system addresses the majority of risks to data quality but needs strengthening to ensure that remaining risks are adequately controlled.

PSA target 13

Increase the number of adults with the skills required for employability and progression to higher levels of training through:

- improving the basic skill levels of 2.25 million adults between the launch of Skills for Life in 2001 and 2010, with a milestone of 1.5 million in 2007; and
- reducing by at least 40 per cent the number of adults in the workforce who lack NVQ2 or equivalent qualifications by 2010. Working towards this, one million adults in the workforce to achieve Level 2 between 2003 and 2006.

Introduction

2.91 For the first part of the target, the data systems are the Learning and Skills Council's Individualised Learner Records, learner data from the Offender Learning and Skills Unit and Jobcentre Plus.

2.92 For the first part of this target, since 2004 all qualifications that count towards the target have been accredited by the Qualifications and Curriculum Authority, which assigns each qualification a level subject to national standards. All qualifications that count towards the target are from recognised awarding bodies.

2.93 For the first part of this target progress is measured to July each year, with the final figures for the previous year released in April/May. There is no formal mechanism for the release of the figures to the public. The Department is considering whether to release progress towards the target in a Statistical First Release.

2.94 For the second part of the target, the Labour Force Survey is used. Responses to the education and employment sections of the survey are used to determine the highest qualification held by respondents, to measure progress against the target. The target is measured against the autumn quarter results.

Observations

2.95 A number of adjustments are made to improve the quality of the data for the first part of the target but none are referred to in the supporting Technical Note.

2.96 The first adjustment, carried out by the Learning and Skills Council, aims to reduce the risk of over-counting of qualifications for individuals who achieve multiple qualifications in the period. The downward adjustment, which amounted to 10 per cent for 2003-04, was based on matched Individualised Learner Record datasets and takes account of learners who have achieved qualifications in a previous year. No adjustment is made for individuals who may already have acquired a comparable basic skill qualification prior to 2001 and this could be explained more clearly in the Technical Note.

2.97 A second adjustment, based on the matched Individualised Learner Record datasets, aims to minimise the risk of over-counting where people achieve basic skills qualifications with different providers. (The records use unique learner references for learners studying with any one provider, but not across the sector as a whole.) The Department is currently considering conducting a repeat analysis to determine whether this adjustment is still valid.

2.98 Data collected by the Prison Service is based on the number of qualifications rather than the number of individuals. The data (accounting for 11 per cent of the population) is provided to the Offender Learning and Skills Unit who adjust the figures based on an analysis in one prison by the Department's Analytical Services Division in 2003. The methodology used to arrive at the adjustment was not documented, and numbers of individuals may be either under or overstated.

2.99 Jobcentre Plus data (accounting for 1 per cent of the population) is also based on the number of qualifications rather than the number of individuals, but no adjustment is made. People completing more than one basic skills qualification are therefore counted twice. While individuals have a unique identification number which would allow multiple achievements to be matched and discounted, no such analysis has been undertaken. An unrelated adjustment is made because of concerns over quality of achievement data – achievements are calculated as 90 per cent of starters.

2.100 Due to data protection legislation, Jobcentre Plus data cannot be shared with the Learning and Skills Council, so no assessment of the extent of double-counting between the records of the two organisations has been made.

2.101 From April 2006 the Learning and Skills Council has taken over responsibility for basic skills training for Jobcentre Plus clients. From that date data has been collected through the Individualised Learner Record with the adjustments listed above made to improve the quality of the data.

2.102 For the second part of the target, the Labour Force Survey consists of all people in private households in Great Britain, and people resident in NHS accommodation and students in halls of residence. Other communal establishments, for example nursing homes and psychiatric hospitals, are not covered by the sample. The main sampling frame is taken from the Postcode Address File, for which coverage is about 97 per cent of private households. The Office for National Statistics sought to establish in 2004-05 the feasibility of extending coverage to include communal establishments, but as yet no action has resulted.

2.103 The Labour Force Survey was primarily designed to provide labour market statistics and not to measure respondents' qualifications. Risks to data quality include those associated with interviewers being allowed to accept answers by proxy (paragraph 2.88). Mis-reporting by proxy is known to be more likely for respondents with low level qualifications.

2.104 A further limitation on the data arises because around eight per cent of qualifications are reported as "other qualifications". These qualifications may be unrecognised or the level cannot be determined, for example foreign qualifications. They are assigned a level at a ratio of: 55 per cent below Level 2; 35 per cent at Level 2; 10 per cent at Level 3. These ratios are based on analysis of the General Household Survey carried out by the Office for National Statistics in 1992, which may now be out of date. In 2004 the list of qualification pre-codes was extended, so that fewer qualifications are now assigned to the 'other' category.

2.105 Research commissioned by the Department from Market & Opinion Research International (MORI) was designed to establish the accuracy of the qualifications data obtained through the Labour Force Survey. The two main objectives of this work were to gain an accurate picture of 'other' qualifications as recorded on the Labour Force Survey and their equivalent level, and to improve the way information is collected from respondents. MORI's report was published in February 2006 and the recommendations are being considered.

2.106 The Department has developed and piloted revised questions to capture better data on qualifications held. Its "Improving Qualifications Data" project includes efforts to improve the quality of qualifications' information collected from Labour Force Survey respondents. Through better documentation, the Department expects the process to be more transparent.

2.107 Following changes to the question on apprenticeships in 2003 and 2004, the Department identified a fall in the completion of apprenticeships reported by 30-55 year olds. Further analysis led to the Department requesting the Office for National Statistics to change the question back to its previous format. The Office refused the request, but has reiterated the focus of this question to interviewers, and the information required to ensure comparability. The risk of under-reporting remains. The Department will continue to monitor responses to the question to assess whether the problem persists.

Conclusion

2.108 While the systems supporting the first part of the target attempt to address the key risks to data accuracy, they do not distinguish adequately between individuals and the number of qualifications achieved, nor do they allow for people who achieved comparable qualifications before 2001 to be removed from the data. Thus the data systems as a whole are not fit for the purpose of measuring and reporting performance against the target. Improved validation of the data and better data collection would enhance significantly the accuracy of the data systems.

2.109 For the second part of the target, while the Labour Force Survey is an appropriate data system, there are risks to the accuracy of the data collected. Thus the data system addresses the majority of risks to data quality but needs strengthening to ensure that remaining risks are adequately controlled.

PSA target 14

By 2010, increase participation in higher education towards 50 per cent of those aged 18-30 and also make significant progress year on year towards fair access and bear down on rates of non-completion.

Introduction

2.110 Higher education covers all study, training and research carried out at a standard higher than that of GCE A-level or National Vocational Qualification Level 3. It can take place in one of 130 or so higher education institutions or 150 of the 370 or so further education colleges, many of which offer higher education courses at sub-degree level.

2.111 This target has three parts: participation; fair access; and non-completion. Participation is measured using the Higher Education Initial Participation Rate (HEIPR) which is released as a National Statistic in April each year. It takes account of data from the Higher Education Statistics Agency, the Learning and Skills Council, and mid-year population estimates from the Office for National Statistics.

2.112 The Higher Education Statistics Agency (HESA) collects data relevant to the fair access and non-completion elements of the target. The Department has not yet established a baseline for the fair access element against which progress can be measured. The Technical Note gives 2002-03 as the benchmark year for the non-completion element.

Observations

2.113 The participation rate (HEIPR) is the sum of the participation rates for each single year of age from 17 to 30. These rates are calculated as the number of first-time England domiciled entrants to higher education divided by the number of England domiciled people. The data system is generally reliable, but there is a risk that participation is under-counted as the statistics exclude English students studying in higher education overseas, or private institutions, and those studying higher education in further education colleges in Wales, Scotland, Northern Ireland and overseas.

2.114 There may be some over-counting. This can happen if prior experience of higher education which exceeds six months is not taken into account. There are also some contemporaneous duplicate records, for example people may appear on the records of both the HESA and the Learning and Skills Council (LSC), especially if some or all of the provision is carried out by a college under a franchise from a higher education institution. The Higher Education Funding Council for England (HEFCE) has developed procedures to identify prior experience and remove duplicates, but so far the results of this processing have only been used to correct the HESA data. No equivalent correction is currently made to the LSC data. It is planned to make full use of the results of the HEFCE data matching procedures in 2007-08.

2.115 The target refers to increasing participation towards 50 per cent. It is not clear whether the target is met only when participation reaches 50 per cent in 2010, or whether it is sufficient to be on an upward trajectory towards 50 per cent.

2.116 The HESA publishes annually performance indicators for institutions covering social class, neighbourhood and schooling (state/private school). It publishes non-completion rates for first degree students in higher education institutions annually. Although the systems themselves are inherently sound, the data has not yet been used for the purposes of measuring progress against either the access or non-completion targets; for non-completion, the use of 2002-03 as the benchmark year means that data on non-completion for full three year courses since that year (2003-04 to 2005-06) has only recently become available.

Conclusion

2.117 Operation of the data system supporting participation in higher education is robust, reliable and the majority of risks to data quality are addressed. The area needing strengthening is the link to prior experience of higher education. The participation target needs to be more clearly defined.

2.118 The Department has data which it can access to indicate progress against the fair access and non-completion elements of the target. However, the systems are not yet fit for the purpose of measuring and reporting performance against the target, because there is no baseline for fair access; the 2002-03 baseline year for non-completion means that progress against that element of the target can only be measured in future reporting, beginning with the one year's data that has just become available.

PART THREE

Ministry of Defence

PSA target 1

Achieve the objectives established by Ministers for Operations and Military Tasks in which the United Kingdom's Armed Forces are involved, including those providing support to our civil communities.

Introduction

3.1 The success of operations or Military Tasks is judged against the Military Strategic Objectives given to each relevant commander by the Chief of Defence Staff.

3.2 Progress against every objective for each operation and Military Task is reported quarterly by the relevant Commander in a narrative report to the Defence Management Board (DMB) against the Defence Balanced Scorecard Objective A.

3.3 The assessment of success is performed through a formal review process which includes endorsement by the Policy and Commitments Area Joint Management Board under the joint Chairmanship of the Deputy Chief of Defence Staff (Commitments) and the Policy Director. Assessment of success is based on professional judgment and analysis of the military strategic objectives set out for each operation or military task. The range of Operations and Military tasks may vary from quarter to quarter so reports are not comparable.

Observations

3.4 Given the nature of the data system, the overall assessment of performance against the target is a subjective one, albeit one taken by those with a high degree of expertise. However, the Department has put in place controls to help ensure that the performance information which informs the assessment is robust. For example, objectives for each commander are set out by the Chief of Defence Staff, so the areas to be reported on are agreed in advance. In addition, the narrative reports prepared by the commanders are subject to review by the Permanent Joint Headquarters (PJHQ) and the Directorate for Performance and Analysis (DP&A).

3.5 The nature of the target gives rise to a number of risks to data quality that cannot be cost-effectively mitigated. In particular, some operations and Military Tasks are too sensitive to be publicly reported on, or are for contingencies only, and these are excluded from the PSA performance assessment and therefore excluded from public reporting. While we understand the reasons why such operations and tasks must be excluded from the assessment, we recommend that the Department consider disclosing in their Technical Note that they are outside the scope of the data system.

Conclusion

3.6 The data system is fit for the purpose of measuring and reporting performance against the target. One minor recommendation has been made regarding improved disclosure in the Technical Note, but this is not considered to be sufficiently significant to affect our overall conclusion for this target.

PSA target 2

Improve effectiveness of the UK contribution to conflict prevention and management as demonstrated by a reduction in the number of people whose lives are affected by violent conflict and a reduction in potential sources of future conflict where the UK can make a significant contribution.

Joint target with the Foreign and Commonwealth Office and the Department for International Development

Introduction

3.7 Progress towards the achievement of this target is measured using two sets of sub-targets:

- targets relating to the outcomes that the international community, with UK support, is seeking for specific countries and regions; and
- targets relating to increased UN and African conflict prevention and peace support capacity.

3.8 Progress against each of the sub-targets or country pool is reported in biannual narrative reports by the relevant Strategy Manager. Each Strategy has representatives from all three Departments. The reports are reviewed by the tri-Department Steering Group, which also makes the overall assessment of progress against the PSA target. This overall assessment is considered by the individual Departmental Management Boards.

Observations

3.9 The three Departments have significantly developed the data systems in place from those for the 2003-06 PSA period. The target and performance indicators agreed with HM Treasury for SR2004 are more susceptible to measurement than those in place for SR2002. The significant time-lag in reporting performance for some of the SR2002 measures has been ended in SR2004 by changing the nature of the data system.

3.10 Conflict prevention is a complex area in which to measure outcomes. A peace settlement can take many years to be consolidated, progress is unlikely to be linear and even when it is clear that a settlement has been achieved, it is hard to attribute to the specific contribution made by UK funded programmes and/or associated diplomatic, development or defence activity. These risks to the accuracy of the data system cannot be cost-effectively mitigated and have been clearly disclosed by the Department in its Technical Note.

3.11 However, there are some risks to the data system that have not been mitigated by the Department, although it would be possible to do so cost-effectively. For example, each of the narrative reports by the Strategy Managers represents a subjective, albeit expert, assessment of progress. The report compilation process is not prescribed or documented. Nor are the processes for setting the traffic light indicators on the individual sub-targets or for deriving the overall assessment of progress against the PSA target documented.

3.12 This gives rise to a risk that there may be a lack of consistency in what the reports cover, how progress is reported and assessments of achievement made. We recommend that the Department mitigate this risk by documenting how these processes should be carried out. We understand that, subsequent to our validation, the Department have put in place procedures to implement this recommendation, which we will review in our validation of the 2007-10 PSA data systems.

3.13 The source of the reports for this target is timely; however, the subsequent review and approval process is dependent upon meeting schedules of the individual Departments' Senior Management Boards and Ministerial Boards. These are not synchronised for the three Departments owning target 2. This increases the risk that any disagreement on reported performance may not be identified in a timely manner. We recommend that the Department work with the FCO and DFID to attempt to better align the review process. Without a clear review process there is a risk that the overall assessment of progress is not agreed by all Departments in a timely manner.

Conclusion

3.14 The data system addresses the majority of risks to data quality, but needs strengthening to ensure that remaining risks are adequately controlled. In particular, the procedures in place for assessing performance should be documented to help ensure the consistency of reporting.

