NAO
NATIONAL AUDIT OFFICE

Public Service Agreements:
Managing Data Quality - Compendium Report

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REPORT BY THE COMPTROLLER AND AUDITOR GENERAL | HC 476 Session 2004-2005 | 23 March 2005

After considering Lord Sharman's 2001 report on Government Audit and Accountability, the Government asked the Comptroller and Auditor General to review the reliability of data systems underlying Public Service Agreement targets at least once during their lifetime. The NAO have taken a staged approach to this new work. In 2003, we developed our methodology and, in 2004, we completed the first full validations which covered the data systems used by seven Departments, and the cross-cutting Sure Start programme, for their 2003-06 Public Service Agreement targets. This report summarises the findings from those validations and highlights Departmental practices which have wider applicability and can improve management of data systems. During 2005, we plan to complete validations of the systems supporting the remaining 2003-06 Public Service Agreement targets. We will then produce a second report providing our overall findings.

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EXECUTIVE SUMMARY

1   