PSA target 3

Generate forces, which can be deployed, sustained and recovered at the scales of effort required to meet the Government's strategic objectives.

Introduction

3.15 Performance against this target is measured using the following performance indicator:

- a** By 2008, ensure more than 73 per cent of force elements show no serious or critical weakness against their required peacetime readiness levels.

In addition, the Department report on progress on their planning and contingency preparations for generating, deploying and sustaining forces on contingent operations, as judged against the following criteria:

- b** By 2008, ensure that more than 71 per cent of force elements report no serious or critical weaknesses against the ability to generate from peacetime readiness to immediate readiness for deployment on operations.
- c** By 2008, ensure that the assessed ability of the Department physically to deploy its forces on operations at what is currently likely to be the most demanding level for many enabling functions (two medium scales and a small scale) concurrently, sustain them in theatre and thereafter recover them to their home bases shows a five per cent improvement in the numbers of serious or critical weaknesses reported across the key components (Land, Sea, Air, Strategic Lift) compared with the average reported in 2004-05.

3.16 Whilst all three performance indicators are reported for this target, the Technical Note states only one indicator is used to measure performance against the overall target.

3.17 The commander of each Force Element (FE) makes a quarterly assessment of its readiness against criteria set out in the Defence Performance Handbook.

3.18 Force Elements are measured against required standards of manpower, equipment, collective training, logistic support, logistic sustainability and deployability/recovery.

Observations

3.19 The SR 2002 data system did not match the PSA target, because the target covered only high-readiness forces whereas the data system covered forces at all readiness levels. This has been addressed for SR 2004, and both the PSA target and the data system now cover forces at all readiness levels.

3.20 We reported on whether the Department has a clear view of the readiness to undertake emerging operations in our June 2005 report *Assessing and Reporting Military Readiness*. Our report found that the Department has a good system for defining, measuring and reporting the readiness of the Armed Forces. We found that reporting of readiness to external stakeholders, including by means of PSA reporting, has improved but there is scope for further improvement.

3.21 Although the Technical Note states that performance will be measured against performance indicator (a), it does not clarify why indicators (b) and (c) are only considered to provide supplementary information to indicator (a) and are not necessary to provide a measure of performance against the overall target. The Autumn Performance Report makes no distinction between indicator (a) and indicators (b) and (c), which results in a lack of clarity in the public performance report on how performance against the target is being measured.

3.22 At present, there is no data system in place for performance indicator (c), in part due to difficulties in articulating the Total Logistic Requirement. This is fully disclosed in the Autumn Performance Report. We understand that the Department is working to address this and put in place a data system to measure performance against this indicator. We recommend that the Department continue its efforts to establish a robust data system for performance indicator (c) in order to ensure that performance against all performance indicators given in the Technical Note is being measured and reported.

Conclusion

3.23 The data system addresses the majority of risks to data quality, but needs strengthening to ensure that the remaining risks are adequately controlled.

3.24 In particular, we recommend that the Department amend the Technical Note to clarify how performance indicators (b) and (c) provide supplementary information on the progress against the PSA target as measured by indicator (a). In addition, future public performance reports should make it clear that only indicator (a) is being used to measure performance against the overall target.

3.25 The Department should also continue their efforts to ensure that they have in place a robust data system for performance indicator (c).

PSA target 4

Play a leading role in the development of the European Security agenda, and enhance capabilities to undertake timely and effective security operations by successfully encouraging a more efficient and effective NATO, a more coherent and effective ESDP operating in strategic partnership with NATO, and enhanced European defence capabilities.

Joint target with the Foreign and Commonwealth Office

Introduction

3.26 Progress against the target is measured against classified scorecards covering the three elements of the target – a more efficient and effective NATO, a more coherent and effective ESDP, and enhanced European defence capabilities.

3.27 Narrative reports from the Directorate of Policy for International Organisation (DPIO) desk officers are collected and collated as part of the Defence Balanced Scorecard Preparation.

3.28 Public performance reports for this target are in the form of a narrative detailing various achievements or progress associated with the UK's involvement with the EU and NATO.

Observations

3.29 The narrative reports prepared by the desk officers are subject to review by the DPIO Director.

3.30 The Department has included more detail on how the performance is to be measured in both the classified and unclassified Technical Notes than it did for SR 2002. However, the nature of the target means that it would not be cost-effective to specify each sub-measure. This increases the degree of subjectivity in the assessment of performance.

3.31 Each of the narrative reports by the DPIO desk officers represents a subjective, albeit expert, assessment of progress. The report compilation process is not prescribed or documented. Nor is the process for deriving the overall assessment of progress against the PSA target documented.

3.32 This gives rise to a risk that there may be a lack of consistency in what the reports cover, how progress is reported and assessments of achievement made. We recommend that the Department mitigate this risk by documenting how these processes should be carried out. This is particularly pertinent when staff move posts and reliance is placed on key staff to produce the assessment for this target.

Conclusion

3.33 The data system addresses the majority of risks to data quality, but needs strengthening to ensure that remaining risks are adequately controlled. In particular, the procedures in place for assessing performance should be documented to help ensure the consistency of reporting.

PSA target 5

Recruit, train, motivate and retain sufficient military personnel to provide the military capability necessary to meet the Government's strategic objectives.

Introduction

3.34 Performance against this target is assessed against the achievement of manning balance in each of the three services, considered separately, by 1 April 2008. Manning balance is defined in the Technical Note as "the prevailing trained strength requirement within a tolerance band of +1 per cent and -2 per cent to reflect routine structural and organisational change within the Armed Forces. Whilst this tolerance level excludes periods of major structural change to the Armed Forces, the Services will continue to aspire to remain within manning balance throughout the current drawdown period until 1 April 2008."

3.35 Performance is measured using data collected by the Defence Analytical Services Agency (DASA).

Observations

3.36 The Department has put in place a number of controls to ensure that the data system is fit for purpose. For example:

- the DASA manning data is a National Statistic and as such conforms to Office for National Statistics (ONS) quality standards for National Statistics;
- the provision of the source data to DASA by the Armed Forces Personnel Administration Agency (AFPAA) is regulated by a Service Level Agreement; and
- as the customers for the DASA data, the three services carry out corroborative checks to ensure they are confident that the information is fit for purpose.

Conclusion

3.37 The data system is fit for the purpose of measuring and reporting performance against the target.

PSA target 6

Deliver the Equipment Programme to time and cost.

Introduction

3.38 The three performance indicators for this target are:

- a** Achieve at least 97 per cent of Key User Requirements for all Category A to C Projects that have passed Main Gate Approval, to be achieved throughout the PSA period.
- b** Average in-year variation of forecast In-Service Dates, for all Category A to C Projects that have passed Main Gate approval, to be no more than 0.7 months in FY 04-05, 0.5 months in FY 06-07 and 0.4 months in FY 07-08.
- c** Average in-year variation of forecast costs for Design and Manufacture (D&M) phase, for all Category A to C projects that have passed Main Gate approval, of less than 0.4 per cent in FY 05-06, 0.3 per cent in FY 06-07 and 0.2 per cent in FY 07-08.

3.39 Performance against this target is measured using data from the Defence Procurement Agency's (DPA) Corporate Management Information System (CMIS). Information is entered onto CMIS by the Integrated Project Teams (IPTs).

3.40 Our annual Major Projects Report covers cost, time and performance data for a sample of large projects. The C&AG also validates DPA's performance against their key targets as set out in their Annual Report and Accounts. DPA's key targets 1–3 are aligned with the PSA target's performance indicators.

Observations

3.41 The system is dependent on entry of data by a large number of individuals. This increases the risk of manual error in the data entry. The Department has mitigated this risk by putting in place processes for review of the information and ensuring that new users of the system receive training in its use.

3.42 Performance reports are extracted monthly from CMIS. Review is carried out by the relevant Operational Directors and DPA Secretariat. Management also places assurance on a Periodic Review and Assurance process for projects.

3.43 Our review of this data system noted no uncontrolled key risks. We noted a minor mismatch between allowable tolerances within the performance indicators and the 'to time and budget' target within the PSA target. This is not significant and is clearly disclosed in the Autumn Performance Report.

Conclusion

3.44 The data system is fit for the purpose of measuring and reporting performance against the target.

PART FOUR

HM Treasury

PSA target 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.

Introduction

4.1 This target measures the rate of growth in the economy. The trend rate is the level of growth that can be sustained in the economy without producing upward or downward pressure on inflation. Average annual percentage increase in Non-oil Gross Value Added (GVA) is used to measure the trend rate of growth over the economic cycle.

4.2 The economic cycle is a key part of a number of PSAs (targets 1, 3, 4 and 5), as it forms the measurement base or a reference point for these targets. The Treasury have defined an economic cycle as the period of time between two points when the economy is defined as being on trend, which includes a period when the economy is performing above trend and a period when it is performing below trend.

4.3 Assessing the on-trend points, and therefore the length of the cycle, is an informed judgement based on a number of data streams relating to economic growth such as non-oil GVA, and economic growth surveys of capacity by the Confederation of British Industry (CBI) for manufacturing, and the British Chambers of Commerce (BCC) for the services sector.

4.4 As a result of revisions to data by the Office for National Statistics (ONS), the Treasury revised their judgement of the start date of the current economic cycle in July 2005. Previously the Treasury provisionally estimated that the cycle started during mid-1999, with a mini-cycle before that between the first half of 1997 and mid-1999. However, following ONS data revisions in June 2005, the profile of the output gap around 1999 changed significantly. As a result the Treasury revised their judgement of the start date of the current economic cycle from mid-1999 to the first half of 1997.

4.5 The Treasury are, of course, aware of the high public profile that surrounds the measurement of the economic cycle, with the considerable review over the process of measurement and the judgements made. Regular publications are produced by the Treasury to outline the arguments and issues surrounding the cycle, the most recent released in July 2005.² In addition, the Treasury publish information on the measurement and span of the economic cycle biannually in the Pre-Budget and Budget Reports.

4.6 The National Audit Office examined the Treasury's methods of dating the economic cycle and the change to the start date of the current cycle, as part of its review of the assumptions underlying the 2005 Pre-Budget Report (Audit of the Assumptions for the 2005 Pre-Budget Report, HC 707³). This report concluded that the approach the Treasury takes to measuring the cycle is reasonable, whilst also noting that there is no clear best methodology among those available for identifying on-trend points, each having advantages and disadvantages. The report noted that though there are many uncertainties, there are reasonable grounds to date the end of the previous economic cycle to 1997.

² http://www.hm-treasury.gov.uk/media/2E6/A5/economic_cycles190705.pdf.

³ http://www.nao.org.uk/publications/nao_reports/05-06/0506707.pdf.

Observations

4.7 PSA target 1 has two strands, both of which use the same non-oil GVA data:

- Increasing the trend rate of growth above the rate achieved over the last cycle; and
- Meeting the Budget projection for the trend rate of growth included in Annex B of the Budget 2004 Report.

4.8 The main measurement problem arises because it is not possible to measure the outcome for the trend rate of growth over the economic cycle until the cycle has ended. The Treasury therefore reports on growth so far in the economic cycle, together with the assessed cyclical position of the economy.

4.9 Data feeding into the estimation of non-oil GVA is collected monthly, quarterly, annually or in some cases from ad hoc surveys. Treasury collect all data on non-oil GVA required to calculate the trend rate of growth from the ONS. They do not carry out any independent validation checks because the information is recognised as a National Statistic.

4.10 Under the National Statistics framework the ONS rely on internationally agreed concepts and definitions to measure economic output, with checks carried out at each stage of the process with regard to data quality. As a result the Treasury's reliance on these figures is reasonable.

4.11 Technical Note issues – The current Technical Note published on 30 July 2004⁴ outlines, for this target: the issues in measuring the cycle; the systems used to measure the target; and the baseline figures from which success can be measured. However, the recent revision to the economic cycle, measuring the current cycle from the first half of 1997, was not reflected in the Technical Note. Treasury have agreed that a reference to where latest data on the economic cycle can be found will, in future, be included in the Technical Note.

4.12 Clarity of reporting – The information in the recent Departmental Report⁵ for this target outlines the projected nature of the trend rate of growth results, because the current cycle is yet to be completed. The change to the start point of the cycle is also noted but Treasury should consider the scope for additional disclosure, for example a reference or link to documents where the reasons for this adjustment can be found, the related National Audit Office

Reports and the Pre-Budget and Budget Reports, or links to more detailed analysis. This would explain more clearly the uncertainties surrounding dating the economic cycle.

Conclusion

4.13 The data system is appropriate for the target.

PSA target 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 two per cent CPI).

Introduction

4.14 This target monitors the UK rate of inflation, in support of the Government's objective of maintaining a stable macroeconomic framework with low inflation. The current measure is the Consumer Price Index (CPI), modified in the 2003 Pre-Budget Report from the Retail Prices Index excluding mortgage interest repayments (RPIX).

Observations

4.15 The CPI is a monthly National Statistic produced by the ONS, under a well established methodology developed by the Economics Teams at the European Union and Council of Europe. CPI measures, on a survey basis, the average month on month change in prices of consumer goods and services purchased in the UK. Measurement is governed by European Union compliance regulations which are followed by the ONS.

4.16 The methodology is based on price checks of a basket of over 150,000 items from over 130 locations in the UK. These prices are then checked against a 12-month baseline. The ONS use the difference in prices of the survey items against the baseline to calculate the CPI.

4.17 Quality control over the data follows ISO9000 guidelines. Accuracy of the statistic is in the region of +/- 0.1 per cent. Any individual items selected in the basket which have increased significantly in price are automatically checked for accuracy by the ONS.

4.18 At the ONS there is an internal review board that perform quality reviews of the data. This board engages with leading academics in the field to discuss technical changes to the methodology.

⁴ http://www.hm-treasury.gov.uk/documents/public_spending_and_services/publicservice_performance/pss_perf_technote.cfm.

⁵ http://www.hm-treasury.gov.uk/about/departmental_reports/deptreport_index.cfm.

4.19 Monthly tripartite meetings are held between the Treasury, the ONS and the Bank of England which enable technical discussions on any change in measurement basis and ensure that all parties are informed of issues with the data as they arise. In general the data has a high level of accuracy, with the result that there are very few revisions to the statistics.

4.20 The Treasury is not responsible for the collection of data at any point. It is however an intelligent user of the information and does monitor all changes and movements in the statistics.

4.21 Technical Note issues – The Technical Note outlines the main issues in relation to this target, and provides references to more detailed explanations of the CPI as a statistic, on the ONS website. Information is also provided on the remit of the Monetary Policy Committee, which is responsible for decisions on interest rates. The Technical Note makes it clear that if inflation deviates by more than one percentage point in either direction from target, an explanatory open letter is required to be sent from the Governor of the Bank of England. The Technical Note states clearly, though, that the thresholds for the open letter do not define a target range.

4.22 Clarity of reporting – The information included in the Departmental Report for this target outlines the range of inflation for the period January 2005 to January 2006 and also a long term average figure for CPI since December 2003, when the measure was introduced. The Treasury could enhance the clarity of the disclosure in the Departmental Report by including detailed information on inflation in the Annex that details performance against the full range of PSA targets, rather than in the main body of the Report. The disclosure could be further improved by providing a link to the ONS website so that the user can gain more details of the published data and information on the CPI as a statistic. This would allow the reader to assess the full range of information on Treasury's performance against the target.

Conclusion

4.23 The data system is fit for the purpose of measuring and reporting performance against the target.

PSA target 3

Over this economic cycle, maintain: public sector net debt below 40 per cent of GDP; and the current budget in balance or surplus.

Introduction

4.24 This target has two indicators, public sector net debt (PSND) and the annual surplus on the public sector current budget. Both of these are fundamental long term economic indicators, about which there is a high degree of press and public interest.

Observations

4.25 The first indicator is a measure of the amount of money the government owes at a given point in time, and is expressed as a percentage of estimated GDP. PSND is built up by calculating the public sector's financial liabilities that are related to the financing elements of the public sector net cash requirement. Liquid assets, mainly foreign exchange reserves and bank deposits, are then subtracted to reach net debt. The target will be met if this calculation is maintained below 40 per cent of GDP over the economic cycle.

4.26 The second indicator measures the surplus on current budget (defined as the difference between tax receipts and current public spending). The target will be met if the average annual surplus on the current budget (expressed as a ratio to GDP) measured from the year in which the economic cycle begins up to and including the year in which the economic cycle ends, is in balance or surplus.

4.27 The achievement of both elements of the target relates to the economic cycle. The issues surrounding the measurement of the cycle and related disclosure are included in the analysis of target 1.

4.28 Data for both elements of the target is collected by the ONS, and published monthly in the form of fiscal aggregates. The data is available on the Treasury website.⁶ The information is published approximately 14 working days after the month ends.

⁶ http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pubsec_finance/psf_statistics.cfm.

4.29 Data is frequently revised in the fiscal aggregates releases as more accurate figures become available. This is especially important for the GDP used as the baseline for calculating the proportion of PSND, as the data combines the actual figures for the six months before the period of publication with an estimate of the following six months. For example, the ONS revised the figures for PSND on 20 September 2006 to reflect the finance lease liabilities related to Private Finance Initiatives that are carried on the public sector balance sheet for the first time.⁷ These revisions do not materially affect the outturn for the figures over the long term, and are clearly described in the monthly releases.

4.30 For the second stream of the target, the current budget, the most challenging aspect is the classification of Income and Expenditure. Income data is collated by HMRC, with central government expenditure collated by the Treasury and local government spending by the Department for Communities and Local Government (DCLG). These figures can be difficult to calculate accurately because of the complex nature of the transactions. Recently, the central government expenditure data system has been updated with the introduction of the COINS system used to record central government payments, which should improve the accuracy of the figures. Each of the bodies involved provides their information stream to the ONS who carry out the analysis and collate the overall statistics.

4.31 Monthly meetings occur between HMRC, the Treasury and the ONS to discuss the monthly public sector finance release and any issues with the data. This helps to ensure that Treasury are an intelligent user of the figures and has a full understanding of the risks to data and reliability. There are further meetings of a technical advisory group and the DCLG to discuss any major issues.

4.32 Technical Note issues – The Technical Note for target 3 outlines the main issues in terms of measurement and provides links to more detailed information for the target. This provides sufficient information for the user to gain an understanding of the target and the measurement bases involved. As with PSA 1, though, the Technical Note will need to be updated in due course to reflect the change to the projected start date of the economic cycle.

4.33 Clarity of reporting – The Departmental Report outlines the information required to make a judgement over performance though, as with PSA 1, additional cross-reference to material explaining the change to the projected start date of the economic cycle would be helpful. Additionally, the Report could be improved by providing links to the ONS website and Treasury publications that set out the monthly reported outturn, enhancing the ability of the user to monitor performance. This is particularly important for such a high profile target.

Conclusion

4.34 The data system is fit for the purpose of measuring and reporting performance against the target.

PSA target 4

Demonstrate further progress by 2009 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 target with Department of Trade and Industry

Introduction

4.35 This target assesses the rate of productivity growth in the UK, and compares UK performance to that of our major international competitors (France, Germany and USA). The economic cycle is defined in the same terms as for target 1 detailed above.

Observations

4.36 Two measures are used to assess productivity, output per hour and output per worker, both of which are collected and produced by the ONS. The target has two elements, raising the rate of UK productivity and improving competitiveness and narrowing the gap with international competitors. Output per hour and output per worker are used for both elements of the target.

⁷ <http://www.statistics.gov.uk/articles/nojournal/1638.pdf>.

4.37 Up to February 2006, the ONS classified international comparisons using output per hour as experimental, because of methodological differences between the ONS and the Organisation for Economic Co-operation and Development (OECD), who collect the international data for comparison purposes. However, following revisions to the OECD's methodology, the ONS removed this classification in February of this year with the result that international comparisons using output per hour are now classified as a National Statistic.

4.38 Information on both output per hour and output per worker is collected and published every six months, although Treasury receive updated figures more frequently. For international comparisons the stage of individual countries' economic cycles is important as it affects the level of productivity. Therefore, the OECD's estimates of output gaps are used to enable comparisons to be made. This information is referred to as International Comparisons of Productivity (ICPs) and is published on the ONS website.

4.39 Technical Note issues – The Technical Note outlines in some detail the measures used to assess performance for this target. Consideration is also given to the effects of the economic cycle and the difficulties in drawing international comparisons. References are given to the publications on the ONS website that detail the statistics reports. The note also outlines that the statistics can be revised and therefore short term movements should be viewed with caution. The Technical Note for this target is comprehensive, though, as noted for other PSA targets which are measured over the period of the economic cycle, it will need to be updated to reflect the recent change to the projected start date of the cycle.

4.40 Clarity of reporting – The latest information in the Annex to the Departmental Report regarding target 4 outlines the relevant issues in terms of the short-term fluctuations and the changes in productivity against international competitors. In the main report, there is useful comparative analysis of UK output per worker against that in USA, France and Germany. Narrative disclosures are also made, relating to comparative performance on an output per hour basis. The Treasury could further enhance the disclosure in the Departmental Report by including the information currently in the main body of the report relating to international comparisons for output per hour, in the Annex covering the PSA targets and performance. This would make it easier for the user to make a full assessment of performance against the target.

Conclusion

4.41 The data system is fit for the purpose of measuring and reporting performance against the target.

PSA target 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 target with Department for Work and Pensions

Introduction

4.42 This target measures the increase in the rate of employment across Great Britain (employment policy is devolved for Northern Ireland). Disclosure of performance relies on employment data collected and produced by the ONS via the Labour Force Survey (LFS). The target has changed since SR2002. The revised SR2004 target set a defined time period of three years for the target to spring 2008 and dropped the unemployment element of the target previously included in SR2002.

Observations

4.43 The LFS is a weekly survey of 10,000 people aged between 16 and retirement age (60 for women, 65 for men) enquiring as to their employment status. Estimates of the nationwide rate are made by scaling up the LFS to cover the ONS estimates of the Great Britain population. The data is published monthly, on a rolling quarterly basis (where the month in which the quarter starts changes each time the data is produced).

4.44 The Treasury are jointly responsible with DWP on policy in relation to this target, but DWP are responsible for delivery on active labour policies and benefit payments. As a result there are quarterly meetings between the two parties to discuss progress. There are, however, no meetings with the ONS because of the long established and mature nature of the underlying data. This may change in the future because of a need to align measurement with the other European Union (EU) Member Countries, which will result in the data being produced for static quarters rather than the current rolling quarter basis. This is not expected to materially affect the statistics.

4.45 Technical Note issues – The Technical Note for target 5 sets out all the major issues for measurement and appropriate links for users to find statistics are provided. It states that the baseline figure for measurement of the SR2004 target is Spring (March-May) 2005. As with other PSAs affected by the change to the projected start date of the economic cycle, the Technical Note will require appropriate updating in due course.

4.46 Clarity of reporting – The most recent Departmental Report sets out Great Britain's (GB) employment and unemployment rates, but it does not disclose explicitly the baseline figures against which progress should be measured. Inclusion of these comparative figures (with appropriate narrative to place into context current performance) would add clarity to the report, providing the information the user requires to make judgements as to whether the "on-course" conclusion is justified.

Conclusion

4.47 The data system is fit for the purpose of measuring and reporting performance against the target.

PSA target 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 target with Department for Communities and Local Government and Department of Trade and Industry

Introduction

4.48 This target measures the relative growth rates of the three best performing regions in England against the other remaining regions, with the aim of reducing the gap between these two groups. The best performing regions are London, South East and East. The remaining regions are North East, North West, Yorkshire and the Humber, West Midlands, East Midlands and South West.

Observations

4.49 The measure used to assess performance of these two groups is Gross Value Added (GVA) per head, which is calculated in a similar way to non-oil GVA for PSA target 1, but is produced for the individual regions outlined above. This data is published by the ONS with a 12 month time lag. The data can be subject to revision as

the methodology for collection is not yet fully developed. The baseline period for measurement is 1989-2002, compared against 2003 onwards.

4.50 Christopher Allsop, Fellow in Economics at New College, Oxford, was commissioned in 2003 to carry out an independent review of the regional information and statistical framework needed to support the regional GVA figures.⁸ The Allsop report, issued in March 2004, concluded that "present estimates of regional GVA were not of sufficient quality to support analysis of the Government's policy objectives to increase growth in the regions".

4.51 The ONS have committed to full implementation of the recommendations made in the Allsop Report and propose to deliver the first regional GVA data under this new regime in 2010. Because of this time lag and the problems with producing accurate GVA data, a number of proxy measures are being used to look at performance in the interim period. These proxies include business surveys, employment statistics, unemployment rates, earnings growth, VAT registrations, and indicators of the five drivers of productivity (innovation, enterprise, skills, employment and transport). Improvements in the majority of these proxy measures will be viewed as evidence that the target is being met.

4.52 A cross-departmental project team, with representatives from the DCLG and DTI, co-ordinates efforts relating to this target across the three responsible departments, ensuring that there are no issues with the quality of the data produced.

4.53 There may be some distortion in outturn for this target if one of the poorer performing regions overtakes one of the higher performing regions, as is possible with the East and East Midlands because of their similarities in performance. The Treasury may wish to consider the potential impact of this issue in future reporting periods.

4.54 Technical Note issues – The Technical Note provides disclosure about the systems, measurement tools and baseline for this target. Consideration is also given to the time lag for producing the GVA figures, along with details of the proxy measures used to provide interim assessments, and the need to treat short-term fluctuations in the data very cautiously because of the potential for revision. An annex to the Note details policies being taken forward by a number of Government Departments to contribute to achievement of the PSA. An undertaking is given to update the Technical Note with a further report on progress in 2006.

⁸ http://www.hm-treasury.gov.uk/consultations_and_legislation/allsop_review/consult_allsopp_index.cfm.

4.55 Clarity of reporting – The recent Departmental Report states that a full assessment of trends in regional economic activity and disparities cannot be fully determined until the current economic cycle is complete. Brief details of the latest GVA figures available, for 2004, are quoted in support of the conclusion that delivery of this PSA is “on course”. There is no disclosure in the Report, however, of performance against the proxy measures outlined in the Technical Note. Disclosure that reflects the limitations of GVA statistics is not adequate. Performance against the proxy measures is provided on a joint DCLG, DTI and Treasury website.⁹ The Treasury could further enhance the disclosure by including more information on the baselines in the Annex related to the PSAs, instead of the main body of the Departmental Report, as this would make it easier for the user to make a full assessment of performance against the target.

Conclusion

4.56 The data system for target 6 addresses the majority of risks, but disclosure of weaknesses and alternative interim measures of performance needs strengthening. The information included in the 2006 Departmental Report should draw on more of the proxy measures to provide a clearer picture of performance against this target and include more information on the problems of producing accurate GVA figures.

PSA target 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 target with Department for Work and Pensions

Introduction

4.57 This target aims to measure the success of the Government in influencing the rate of child poverty by reducing the number of households with relatively low incomes in comparison to the general population.

Observations

4.58 Progress against this target is assessed by monitoring the number of children living in households with income below 60 per cent of the median. Progress is measured against a baseline figure from 1998-99 of 3.4 million households.

4.59 The Government have introduced a further metric to measure the eradication of child poverty: the number of children in households with income less than 70 per cent of the median, combined with a measure of material deprivation. The precise construction of this latter element of the indicator has yet to be determined.

4.60 In terms of monitoring income levels, data is obtained annually in the Households Below Average Income (HBAI) publication which itself draws on the results of the Family Resources Survey (FRS). Both are National Statistics outputs managed by the Department for Work and Pensions (DWP), with the FRS survey produced by the ONS under contract to the DWP.

4.61 The HBAI series is not specific to the PSA targets. Assurance over the robustness of the series was obtained via a National Statistics Quality Review published in February 2004, which was generally positive about the collection of data.

4.62 On timeliness of the information produced, the Review stated that the situation is improving and that issues with timeliness should not be given priority over the quality of the data.

4.63 Technical Note issues – The Technical Note for this target outlines the 1998-99 baseline figure for relatively low income households at 3.4 million households, and sets the target for 2010-11 at 1.7 million. The baseline for the equivalent SR2002 target was 4.1 million households after housing costs or 3.1 million before housing costs, with performance to be measured against both. The reason for the change in baseline is a move from the McClements to OECD equivalisation scale, as set out in the 2006 Departmental Report in footnotes 7 and 10. The 2004 Technical Note explains the relevance of the OECD scale. The Note also suggests measures for success on the long term target of eradicating child poverty such as being among the best in Europe, as total eradication is unachievable because of problems such as temporary low incomes. This disclosure is useful for the user in terms of setting the scene for the target as a whole. The Note also states that the first year of data on material deprivation will be 2004-05.

⁹ <http://62.73.191.157/regind/default.asp>.

4.64 Clarity of reporting – The recent Departmental Report explains that the target is not yet assessed as 2004-05 outturn data on material deprivation has only recently become available, and the Government has not yet had the chance to analyse this and other information in order to set a baseline. The Report does, however, disclose a reduction by 600,000, or 19 per cent, of the number of children living in households with less than 60 per cent of median income. The Report also explains the change in baseline data between the SR2002 and SR2004 targets. The Treasury could enhance the disclosure by ensuring that all the relevant figures are included in the Annex to the Departmental Report that outlines performance against the PSA targets, rather than the main body of the Report.

Conclusion

4.65 The data system is appropriate for the target as the Treasury have explained fully the implications of limitations that cannot be cost-effectively controlled.

PSA target 8

Promote increased global prosperity and social justice by:

- **Part (i) – 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;**
- **Part (ii) – Ensuring that 90 per cent of all eligible Heavily Indebted Poor Countries (HIPC) committed to poverty reduction that have reached Decision Point by the end 2005, receive irrevocable debt relief by end 2008 and that international partners are working effectively with poor countries to make progress towards the UN2015 Millenium Development Goals. Joint target with DFID; and**
- **Part (iii) – Working with our European Union partners to achieve structural reform in Europe demonstrating progress towards the Lisbon Goals by 2008.**

4.66 Target 8 has three distinct parts under the heading of promoting global prosperity and social justice, each of which are looked at in turn.

PSA target 8(i)

Introduction

4.67 The aim of this target is to measure the success of the Government in strengthening emerging economies by promoting the development of sound economic infrastructure. The Treasury works with, and through, a range of international bodies to promote a framework of international codes and standards called the Reports of the Observance of Standards and Codes (ROSC). The ROSCs have 12 modules that cover fiscal and monetary policy frameworks, corporate governance and financial regulation. Participation in this framework is the measure used to assess progress against the target.

Observations

4.68 The ROSC data is collected by the World Bank and the International Monetary Fund (IMF), and is publicly available on their websites. The Treasury previously requested data on a regular six monthly cycle, however they now make requests for information on a quarterly basis. There is currently a six month time lag on the data.

4.69 Achievement of the target is based on the number of countries being involved in the ROSC modules. An increase in the number of countries involved or an increase in the number of modules being undertaken is seen as success.

4.70 The suitability of the ROSC measures in measuring participation in the global economy is questionable because of problems with their usefulness and relationship to the target they are being used to measure. These problems include:

- Lack of correlation between the countries participating in the modules and the strength of their economies – for example the US and China, two of the world's strongest economies, have never participated in the ROSC framework; and
- Lack of correlation between participation in the ROSC modules and international economic participation – completion of the ROSC modules does not of itself necessarily lead to economic progress.

4.71 Treasury are aware of these issues and are working to develop the target further. It was felt at the target design stage that the ROSC framework was something that would be useful for developing countries to be involved in if they wanted to build up credibility in the international community. Also, as a direct initiative from the Chancellor, and therefore something the Treasury could influence in the international community, it was felt that the ROSC as a proxy measure was more appropriate than measuring something outside of the Treasury's scope of influence.

4.72 There are no specific meetings between the IMF, World Bank and the Treasury with regard to the data provided for the target. However, the Treasury have representatives in Washington at both of these international bodies and therefore have the ability to raise any issues with the data produced.

4.73 Technical Note issues – The Technical Note provides limited information in relation to the first part of target 8. For example, there are no details about what constitutes success in terms of the target, or links to further information on the ROSCs modules should users be interested in finding out more. There is also no information on the limitations of the ROSCs data in proving participation in the global economy.

4.74 Clarity of reporting – The disclosure in the Departmental Report for target 8(i), provides information on the improvement in participation in the ROSCs module and links to further information on the IMF website. This provides relevant information for the user to make judgements on the conclusions drawn in the report. However, as in the Technical Note, there is no disclosure about the limitations of the ROSCs framework in assessing participation in the global economy.

Conclusion

4.75 The data system addresses the majority of risks to data quality but includes limitations that cannot be cost-effectively controlled. Specifically, disclosure in the Technical Note could be expanded to explain more clearly the limitations of using ROSC data as a proxy for achievement of PSA 8(i).

PSA target 8(ii)

Introduction

4.76 Part 2 is a complex sub-target with two distinct areas: the provision of irrevocable debt relief, which has changed since the SR2002 review to increase the number of countries receiving relief from 75 per cent to 90 per cent and in providing a more realistic timeframe for receiving irrevocable debt relief; and making progress towards the millennium development goals.

Observations

4.77 Although the target is shared with DFID, it is not directly comparable with their equivalent target. DFID have a third section to their target – 'Improved effectiveness of the international system'. This lack of direct comparability is an issue for the overall target in that it has the potential to cause confusion. However Treasury are aware of this problem and are working with DFID to align the targets between the two bodies in future periods.

4.78 Heavily Indebted Poor Countries (HIPC) – The HIPC data is collected by the World Bank and IMF on a rolling six-month basis and is freely available on the websites of these bodies. The information not only includes the countries that have reached decision point, but also includes future projections for countries that will reach this point in future months.

4.79 With regard to the provision of debt relief, the G8 summit in summer 2005 gave a commitment to provide 100 per cent debt relief by 2008. Information in relation to this area of the target will be provided by six-monthly progress reports by the World Bank and IMF.

4.80 Millennium Development Goals (MDGs) – The United Nations (UN) is primarily responsible for monitoring progress towards the MDGs, but DFID have a series of goals for making progress in 16 countries in Africa and four key countries in Asia. For Treasury there are four key elements within this framework which are used to assess performance against this target:

- Commitment of poor countries and development partners to poverty reduction strategies;
- Continued progress in closing the global financing gap (between required and available Overseas Development Aid to support the MDGs);
- Improved effectiveness of European Community development assistance; and
- Improved institutional effectiveness of international finance institutions – the European Bank for Reconstruction and Development, the World Bank, the Asian Development Bank, and the African Development Bank.

4.81 Progress in three of the four measures is considered success in terms of the target. Information with regard to these four measures is collected by the UN and the OECD and published by DFID. Treasury have limited input into the data system but do monitor the outturn.

4.82 Technical Note issues – The Technical Note provides detailed information for target 8(ii), outlining definitions of decision point and completion point, and countries that are eligible to receive debt relief. For the second part of the target, the disclosure in relation to the MDGs is comprehensive.

4.83 Clarity of reporting – The Departmental Report outlines in detail the results of progress in moving countries towards decision and completion points. In the main report, some slippage is noted against the MDG element of the target (i.e. part b). The report also notes that systems for gathering data are very weak in many developing countries. Disclosure across both strands of the target is sufficient and appropriate for the reader.

Conclusion

4.84 The data system is appropriate for the target and Treasury have explained fully the implications of limitations that cannot be cost-effectively controlled.

PSA target 8(iii)

Introduction

4.85 The Lisbon Goals, produced in February 2000, are a statement about the aims and future development of the EU. The goals are described as an agenda for economic and social renewal for Europe and cover a range of different factors such as productivity, increasing the number of people at work; and also diverse measures such as targets for science, technology, the environment and education. The overarching aim of the goals is for the EU to “Set itself a new strategic goal for the next decade: to become the most competitive and dynamic knowledge based economy in the world capable of sustaining economic growth with more and better jobs and greater social cohesion”.

Observations

4.86 Treasury have chosen three measures to assess progress against the Lisbon Goals which they consider best represent the main aims of the agenda and represent measurable outputs. These measures are:

- Employment rate;
- Productivity per hour; and
- Productivity per worker.

4.87 The target for the employment rate is 70 per cent, and for the productivity measures the target is to close the gap with the USA.

10 The target is widely quoted as “efficiency targets amounting to £21.5 billion a year by 2007-08”. The increase from £20 billion to £21.5 billion is as a result of detailed planning by departments on how to implement the terms of the Gershon Review (*Releasing resources to the front line: Independent Review of Public Sector Efficiency*, July 2004), which identified that an addition £1.5 billion of ongoing gains a year were achievable by the end of the 2004 Spending Review period.

11 http://www.nao.org.uk/publications/nao_reports/05-06/0506802i.pdf.

4.88 Data for each of the chosen measures is produced by the EU statistics body, Eurostat, using well established methodologies. The ONS are closely involved in the collation of data and work closely with Eurostat on changes and enhancements to the methodology. An issue for future data collection is the enlargement of the EU from 15 to 25 countries, which may have an impact on the availability of statistics and reported outturn, the impact of which will need careful consideration by Treasury in future performance reports.

4.89 Technical Note issues – The Technical Note for target 8(iii) outlines the measures used and the overarching aim of the Lisbon goals. It also establishes a baseline and the methods of collecting the data for each of the chosen measures.

4.90 Clarity of reporting – The Departmental Report outlines the outturn for each of the measures chosen to represent the Lisbon Goals and provides commentary on other initiatives in progress. The report supports the Treasury’s conclusion of “slippage” for this target.

Conclusion

4.91 The data system is fit for the purpose of measuring and reporting performance against the target.

PSA target 9

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

- **Public Service Agreement (PSA) targets; and**
- **efficiency targets amounting to £20 billion¹⁰ a year by 2007-08,**
- **consistently with the fiscal rules.**

PSA element is a joint target with the Cabinet Office

Introduction

4.92 This target has two separate parts. The first relates to the work of the Treasury and the Cabinet Office (CO) in helping departments meet their PSA targets, the second relates to the efficiency agenda and the drive to save £20 billion a year by 2007-08. The £20 billion of efficiency gains has been subject to a separate examination by the National Audit Office¹¹ (*Progress in Improving Government Efficiency*, HC802-I), which included an analysis of the validity of the savings and recommendations for improving the robustness of the

processes. We have drawn upon relevant findings from that review in reaching our own conclusions on the data systems in place.

PSA targets 9(i)

Introduction

4.93 Individual government departments have primary responsibility for delivering their own PSA targets. However, the Prime Minister's Delivery Unit (PMDU), part of the Cabinet Office, and the Treasury are required to work with departments to promote and support effective planning and management to deliver the targets. The PMDU monitors the delivery of a sub-set of 20 SR2004 targets. Oversight of all other targets falls to the Treasury.

Observations

4.94 Information supporting disclosed performance is drawn from the six-monthly Departmental and Autumn Performance Report process.

4.95 Technical Note – The Treasury's Technical Note defines success in meeting this target as the percentage of targets from the SR2004 PSA set assessed as met or partly met by departments. This definition raises the following concerns:

- The chosen measure of success does not provide an indication of the effectiveness of the Treasury's contribution towards "working with departments to help them meet their PSA targets". Whilst the main body of the Departmental Report stresses that departments remain accountable for meeting their PSA targets, it goes on to state that there has been increased collaboration between the Treasury and the PMDU to align effort, spread good practice and draw out the lessons from delivery in Government. The measures as they stand, though, give no indication of the effectiveness of this work; and
- The description in the Technical Note is not consistent with that used by the Cabinet Office: the Treasury define success based upon 100 per cent of all targets "met or partly met", whilst the Cabinet Office defines success based upon targets "met".

4.96 In addition, whilst the Treasury Technical Note states that "the target will be assessed once 90 per cent of all Spending Review 2004 PSA targets have been finally assessed (99 out of 110 targets)", the Cabinet Office does not specify a particular point at which success will be measured. The Cabinet Office is currently taking steps to address these discrepancies by adopting the same formula as the Treasury.

4.97 Clarity of reporting – Reporting of performance to date is clear and informative. The Departmental Report notes that reporting on SR2004 targets is still at a relatively early stage, and that estimates of progress are only very broadly indicative.

Conclusion

4.98 The data system does not fully cover the required elements of measuring and reporting performance against the target. Whilst the Treasury have, with the Cabinet Office, established an effective system for measuring departments' progress in achieving their PSA targets, the data system for measuring the effectiveness of the Treasury's contribution is less well defined. There were inconsistencies between the Cabinet Office and Treasury Technical Notes in the definition of how successful achievement of the PSA target as it stands will be measured but these are being addressed.

£20 billion efficiency target 9(ii)

Introduction

4.99 Data relating to efficiency gains is based on methodologies set out in Departmental Efficiency Technical Notes (ETNs), which outline how each department is to contribute towards the £20 billion target. The National Audit Office, in its separate value for money examination, published in February 2006, looked at each department's ETN. The key findings of this review were:

- The quality of ETNs has improved since their first issue in 2004, setting out more clearly how and where gains will be realised;
 - Departments have improved the information about their measurement arrangements, but gaps and inconsistencies remain;
 - Progress still needs to be made in measuring the quality of services provided by departments; and
 - Wider limitations exist in departmental management information systems and measures.
- Also as part of its VFM examination, the National Audit Office reviewed a sample of 20 departmental projects contributing towards the efficiency gains to assess the quality of the systems in place. The report acknowledged that improvements in measurement meant that greater confidence could be placed in the estimated £4.7 billion of savings reported to September 2005 than in the £2 billion reported in March 2005.

4.100 However, the Report also highlighted concerns in the following areas:

- The baselines used to measure performance were not always justified;
- There are inconsistencies in how effectively projects are measuring the quality of output;
- The selection of adequate performance indicators has proved difficult for many projects;
- Some projects do not incorporate additional costs appropriately;
- There is a risk of double counting and cost shifting in some departments; and
- Data assurance remains a challenge across the programme.

Observations

4.101 As a result of these findings the National Audit Office concluded that the efficiency gains reported so far should be regarded as provisional. The National Audit Office has further work planned in 2006 to follow up on the recommendations made in its earlier report.

4.102 Technical Note issues – The Technical Note makes only brief mention of the methodology for gathering data against which to measure progress on this target, referring instead to the Efficiency Technical Notes to be published subsequently by each Department.

4.103 Clarity of reporting – The Departmental Report refers to the announcement as part of the Budget 2006 that departments and local authorities have reported provisional annual efficiency gains totalling £6.4 billion. Reporting in this way therefore addresses the previous National Audit Office recommendation that savings be considered as provisional. The overall conclusion is that achievement of the target remains “on course”. The relevant main section of the Departmental Report includes a cross-reference to the National Audit Office report. It also notes the National Audit Office recommendation that reported efficiency gains be subject to further verification, and confirms that gains will be verified after the end of the financial year. No further detail is given on what form this verification will take.

Conclusion

4.104 The data systems for the efficiency element of this target address the majority of risks to data quality but need strengthening to ensure that remaining risks are adequately controlled.

PSA target 10

Deliver a further £3 billion of savings by 2007-08 in central government civil procurement through improvements in the success rates of programmes and projects and through other commercial initiatives.

Introduction

4.105 There are four streams of efficiency savings that contribute towards this target: savings reported through Departmental Returns; Office of Government Commerce Buying Solutions (OGCbs) gains; Gateway review savings; and Market activity and Government Relocation and Asset Management (GRAM) savings. The OGC’s role in relation to this target is to consolidate the gains from each of the streams and carry out confirmation that the reported gains are valid and that there is no double counting.

Observations

4.106 Each stream of savings has its own related data system as outlined below.

4.107 Departmental Reports – Reports from departments contribute around 50 per cent of the total savings. The gains are calculated by the individual departments using guidance and a savings return pack issued by the OGC in April of each year, and are signed off by the relevant Finance Directors. This sign-off acts as the trigger for the OGC to claim the gains. Some but not all of departments’ Internal Audit teams look at the claimed gains, especially when they are large. OGC Internal Audit reviews a sample of departmental returns each year to check the calculation of the savings and for authorisation by the Head of Finance.

4.108 OGCbs – Gains from OGCbs are calculated by benchmarking the costs of products they provide via their procurement catalogue, against the price of equivalent products available from other sources. The savings on each product are then multiplied by the number of transactions made, to produce a total figure for the year. These savings are verified by the Director of Finance at OGCbs.

4.109 Gateway review savings – Savings are based on the principle of costs avoided as a result of the recommendations of Gateway reviews. An example of this is a recommendation, as a result of a review, that suggests a project manager should be assigned to an individual project which otherwise is predicted to overrun. If this recommendation is accepted by the body running the project and as a result the project does not overrun then the savings are calculated and claimed by the OGC.

Savings are not computed until the next review stage in the Gateway process, at which time they are verified. A sample of claims is checked each year by the OGC Internal Audit team to confirm their validity. Guidance issued to departments ensures that there is no overlap with the gains resulting from Departmental Returns.

4.110 Market activity and GRAM – These gains relate to the work that OGC does in making best use of the Government Estate, such as filling vacant office space and reducing the rent of government incumbents. The OGC Internal Audit team verify a sample of the savings claimed each year.

4.111 OGC have improved the systems in relation to these data streams over the last year by:

- Issuing guiding principles on their website for identifying, measuring, management and reporting savings;
- Requiring Finance Directors to sign off all claims made under Departmental Reports as a method of control; and
- Documenting a project plan covering the whole VFM collection exercise.

4.112 Technical Note issues – The Technical Note for target 10 outlines in broad terms the issues surrounding the collection of data, and the areas from which savings can be claimed. However it does not go into detail about the key areas of savings. This is covered by providing a link to the OGC's guidance which is an adequate method of ensuring users can find detailed information.

4.113 Clarity of reporting – The Departmental Report states that there will be no firm data available on the target until performance has been assessed in mid 2006. It does note, however, that performance for the equivalent target for SR2002 was very strong.

Conclusion

4.114 The data system is fit for the purpose of measuring and reporting performance against the target.

PART FIVE

Department for Culture, Media & Sport

PSA target 1

Enhance the take-up of sporting opportunities by five to 16 year olds so that the percentage of school children in England who spend a minimum of two hours each week on high quality PE and school sport within and beyond the curriculum increases from 25 per cent in 2002 to 75 per cent by 2006 and to 85 per cent by 2008, and to at least 75 per cent in each School Sport Partnership by 2008.

Joint target with Department for Education and Skills (The Department for Education and Skills takes the lead in collecting and collating the data to inform this target.)

Introduction

5.1 The target is intended to measure the quantity and quality of physical education and school sport by pupils aged five to 16 for all state-maintained schools. For quantity of provision, the data system is based on an annual survey of schools in the School Sport Partnerships (PE, School Sport and Club Links (PESSCL)). Schools need to take account of additional data for sport outside school for individual pupils. Data sources may include pupil surveys or information held by people running sports clubs.

5.2 The data system for quality of provision is Ofsted's annual subject reports, which are based on a sample of about 30 schools, including primary and secondary.

Observations

5.3 The 2002 baseline of 25 per cent of pupils was an estimate, based on the proportion of schools then in a School Sport Partnership. It is misleading because it assumes that all schools in a partnership delivered the necessary level of provision and all schools not in partnerships did not.

5.4 The target is expressed in terms of quality and quantity of provision, but these are measured by two independent data systems. Survey responses used to identify quantity of provision are intended to count only provision that is "high quality" as defined in the Department for Education and Skills' guidance, but this quality assessment is subjective. For quality of provision, the Departments rely on separate data from Ofsted's inspections of about 30 schools.

5.5 Survey data on the quantity of provision will not be available for all schools until autumn 2007. At December 2006, when the target is due to be reported, data will be available for 80 per cent of schools. The Departments have yet to decide how they will assess the quantity of provision for the 20 per cent of schools which join partnerships in September 2006. For these pupils, schools depend on data systems which may be considerably less reliable, both in terms of quantity and quality of provision.

5.6 The contractor responsible for the survey validates a small sample of Partnerships' responses – three schools in each of three partnerships, which include a disproportionate number of secondary schools. From 2005-06 the validation has been extended to 10 schools (of which six should be primary/special schools) in 10 per cent of partnerships.

5.7 The system for measuring quality, based on inspection visits to about 30 schools, was not designed for the purpose, and is not statistically reliable. But it was the only independent means of assessing quality. It identified the proportion of schools in which teaching quality was assessed as good or better. From September 2005, subject evidence is to be gained from qualitative inspections of a small sample of schools, but the methodology and basis for reporting is not yet clear.

Conclusion

5.8 The data system is sound for the quantity of provision for the majority of pupils in the majority of schools, but it is not well defined or statistically robust for quality of provision. There is, however, no better, cost-effective way of collecting the data. The Technical Note should outline the limitations, in particular those relating to the use of two separate systems for quantity and quality of provision.

PSA target 2

Halt the year on year increase in obesity among children under 11 by 2010, in the context of a broader strategy to tackle obesity in the population as a whole.

*Joint target with Department for Education and Skills and Department of Health
(The Department of Health takes the lead in collecting and collating the data to inform this target.)*

Introduction

5.9 The data system for this target is the annual Health Survey for England, run by the Department of Health. The survey is part of an overall programme of surveys designed to provide regular information on various aspects of the nation's health. It started in 1991, and is carried out under contract by the Joint Survey Unit of the National Centre for Social Research (NatCen) and the Department of Epidemiology and Public Health at University College, London (UCL).

5.10 The target will measure the change in the proportion of obese children between the three-year averages 2005-07 and 2008-10.

Observations

5.11 The data system was not designed for the purpose of the target. The survey focuses on a different demographic group each year, but children have been included each year since 1995. UCL analyses the survey data to isolate the data specific to children aged two to 10.

5.12 The number of children covered by the survey has varied in recent years, from 1,733 in 2003 to almost 4,000 in 2002. From 2005, sample numbers are to be increased to 4,000 annually. However, the sample size only allows the proportion of children classed as obese each year to be estimated as falling within a wide range.

5.13 The Departments believe that the parents and carers most likely to withhold permission for children to be measured are those whose children may be classified as obese. There is therefore a risk that obesity is under-recorded.

5.14 The use of three-year averages for the baseline (2005-07) and target (2008-10) is intended to minimise the effect of year-on-year variations. It is not yet known whether the sample sizes for these periods will be large enough to identify and measure significant changes accurately. Because the data is not available until about a year after the period end, the target will not be measurable until after the end of the 2011 calendar year.

5.15 Controls for the UCL work on isolating data for two to 10 year olds have not yet been established. Other controls in place for capturing, transferring and maintaining the data are effective. The computer systems include queries of any unlikely height or weight measurements, which are taken using appropriately calibrated equipment and experienced staff. The data for 2005 will be validated jointly by the Health and Social Care Information Centre and the Department of Health, but it is too early to determine the reliability of these processes.

5.16 From September 2006, the Departments plan to measure height and weight of all children in Reception Year (ages four to five) and Year 6 (ages 10-11). There is no intention at this stage for this data to be used to report on the target, but it may be possible to use it to assess the reliability of the data from the annual Health Survey.

Conclusion

5.17 The need to identify further controls means the system is not fully in place. The target is not due to be assessed until after 2010 and the 2005-07 baseline cannot yet be established. It is therefore too early to form a view on the system's fitness for purpose.

PSA target 3

By 2008, increase the take-up of cultural and sporting opportunities by adults and young people aged 16 and above from priority groups, by:

- Increasing the number who participate in active sports at least twelve times a year by three per cent, and increasing the number who engage in at least 30 minutes of moderate intensity level sport, at least three times a week, by three per cent.
- Increasing the number who participate in arts activity at least twice a year by two per cent and increasing the number who attend arts events at least twice a year by three per cent.
- Increasing the number accessing museums and galleries collections by two per cent.
- Increasing the number visiting designated Historic Environment sites by three per cent.

Introduction

5.18 This target has rolled forward in an amended form from the 2003-06 targets, and is now focussing on people aged 16 and above, rather than aged 20 and above. The priority groups are black and minority ethnic, limiting disability (defined as those with longstanding illness, disability or infirmity that limits their activities), and lower socio-economic groups. Women are also a priority group for the sports participation sub-target.

5.19 The data system for this target is the Taking Part survey. This survey was commissioned by the Department specifically to measure performance against the target and has also been designed to improve the sectors' knowledge base of users and non-users. It is the first time that a single survey has been able to provide the required detail of data on attendance and participation across the Culture, Media and Sport sectors.

5.20 The Department expects the annual sample size of the survey to be in the order of 28,450 adults, of which 27,000 will be 'core' adult interviews and an extra 1,450 'boost' interviews with adults from black and minority ethnic groups. To allow for sufficient geographical coverage, the intention is for the sample to include 2,500 to 3,500 adults from each English region. From January 2006, the survey also began to cover an expected annual sample of 3,000 11-15 year olds, although this data on under 16s is by definition excluded from target 3.

5.21 BMRB Social Research undertakes the fieldwork for the survey but the Department perform the data analysis. The survey is produced in accordance with the National Statistics protocols to give it added quality assurance.

5.22 The survey has been operational since mid-July 2005. Although provisional survey results from the first nine months have been published, final weights will not be applied nor a final baseline established until full year results have been gathered in late 2006.

Observations

5.23 There has been an amendment to the original SR2004 Technical Note. In the original Technical Note the range of art forms was limited to traditional activities. The Department have now expanded the range of activities which can be included as participation or attendance at art events. Following discussions with the Treasury, the new Technical Note has been published on the DCMS website with full transparency. This change was made after the first quarter of the survey. However, the issue of comparability in survey results is not a problem, as the Taking Part survey asks other questions in addition to the target 3 questions. From the start these included the wider range of activities now recognised in the Technical Note.

5.24 The increases required to meet the targets has been clarified in the amended Technical Note. To meet the targets there has to be a two or three percentage point increase in attendance by each of the targeted priority groups. This point is clearly defined in the amended Technical Note but was not entirely clear from the original Technical Note.

5.25 The definition of the priority groups and cultural and sporting opportunities in the Technical Note has been greatly improved for the 2005-08 targets compared with those for 2003-06.

5.26 The specification for the target has been improved since the 2003-06 targets. For example, the Historic Environment sub-target had a previous target of 100,000 visits from new users. The Department acknowledge that this absolute increase was a rough estimate as they did not have the data on which to base a target. The 2005-08 target gives a more meaningful relative increase target. However, for each of the sub-targets we have not been able to establish why some target increases are two percentage points and some three percentage points. It remains unclear as to whether the targets are achievable or challenging.

5.27 The notes for the survey interviewer have been amended since the collection of data commenced. The following note for the interviewer to tell the interviewee was given at the beginning of the PSA section of the survey: “Remember do not include paid work, school or academic activities”. From quarter two this reminder has been added at several points in the survey. This means that in the first quarter there may well have been some interviewees who did include work, school or academic activities in their responses. Therefore there is a slight doubt regarding the comparability of data obtained before and after these reminders were inserted, but the Department is confident that any impact is negligible.

5.28 The survey always asks the target 3-related questions but also asks for other information which is of use to the Department and the Non-Departmental Public Bodies. These supplementary questions are changed for each tranche of the survey. By adding new questions before the target 3 questions the interviewers may stimulate interviewees to think of different responses, which might affect the PSA results. However, this is probably an unavoidable situation. The Department recognises that this is an issue and has decided not to amend the questions preceding the PSA section before testing the impact of such changes outside of the Taking Part survey.

5.29 In its contract with BMRB Social Research the Department set, as a minimum requirement, a 60 per cent response rate from the core sample. The response rate for the first six months of the survey varied between 57 per cent and 60 per cent and more recent evidence suggests a monthly response rate of 60 per cent is proving difficult to achieve. The Department are trialling ways of improving the response rate to at least 60 per cent by, for example, offering small cash or voucher incentives. Results of these trials are being analysed to see if they are having an effect on the response bias of the survey. The Department should consider setting minimum response levels for each priority group and for each sub-target.

5.30 The survey results have a 95 per cent confidence interval and the error range is expected to be less than +/- 1 percentage point for all priority groups measured except the black and minority ethnic group. For this group, because of the smaller sample size, the error range is likely to be higher than 1 percentage point. As the target 3 sub-targets concern small percentage point increases (two or three percentage points), this error range could make the measurement of small changes in the participation rates of people from black and minority ethnic backgrounds problematic. The Department consider that the current sample size of the survey will deliver the level of accuracy required by the Treasury and is the best value for money option.

5.31 Target 3 is a purely quantitative target. It does not currently measure qualitative data which would be suited to the Department’s policy aims in respect of improving quality of life.

Conclusion

5.32 The Taking Part survey is an accredited National Statistic, and the Department is taking appropriate steps to cost-effectively control risks to data quality. Although the baseline has still to be established, the Department has collected three-quarters of the data and at this stage the data system is fit for purpose. However, it will be important that any statistical limitations, due to smaller percentages of targeted users, should be clearly described in any reporting of performance against this target.

PSA target 4

By 2008, improve the productivity of the tourism, creative and leisure industries.

Introduction

5.33 The data system for this target is the Annual Business Inquiry (ABI) run by the Office of National Statistics (ONS). The ABI collects both employment and financial information from across the United Kingdom providing statistics on the turnover, purchases and gross added value (wealth created by businesses, essentially the difference between income and expenditure on goods and service) of UK businesses. The survey covers a random sample of around 77,000 businesses and is presented in line with Standard Industrial Classification (SIC).

5.34 As a survey of the entire UK economy the ABI is not specifically designed for measuring target 4. The Department use the figures for the sectors falling under the SIC classes: “Tourism”; “Creative Industries”; and “Leisure”. For specific sectors it is adjudged that local residents support the activity as well as tourists, for example restaurants and cafes, so the Department have determined the proportion which is considered to be Tourism and the remainder as Leisure. This target has rolled forward from the 2003-06 targets.

Observations

5.35 For the 2003-06 target “Leisure” was measured solely by reference to the Gambling Standard Industrial Classification (SIC) code, but the definition for 2005-08 is much wider. Improvements to the Technical Note have expanded the scope of activities that fall within the Leisure and Tourism sectors – the latter to include fair and amusement park activities.

5.36 Following on from our report on the 2003-06 PSA data system validations, the Technical Note now describes some of the limitations of the data and sets out more comprehensively how data will be reported. This will only increase the clarity and openness of the measurement of the targets.

5.37 The objective of target 4 is to improve productivity in all three individual industries. However, the Technical Note states that the data will be reported in two categories rather than three: Creative, and Tourist & Leisure meaning the reporting does not completely match the target.

5.38 In agreement with the Treasury, the Department combined Tourism and Leisure into one category because it reasoned the productivity of the leisure sector is dominated by gambling and as such is subject to some fluctuation. By combining tourism and leisure data, the Department hoped to smooth out any volatility and get a better understanding of productivity trends. However this means that any individual change in productivity in either sector cannot be seen, as a decrease in one may be compensated for by an increase in the other, or vice versa.

5.39 The Technical Note defines “improve” as “growth higher than the service sector as a whole”. This is a relative rather than absolute definition in that if the service sector as a whole was in decline and the tourism, leisure and creative industries were standing still, or declining at a slower rate, this would be considered an improvement.

5.40 The Technical Note states “The base year for SR2002 purposes is 2002, therefore all data will be based to 2002.” It is rather confusing to refer to SR2002 in the SR2004 Technical Note. The Technical Note does not explicitly state that the index figure for 2005 is the baseline; this has to be inferred from the text.

5.41 The ABI uses the internationally recognized UK Standard Industrial Classification (SIC) of Economic Activities. The specific codes used to measure the PSA target are stated in the Technical Note. However, at no point in the Technical Note is “SIC” defined as “Standard Industrial Classification”.

5.42 For the Tourism/Leisure and Creative industries some of the SIC codes have been split so that only a proportion is counted. The basis of these percentage splits is more fully explained in the Technical Note for Creative industries than Tourism/Leisure: ‘This definition of the creative industries is narrower than that used to measure the total size of the sector. Data is excluded where small proportions (less than 25 per cent) are taken under the standard definition. Proportions may be revised in the light of on-going analysis.’ The Department are looking at data that will improve the proportions as part of the Creative Economies Programme.

5.43 There is a time delay of about 18 months in obtaining final data from the ABI. The 2005-08 Technical Note is more explicit about the limitations around the timeliness of the data, but does not state the actual time lag which was noted in the 2003-06 Technical Note.

Conclusion

5.44 The Department recognises that any attempt to measure the productivity of the industries will have limitations. Effective controls over the current data system are assumed to exist by the Department, as the data is produced by the Office for National Statistics. However the Department should explicitly explain any data limitations within the Technical Note. The Department are involved in the Office for National Statistics review of the SIC codes. This may result in codes with a better fit to the industries measured by this PSA target.

PART SIX

Cabinet Office

PSA target 1

Improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules.

Joint target with HM Treasury

Introduction

6.1 This is a joint target with HM Treasury.

6.2 Individual government departments have primary responsibility for delivering their own PSA targets. However, the Prime Minister's Delivery Unit (PMDU), part of the Cabinet Office, and HM Treasury are required to work with departments to promote and support effective planning and management to deliver their targets. All 110 targets are monitored and reported on by HM Treasury with PMDU providing monitoring, support and challenge to departments on a subset of these targets. Accordingly, during 2005-06, PMDU supported and monitored some 20 of the SR2004 targets held by the Department for Education and Skills, the Department of Health, the Home Office and the Office of the Deputy Prime Minister.

6.3 The data system underpinning this PSA target is the collation of departmental assessments which report progress on achievement against individual targets. The success of HM Treasury and the Cabinet Office in meeting this PSA target is measured by the total percentage of PSA targets assessed as met by departments.

Observations

6.4 PMDU have adopted a "hands-on" approach to this PSA target and have nominated contacts for each departmental target they are responsible for monitoring. These staff are in direct contact with the relevant departmental teams on a daily basis. PMDU's challenge and support function has led to close working with departments with continuous engagement involving action planning and delivery reporting. Consequently, PMDU staff believe they are well placed to assess whether the progress being reported by departments is consistent with their own understanding of progress.

6.5 There are inconsistencies in the definition of successful achievement of this PSA target between HM Treasury and the Cabinet Office. The Cabinet Office Technical Note for this target states that success "is measured by the percentage of PSA targets that fall to be delivered within the period April 2005 to March 2008 assessed as met by departments". However, the Treasury Technical Note states that success "is measured by the percentage of PSA targets from the SR2004 PSA set assessed as met or partly met by departments".

6.6 Moreover, the Treasury Technical Note states that "the target will be assessed once ninety per cent of all Spending Review 2004 PSA targets have been finally assessed (99 of 110 targets)". However, the Cabinet Office Technical Note does not specify a particular point at which success will be measured. PMDU accept that this is not sufficiently informative, but stress that the eventual assessment across all targets will be made by HM Treasury against their Technical Note, as PMDU are only responsible for assessing a limited subset (as per paragraph 6.2).

6.7 We noted that the Cabinet Office stated in their 2005 Autumn Performance Report, that progress was “on course” whereas HM Treasury’s Autumn Performance Report stated that progress was “not yet assessed”. The National Audit Office welcome the fact that this inconsistency in reporting has been rectified within the subsequent 2006 Departmental Reports.

6.8 As stated in the Technical Note for this target, the chosen measure of success is the percentage of PSA targets assessed as met by departments. However, this measure also does not provide any indication of how successful the Cabinet Office are at “working with departments to help them meet their PSA targets,” or how the Cabinet Office’s work has contributed to the achievement of departmental targets. The Autumn Performance Report 2005 also focuses on progress made by departments rather than highlighting the specific contribution made by the Cabinet Office. We recognise that the Cabinet Office do have a number of systems in place to measure their contribution towards departmental success. However they do not report on them in the Annual Performance Report.

Conclusion

6.9 The Cabinet Office have established an effective system for measuring other departments’ progress in achieving their PSA targets. However, the chosen measure of success does not assess the effectiveness of the Cabinet Office’s contribution towards helping departments meet their targets. In addition, there are inconsistencies between the Cabinet Office and HM Treasury Technical Notes in the definition of how successful achievement of this PSA target will be measured. There was inconsistent reporting on progress against this target by the two departments in their 2005 Autumn Performance Reports although the National Audit Office recognise that this has been rectified within the subsequent 2006 Departmental Reports.

PSA target 2

By April 2008, work with departments to build the capacity of the Civil Service to deliver the Government’s priorities by improving leadership, skills and diversity. On diversity, meeting the specific targets of:

- 37 per cent women in the Senior Civil Service (SCS);
- 30 per cent women in top management posts;
- Four per cent ethnic minority staff in the SCS;
- 3.2 per cent disabled staff in the SCS; and
- in the longer term, work to ensure that the Civil Service at all levels reflects the diversity of the population.

Introduction

6.10 The Cabinet Office collect data on diversity in the Senior Civil Service across all government departments every six months. Data on leadership and skills in the Senior Civil Service is collected annually. The results are recorded on the Senior Civil Service database. The collection of such data is well established and the data recorded on the SCS database is the principal measure used to assess improvements in leadership, skills and diversity within the Senior Civil Service over time.

6.11 Perceptions of leadership are also measured using surveys. An initial Senior Civil Service survey on leadership was undertaken in Autumn 2004. Comparable data will be collected in 2006 and 2008 and used to give a qualitative assessment of progress.

6.12 An additional means of measuring improvement in core skills is by way of annual self assessment questionnaires issued by the Cabinet Office and completed by Senior Civil Service staff.

Observations

6.13 Progress against this PSA target is being measured using a wide range of quantitative and qualitative data.

6.14 The terms “disability” and “ethnic minority staff” are clearly defined in the Technical Note for this target.

6.15 The SCS database is a robust and well established data system. Conditional formatting within the spreadsheets issued to government departments and used to update the database helps to prevent departments from submitting erroneous returns to the Cabinet Office and improves comparability of data over time.

6.16 From December 2005, self-assessed core skills data has been endorsed by line managers before it is submitted to the Cabinet Office.

6.17 As stated in the Technical Note for this target, the chosen measure of success is the progress made in improving leadership, skills and diversity across the Civil Service as a whole. However, this measure does not provide any indication as to how successful the Cabinet Office is at “working with departments” to improve leadership, skills and diversity or how the Cabinet Office has contributed to the achievement of this target. The Autumn Performance Report 2005 also focuses on progress made across the Civil Service rather than highlighting the specific contribution made by the Cabinet Office. The target owners recognise the limitations in reporting on the Cabinet Office’s input to this target in the Autumn Performance Report 2005. In the subsequent Departmental Report 2006 (published in May 2006) they have reported more examples of specific actions taken and planned by the Cabinet Office to work towards achievement of this target. The target owners have also informed the National Audit Office that, in future Annual Performance Reports and Departmental Reports, they plan to include more specific reporting of key Cabinet Office actions and initiatives undertaken during the reporting period aimed at working with departments to improve leadership, skills and diversity in the Civil Service.

6.18 The PSA target includes four sub-targets on diversity. Each sub-target can be met independently, but the Technical Note does not specify how overall success on diversity will be measured. The target owners have informed the National Audit Office that all four sub-targets will have to be met in order for the PSA to achieve a successful outcome.

6.19 Provision of data on ethnicity and disability is not compulsory. The response rate on ethnicity as at 1 October 2005 was 86 per cent and the response rate on disability at that date was 78 per cent. Consequently, there is a risk of under-declaration of ethnic minority and disabled staff. The Technical Note for this PSA target recognises the likely limitation of the reported data for these groups in that it records that the published figures will set out “known disabled staff in the SCS as a proportion of all SCS whose disability status is known” and “known ethnic minority staff in the SCS as a proportion of all SCS whose ethnicity is known.” However, the 2005 Autumn Performance Report made no reference to these data limitations when reporting the percentage of staff in these groups. In addition, completion of the core skills questionnaire and the SCS database return is not mandatory. Reported performance on skills is based on the approach that no assumptions can be made about professional qualifications or specialisms of SCS staff for whom no relevant data is held. This approach is prudent but the target owners have agreed this should also be explained in both the Technical Note and the Autumn Performance Report.

Conclusion

6.20 The data systems chosen for this target address many of the risks to data quality but do not measure the effectiveness of the Cabinet Office in working with departments to improve leadership, skills and diversity. The Autumn Performance Report 2005 also focuses on progress made across the Civil Service as a whole rather than the specific contribution made by the Cabinet Office, although improvements in reporting have been made in the subsequent Departmental Report 2006. It is too early to measure the effectiveness of the SCS survey in measuring perceptions of leadership skills. Limitations in the data for ethnicity, disability and skills should be reported in the Autumn Performance Report.

PSA target 3

By April 2008, ensure departments deliver better regulation and tackle unnecessary bureaucracy in both the public and private sectors through:

- **delivery of the Regulatory Reform Action Plan (RRAP), including 75 Regulatory Reform Orders (RROs) by the end of 2007-08;**
- **maintaining Regulatory Impact Assessment (RIA) compliance levels at or above 95 per cent;**
- **maintaining compliance with the Code of Practice on Consultation;**
- **maintaining the UK’s international standing on better regulation.**

Introduction

6.21 Performance against this target is assessed using three principal data sources.

6.22 Progress on delivery of the Regulatory Reform Action Plan and Regulatory Reform Orders and on maintaining RIA compliance levels is measured using data entered on a Cabinet Office database by staff within the government departments which have introduced the reforms or carried out the RIAs. Access is restricted to the individual department’s area of the database in order to reduce the risk of error.

6.23 Compliance with the Code of Practice on Consultation is measured using information about the number and length of consultations carried out by individual government departments as recorded in their draft Departmental Reports. Cabinet Office staff check the validity of this information by comparing it to data held on departments' websites and through reasonableness checks and liaison with departmental contacts.

6.24 The UK's international standing on better regulation is assessed using the results of surveys and studies undertaken by independent international bodies such as the Organisation for Economic Co-operation and Development (OECD) and the World Bank.

6.25 In respect of RIAs, the Technical Note also records that the National Audit Office continues to carry out annual retrospective reviews of a sample of completed impact assessments. The 2005 Autumn Performance Report noted that the National Audit Office has published regular reports on RIAs and Better Regulation since 2001 and that the reports have provided an independent assessment of the quality of RIAs produced by Government and have tracked the Government's progress in seeking to raise the general standard of RIAs.

Observations

6.26 Cabinet Office staff perform reasonableness checks on the data recorded on the database in respect of RRAP, RROs and RIAs. In addition, for RRAP and RROs, the Cabinet Office require departments to provide written confirmation twice a year that the information held on the database is up to date.

6.27 Cabinet Office are represented on the working groups of some international bodies such as OECD. Representatives encourage such bodies to look at issues relevant to regulatory reform so that the data obtained will be more pertinent to the measurement of the Cabinet Office's PSA target.

6.28 Also in respect of the UK's international standing on better regulation, the 2005 Autumn Performance Report noted a change in the methodology used by the World Bank in a recent study and explained to the reader why year on year comparisons of results should not be made.

Conclusion

6.29 The data system is fit for the purpose of measuring and reporting performance against this target.

PART SEVEN

Department for Environment, Food and Rural Affairs

PSA target 1

To promote sustainable development across Government and in the UK and internationally, as measured by:

- the achievement of positive trends in the Government's headline indicators of sustainable development;
- the UK's progress towards delivering the World Summit on Sustainable Development commitments, notably in the areas of sustainable consumption and production, chemicals, biodiversity, oceans, fisheries and agriculture; and
- Progress towards internationally agreed commitments to tackle climate change.

Introduction

7.1 PSA target 1 covers Defra's overall aim of promoting sustainable development.

7.2 Sustainable development is a contentious term and there is no universally agreed definition of what it might be measured by. The UK Government has defined sustainable development as meeting the following requirements:¹²

- living within environmental limits;
- ensuring a strong, healthy and just society;
- achieving a sustainable economy;
- promoting good governance; and
- using sound science responsibly.

7.3 In the previous PSA period, PSA 1 measured 15 indicators for sustainable development. For the current PSA period, the scope has been widened considerably to include more indicators for this aspect of measuring performance, and two further sub-targets relating to World Summit on Sustainable Development (WSSD) commitments and international agreements on climate change.

Indicators of sustainable development

7.4 The first measure for the target is related to the Government's sustainable development indicators. These were launched in March 2005 as the measures to underpin the Government's Sustainable Development Strategy.

7.5 The Department monitors the implementation of the Sustainable Development Strategy by assessing progress using 68 indicators which are comprised of 127 separate measures. All of these measures are from National Statistics compiled externally to the reporting unit, and most are external to Defra.

7.6 The Government has categorised the indicators as measuring four key themes of sustainability:

- sustainable consumption and production;
- climate change and energy;
- protecting our natural resources; and
- creating sustainable communities.

7.7 Sixty of the 68 indicators are used as part of the system for measuring progress against PSA 1. Some of the selected indicators contribute to more than one of the four key themes.

¹² From "Sustainable Development Indicators in Your Pocket 2005", obtainable here: http://www.sustainable-development.gov.uk/performance/documents/sdiyp_2005.a6.pdf.

7.8 The Department obtains data from many different providers for this target. The methods of data collection and data analysis are unique to each dataset. All datasets reported are National Statistics but the Department is still responsible for ensuring that their use of National Statistics outputs is appropriate for the purpose of monitoring and reporting progress against its PSA targets.

7.9 Due to the very large number of data sources for this target, Defra is unable to carry out any extensive validation procedures on the data. Instead, the Department performs reasonableness checks and confirms the validation procedures operated by the data providers.

7.10 Departmental reports present results using a traffic light/pie chart format for each key theme, with explicit disclosures being made for any measure that shows a decline. The reporting is 'overview' in style, with references to more detailed publications for further information.

Progress towards WSSD commitments

7.11 As yet the Department has not developed a data system suitable for measuring performance against this element of PSA 1.

International Agreements on Climate Change

7.12 As yet the Department has not developed a data system suitable for measuring performance against this element of PSA 1.

Observations

7.13 Defra has developed a sensible, consistent and transparent rule of thumb from which to make judgements on progress and to use as a yardstick when discussing data accuracy with data providers. The rule, built into the Technical Note for the target, says that a significant change has occurred only if there is a minimum three per cent movement year-on-year from the baseline position.

7.14 The Department has improved its disclosure compared to previous reports, with a better method of presentation of the indicators and clearer disclosure where measures are not proceeding as hoped.

7.15 The Department has provided thorough and appropriate disclosures regarding the systems used for measuring the Sustainable Development Strategy and PSA 1 in Appendix 2 of the Autumn Performance Report 2005.

7.16 We note that the Department assessed progress against the 2003-06 target in the Autumn Performance Report 2005 as being "on course". Although the presentation of the target indicators has been improved for PSA period 2005-08, we note there are still no defined success criteria for the four key themes either individually or together. We believe that the Department does not have a clear and transparent means of assessing whether its progress against the target is "on course".

7.17 The Department is reliant on the external providers for the accuracy of the data, with only reasonableness checks occurring at Defra. Where those providers identify data inaccuracies, the Department can only adapt retrospectively to any changes that data providers make to their data.

7.18 The target is complex in its compilation and success criteria are not explicitly defined. The Department faces a serious challenge in developing a data system that takes account of each of the component parts of the target, measures progress against them with consistent robustness and weights each component according to its importance to the target.

7.19 The reader may be confused by the use of only some of the 68 sustainability indicators for measuring progress against the PSA target.

7.20 Two of the three elements of the target do not yet have criteria for measurement.

Conclusion

7.21 The target remains complex in its composition and the Department's reporting is reliant on multiple sources of external data. The Department mitigates risks to the data with the use of National Statistics and long-term trend reporting on the basis of the three per cent rule.

7.22 While there is liaison between Defra and the data providers, the Department does not undertake detailed validation. This is not unreasonable but the Department should have a good understanding of the risks that apply to the datasets and of the validation controls that the data providers use to mitigate the risks attached to National Statistics.

7.23 Appropriate data systems have not yet been developed for the two new elements of PSA target 1.

7.24 The introduction of the three per cent rule and the significant improvements in disclosure for the target are encouraging. However, the increased complexity behind the original element of the target and the lack of data or measurement techniques for the second and third elements lead us to conclude that the data systems are not fit for the purpose of measuring and reporting against the target.

PSA target 2

To reduce greenhouse gas emissions to 12.5 per cent below 1990 levels in line with our Kyoto commitment and move towards a 20 per cent reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables.

Joint target with Department of Trade and Industry and Department for Transport

Introduction

7.25 The current target is very similar to the PSA 2 target set in PSA period 2003-06, with some minor changes in wording and a new emphasis on “energy efficiency and renewables”. The target comes under Defra’s strategic priority for Climate Change and Energy.

7.26 There is currently a very high level of interest in the target due to the continuing public debate about climate change and the Kyoto commitments as well as concern that the Government may fail to achieve its planned reductions in carbon dioxide emissions.

Observations

7.27 The target splits into two separate measurements: reduction of greenhouse gases and reduction in carbon dioxide emissions. There are also measures implicit in the target on use of renewables and energy efficiency. However, Defra has stated that these measures are contextual and will not be reported on as part of the actual target criteria.

7.28 The National Environmental Technology Centre (NETCEN) provides data on the level of greenhouse gases and CO₂ emissions. Data are provided in their final form with no further work required by Defra. NETCEN obtains the data from a variety of sources and the system has been in place for several years.

7.29 The approach follows that laid down for all international bodies by the United Nations Framework Convention on Climate Change (UNFCCC).

7.30 Defra’s contractual arrangements with NETCEN reflect the requirements of the UNFCCC. The contract is assessed for renewal every three years and Defra reviews NETCEN’s compliance with the requirements of ISO 9000 as part of the process. Defra holds quarterly meetings with the contractors to ensure compliance with the standard.

7.31 In addition Defra takes appropriate assurance from external audits and reviews undertaken on NETCEN’s work, verifying that recommendations have been followed up as required under the terms of the contract.

7.32 The Department’s Annual Report 2005 discloses that information on the statistical uncertainties within the data can be found in the annual UK Greenhouse Gas Inventory, which is produced by NETCEN. This report gives a significant amount of detail of the uncertainties relating to different sectors and the different gases, in accordance with a methodology stipulated by the UNFCCC.

7.33 Although we are content from our review that Defra staff have a good awareness of the risks to data quality, a formal record of these and the necessary mitigating actions has not been made.

Conclusion

7.34 The data system is appropriate for the target and the Department has explained fully the implications of limitations that cannot be cost-effectively controlled. However the Department could improve the clarity of the Technical Note with relation to measurement of energy efficiency and renewables.

PSA target 3.1

Care for our natural heritage, make the countryside attractive and enjoyable for all and preserve biological diversity by reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends.

Introduction

7.35 The target is similar in character to that set for PSA period 2003-06, although now it covers England rather than the whole of the UK.

Observations

7.36 The British Trust for Ornithology (BTO), with the involvement of the Royal Society for Protection of Birds (RSPB) and the Joint Nature Conservation Committee

(JNCC), produces the data for Defra. The BTO collects survey data on the number of birds from 19 species counted by volunteers using geographically-based sampling methods.

7.37 The BTO produces indices for each of the 19 species based on the survey results. Defra performs reasonableness checks on the calculations carried out by the BTO.

7.38 While Defra has assessed risks in a number of areas for PSA 3.1 and has some controls in place to aid validation of the data, the key area relating to the reliability of the survey data has not yet been covered. The survey data may be affected, for example, by volunteers not complying with Defra's requirements consistently, by volunteers misidentifying the species of birds observed or by the inherent difficulty of counting moving creatures, particularly the risk of double counting.

7.39 We do not consider that Defra has adequately assessed this risk or ensured that the BTO is appropriately mitigating it. The issue is one that the Department will raise with the BTO when discussing the renewal of the existing contract.

7.40 The target in PSA period 2003-06 was addressed at UK-wide level, but in PSA period 2005-08 it is for England only. The change is not reflected in the target wording although it is reflected in the Technical Note.

Conclusion

7.41 We recognise that the Department can take some comfort from the reputation of the BTO, peer reviews and the review of the indexation exercise which is carried out for each submission of data.

7.42 However, until Defra ensures that it is fully aware of the risks to accurate data recording and confirms that appropriate mitigating actions are in place, the data system will need strengthening.

PSA target 3.2

Care for our natural heritage, make the countryside attractive and enjoyable for all and preserve biological diversity by bringing into favourable condition by 2010 95 per cent of all nationally important wildlife sites.

Introduction

7.43 The target is identical to that for the 2003-06 PSA period. Although meeting the target is the responsibility of the Department, it has delegated much of the delivery and monitoring function to English Nature, one of its Non-Departmental Public Bodies.

Observations

7.44 English Nature provides data on the condition of Sites of Special Scientific Interest (SSSI) via reports from the English Nature Site Identification System (ENSIS).

7.45 The target refers to 95 per cent of all nationally important wildlife sites. This reference means 95 per cent of the land that is covered by all nationally important sites. Having data on the size of sites is, therefore, important. Standing information on site size has been maintained since ENSIS was set up. Conservation Officers at English Nature update condition assessments using common standards developed by the Joint Nature Conservation Committee.

7.46 English Nature uses detailed reporting from the ENSIS system to monitor progress against the PSA target, but aggregated information at the top level provides sufficient information for reporting against PSA 3.2.

7.47 Defra holds frequent meetings with staff from English Nature to assess progress against the target. Although not specifically designed to cover data issues, these have been covered in some of the meetings.

7.48 Defra has recognised the limitations in the target systems and has made appropriate disclosures in the Departmental report about the frequency of site assessments and the subjectivity that is inevitably a part of making the assessments.

7.49 English Nature has made the target information transparent by providing an excellent web-based information source. This holds details for every unit of SSSI in the country, including the size of the sites and the current assessment of the condition of each site. This significantly reduces the risk of erroneous information as the public or pressure groups may notify English Nature of any discrepancies.

7.50 Although the PSA target wording and technical notes do not specify that Defra must meet the target by March 2010, the original White Paper in which the target was proposed (although not as a PSA target) suggests that this is the case. Defra has recently clarified that the target date is December 2010.

Conclusion

7.51 Defra has a good working relationship with English Nature, formalised through regular and documented programme board meetings which have improved the Department's understanding of the site assessment and recording process.

7.52 Defra has a good awareness of the risks attached to the data system but could improve its understanding and documentation of English Nature's processes. However we are generally content that the data system is appropriate for the target and that the Department has explained fully the implications of limitations that cannot be cost-effectively controlled.

PSA target 4

Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006, and improve the accessibility of services for people in rural areas.

Introduction

7.53 The target has undergone some wording changes since the PSA period 2003-06 version, with the timescale for achieving progress extended by two years and services being targeted at "people in rural areas" rather than "rural people".

Observations

7.54 The productivity element of the target is measured by combining data on average earnings and the number of people of working age in employment in a number of 'indicator districts', chosen using historical data from a series of national surveys (such as the census). The Department sources all data from surveys carried out externally. All data sources are National Statistics.

7.55 Defra has not yet confirmed the criteria for measuring the accessibility of services.

7.56 There are a number of risks to data specification on productivity, as follows:

- the target is meant to measure rural productivity, but proxies have been set at district level; as such any rural areas within predominantly urban districts will be excluded;
- indicator districts have been selected based on productivity at district level, which means that Defra captures productivity in those districts for both rural and urban areas;

- indicator districts have not been updated from their original historical measurement;
- productivity is measured based on residency, so there is a risk that figures may be inflated by those who live in rural areas but commute to urban areas; and
- success criteria have not been clearly defined.

7.57 In addition, there are risks to the effective operation of the data systems:

- the Department is reliant on data provided from external sources without full knowledge of the risks applying to such data and the validation controls used to mitigate them. Defra understands its exposure to risk because another government department previously provided it with data for this target that was subsequently withdrawn due to error;
- there is inherent uncertainty in using samples and surveys and this target relies heavily on them; and
- to date, Defra's procedures for data analysis remain undocumented, raising the risk that inconsistent approaches may be undertaken, particularly if there are changes in key staff.

7.58 Defra has yet to define datasets to measure the targets for access to services. Key risks going forward will relate to finding appropriate data for the targets; the Department having sufficient awareness of the weaknesses and controls relating to the data streams; defining robust success criteria for individual indicators and the group as a whole; and appropriate reporting of the target including its limitations.

Conclusion

7.59 At present, the data system is not fit for purpose for measuring progress against the target. Defra has developed the productivity element but there are a number of significant weaknesses that cast doubt upon how accurate or useful any figures produced might be.

7.60 Defra has yet to produce appropriate measures for the 'access to services' element of the target.

PSA target 5

Deliver more customer-focused, competitive and sustainable farming and food industries and secure further progress via CAP and WTO negotiations in reducing CAP trade-distorting support.

Introduction

7.61 The target is part of Defra's strategic aim for sustainable farming and food.

7.62 The equivalent target for the PSA period 2003-06 had two measures which were specifically worded in the main target. The 2005-08 target now has seven sub-measures rather than two; four relating to sustainable farming and three to CAP reform. The target itself has been reworded.

7.63 The following sections on data systems, good practice, key risks and conclusions are broken down into the two components of the target: farming and food and reduction of CAP trade-distorting support.

7.64 The farming and food measure has four underlying data streams. They are:

- Agriculture's Gross Value Added per person;
- Productivity of the food industry;
- Farming's impact on river water quality; and
- Soil organic matter content.

7.65 The CAP measure has three underlying data streams. They are :

- Reductions in EU export subsidies;
- Reductions in EU production-linked domestic support; and
- Reduction in barriers to access to EU markets.

Farming and Food

Agriculture's Gross Value Added (GVA) per person excluding support payments

7.66 The GVA is designed to measure the economic strength of farming in the UK. The calculation of GVA is extremely complex, with 500 data streams and various methods of analysis being used to produce the outturn data.

7.67 The data include commodity prices in the agricultural sector. The measure is also designed to take into account added value activities at the farm processing and retailing stage. Most of the data are taken from annual agricultural accounting information for the nation, and are relied upon by the Office for National Statistics and European Union.

7.68 Other European Union (EU) countries or nations carry out a similar calculation and the Department compares its results with those of other countries. Defra has set a trajectory for the UK GVA per person to be 1.5 times that of the EU average by 2010 (from 1.31 in 2003).

Productivity of the food industry

7.69 This aspect of PSA 5 is designed to measure the productivity of the food and drink industry. The Department has yet to approve the data system for reporting.

Farming's impact on river water quality

7.70 The target aims to measure the concentration of nitrates and phosphates in the UK's rivers. However, this is an interim method of measurement and Defra are working in conjunction with the Environment Agency to develop a recording system based on rivers deemed to be at risk of increased levels of pollution.

Soil organic matter content

7.71 Data exist for the current time but progress against this target can only be measured appropriately over decades, rather than years. As such, Defra is not yet reporting on this sub-target.

Reduction of CAP trade-distorting support

Reductions in EU export subsidies

7.72 The European Court of Auditors audits figures for this aspect of the target. Defra use the data directly without further analysis.

Reductions in EU production-linked domestic support

7.73 Defra obtains data from the EU notifications to the World Trade Organisation of production-linked support. The EU notifications represent the amount of support in Euros in either direct subsidies or market price support. Defra takes figures directly from the WTO notifications.

Reduction in barriers to access to EU markets

7.74 Defra calculates ad valorem equivalent tariffs for a range of key agricultural commodities. The data for these calculations are sourced from Eurostat and European Commission regulations on the Common Customs Tariff.

Observations

Farming and Food

Agriculture's Gross Value Added (GVA) per person excluding support payments

7.75 Substantial walk-through desk instructions are provided for the calculation of the GVA figures for target 5, aiding the clarity and correctness of the procedure.

7.76 The target measure is highly complex and very difficult for users of the data to understand. Neither the information provided in the Department's publications nor the Technical Note significantly aids the user's understanding of the information.

7.77 The Technical Note does not make it clear that the target now has defined trajectories to be achieved.

7.78 The number of data streams and the extent of data processing that is needed prior to publication significantly increases the risk of errors that may distort the reported outturn.

Productivity of the food industry

7.79 We have no comments to make until the system has been established for reporting.

Farming's impact on river water quality

7.80 We have no comments to make until the system has been established for reporting.

Soil organic matter content

7.81 We have no comments to make until the system has been established for reporting.

Reduction of CAP trade-distorting support

7.82 In the Department's Technical Note for the target, each sub-target is seeking to report on whether an "agreed track" has been put in place to achieve reform (e.g. by 2010, export subsidies to have reached or be on an "agreed track" to reaching zero).

7.83 The PSA5 CAP reform target is structured in a way that allows the Department to project the effects of an agreement on the data series and thereby determine whether the target outcome will be achieved by that agreement.

7.84 The Department has adopted this approach to the target because agricultural policy reform agreements are normally implemented over a period of several years. This means that there is likely to be a considerable time lag between an agreement for reform and the effects becoming apparent. Defra's approach allows for a more timely assessment than would be possible simply by waiting for the changes to become apparent in the actual data series.

7.85 Defra's Departmental Report 2005 included a narrative update on the progress of talks on CAP reform. The Department has identified measures that will help to assess progress towards the intended outcomes.

Reductions in EU export subsidies

7.86 This target has 2003 as its baseline position and there is a two-year time lag for new data. Defra is not, therefore, currently reporting performance against it. Our review has been limited to understanding the process for producing target data. Aside from the risk identified above of appropriateness of data for measuring progress towards an agreed track, we have not noted any significant risks to the data system.

Reductions in EU production-linked domestic support

7.87 As data are not available on a timely basis for reduction in EU production-linked support, the use of proven estimation techniques provides timely data for the user which are validated later. When reporting the data, Defra labels them as 'predicted' or 'actual'.

7.88 At present Departmental reporting remains in respect of the PSA period 2003-06 target. Aside from the risk identified above of appropriateness of data for measuring progress towards an agreed track, we have not noted any significant risks to the data system.

Reduction in barriers to access to EU markets

7.89 The Department has established a baseline position but no data have been produced beyond that so it is not yet assessing progress against the target. Aside from the risk identified above of appropriateness of data for measuring progress towards an agreed track, we have not noted any significant risks to the data system.

Conclusion

Farming and Food

7.90 The GVA element is in line with common and approved practice but Defra acknowledges that its understanding of the risks to accurate measurement is limited. Given the trajectories that have now been set for this target in relation to the EU average, there is an increased risk that Defra may erroneously report achievement of target milestones. The calculations made by other EU countries are subject to the same risks as those that face the UK calculation. The risk of inaccuracies in the PSA target data is therefore compounded by introducing other data that may be similarly uncertain.

7.91 The data system addresses the majority of risks to data quality but includes limitations that cannot be cost-effectively controlled. The Department could explain the implications of these limitations more clearly to the reader.

7.92 The three further measures for sustainable food and farming are not yet agreed. We will review these systems once they are ready.

Reduction of CAP trade-distorting support

7.93 The system in place to measure production-linked support is simple and based on easily accessible and understandable information. The Department does not validate the data beyond reasonableness checks, but the risks are low as the data is scrutinised by the World Trade Organisation (WTO) and used at the EU level. As such the disclosure needs to address both a measurement of progress in bringing about the target outcomes and progress in securing agreements to reduce CAP trade-distorting support.

7.94 The sub-targets for reductions in EU export subsidies and reductions in the barriers to accessing EU markets are yet to be reported on. We will review these systems once they are ready.

7.95 In coming to an overall conclusion for the target as a whole, we conclude that the data systems are not yet fit for the purpose of measuring and reporting performance.

PSA target 6

To enable at least 25 per cent of household waste to be recycled or composted by 2005-06, with further improvement by 2008.

Introduction

7.96 The target is similar to that set for the PSA period 2003-06. The target has been extended to 2008, although “further improvement” is yet to be defined. PSA 6 is under Defra’s aims related to sustainable consumption and production.

7.97 Local authorities are responsible for the treatment of household waste. However, Defra has the policy lead at government level for driving up local authority performance through its Waste Implementation Programme.

Observations

7.98 Quarterly data regarding waste collection and disposal are collected through a web-based data capture system called WasteDataFlow. Waste Disposal Authorities and Unitary Authorities are required to submit the data, whilst Waste Collection Authorities are encouraged to do so. Local authorities must provide information sufficient for reporting performance against the PSA target in a suitable format.

7.99 The WasteDataFlow operators Enviro, the Environment Agency, and Defra will all undertake a number of validation checks on the data.

7.100 Defra has taken appropriate steps to mitigate the effect of missing data by identifying a methodology for estimating and conducting thorough testing of its estimating method to ensure its robustness.

7.101 Local Authorities are not all submitting returns by the Department’s deadlines. This poses a risk that reporting against the target will be delayed.

7.102 The response rate from Waste Collection Authorities for the second and third quarters of 2005-06 is relatively low thus far. This may result in missing data being estimated. Whilst a robust method for estimating the data is in place, there is a risk to reporting should the margin between the target and the calculated performance be very small.

7.103 As the WasteDataFlow system is a new means of data collection, there is a higher risk that local authorities will provide erroneous information.

7.104 The 2005-06 data will be the first to undergo the Environment Agency’s validation procedures. These data will be used for final reporting against the first part of the target. There is a risk that unforeseen problems will be encountered in the validation procedures. If this compromises the effectiveness of the validation, the robustness of the data may be open to question.

7.105 There is no clear specification of what a ‘further improvement’ by 2008 will constitute. This poses a risk to transparency as users will not know what success criteria local authorities need to meet for the target to be achieved.

Conclusion

7.106 The data system is fit for the purpose of measuring and reporting performance against the target.

7.107 Defra should, however, undertake additional analysis if the response rate from Waste Collection Authorities is low, resulting in extensive use of estimations, and the margin between calculated performance and the target is very small.

7.108 Defra should quantify a ‘further improvement by 2008’.

PSA target 7

Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy Objective.

Joint target with Department of Trade and Industry

Introduction

7.109 The target, set under Defra's aims for climate change and energy, has shifted in emphasis from that set in the 2003-06 PSA period. The previous form of the target related to the number of homes assisted by the Warm Front scheme, designed to alleviate fuel poverty amongst vulnerable households.

7.110 One difficulty that Defra faced was that not all households assisted by the Warm Front scheme were in fuel poverty, as commonly defined. The current target is therefore more explicitly tied in with fuel poverty rather than the Departmental scheme for alleviating it.

Observations

7.111 Defra shares this target with the Department of Trade and Industry. The Department for Communities and Local Government (DCLG) runs the English House Condition Survey (EHCS) which measures fuel poverty. There are clear definitions of "vulnerable" and "fuel poverty", which are used to produce data from the survey.

7.112 The Building Research Establishment (BRE) analyses the results of the EHCS using a fuel poverty model. Performance against the target is measured using these results. The BRE had previously made a number of criticisms of the EHCS model and suggested alterations to improve the accuracy of data.

7.113 We have recently reviewed the systems underpinning the EHCS and we have taken assurance from this work to avoid replication. In addition, we have considered the results of the recent peer review conducted by Sefton and Cheshire (2005) which considered the BRE's suggestions for change.

7.114 The peer review noted that knowledge of the systems used to calculate fuel poverty is spread between various parties. Defra is publishing data in its corporate documents and using them to aid policy decisions. Defra should hold information on how fuel poverty statistics are calculated, what risks apply to the data, and how these are mitigated.

7.115 At present the EHCS contract is renewed on an annual basis and DCLG is seeking to cut the cost of it. One way to do this would be to reduce the scope of the survey. This could possibly affect the completeness of the data in future years, potentially leaving Defra to find data from another source.

Conclusion

7.116 The data system is fit for the purpose of measuring and reporting performance against the target.

PSA target 8

Improve air quality by meeting the Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3-butadiene.

Joint target with Department for Transport

Introduction

7.117 The target is under Defra's strategic priority of climate change and energy, and in all material respects the wording and system are the same as the target set in the 2003-06 PSA period.

Observations

7.118 This is a joint target between Defra and the Department for Transport. Casella Stanger, an environmental consultancy firm, is contracted to collect data from a mix of automatically-run and manually-run sites measuring a number of pollutants and particulate levels. The measurements cover the requirements for the target.

7.119 Casella Stanger submits data to NETCEN. NETCEN is contracted to undertake validation procedures on the data and query any unexpected results. NETCEN provides the data to Defra in a format suitable for publication.

7.120 Defra employs a third party to carry out validation procedures and has defined the scope, frequency and depth of those procedures as part of the contractual arrangements.

7.121 The amount of information disclosed in Defra's reporting has been improved with the inclusion of further detail on the uncertainties within the data.

7.122 No significant uncontrolled risks have been identified.

Conclusion

7.123 The data system is appropriate for the target and the Department has explained fully the implications of limitations that cannot be cost-effectively controlled.

PSA target 9

To improve the health and welfare of kept animals, and protect society from the impact of animal diseases, through sharing the management of risk with industry, including:

- a reduction of 40 per cent in the prevalence of scrapie infection (from 0.33 per cent to 0.20 per cent) by 2010;
- a reduction in the number of cases of BSE detected by both passive and active surveillance to less than 60 in 2006, with the disease being eradicated by 2010; and
- a reduction in the spread of Bovine TB to new parishes to below the incremental trend of 17.5 confirmed new incidents per annum by the end of 2008.

Introduction

7.124 The target builds on that set in the 2003-06 PSA period, which covered BSE infection and cases of poor animal welfare. For the 2005-08 period, the welfare element has been dropped after Defra reported achieving the target, and new targets for scrapie and bovine TB have been adopted.

Scrapie Infection

7.125 The Veterinary Laboratories Agency (VLA) carries out a fallen stock and abattoir survey to measure this indicator. However the target measures are still in development and Defra is not yet ready to report on this element of PSA 9.

BSE

7.126 VLA maintains records for Defra in the form of both a passive surveillance register and an active surveillance programme. Data on passive surveillance are recorded on an ongoing basis and the results of active surveillance are updated weekly.

Bovine TB

7.127 Defra maintain the statistics monthly on the database 'Vetnet'. These are based on testing of cattle on an annual basis going back to 1996-97. In recent years, an average of over two million cattle have been tested each year for Bovine TB. However the target measures are still in development and Defra is not yet ready to report on this element of PSA 9.

Observations

BSE

7.128 Reporting lines are clear for the target with responsibilities delineated appropriately between the Rural Payments Agency, VLA, the Meat Hygiene Service, Defra and other parties.

7.129 Defra has put in place clear written instructions for the data producers. Service Level Agreements have been put in place between the key organisations in the data production chain.

7.130 We found a strong emphasis within the Department on the importance of data accuracy and clear evidence in management minutes of risk monitoring and also of remedial action where problems were identified.

7.131 Examples such as the matching of BSE Surveillance System data with RPA data indicate a firm emphasis on appropriate validation to ensure the accuracy of data.

7.132 No significant uncontrolled risks have been identified.

Conclusion

BSE

7.133 The data system for reporting BSE cases is fit for the purpose of measuring and reporting performance against the target.

Scrapie and Bovine TB

7.134 The data systems are not yet established for the purpose of measuring and reporting performance against the target. The available measures, however, are of physical evidence of individual incidences of disease and so the data systems should not carry any of the risks associated with samples or surveys.

7.135 We will review these systems once they are ready.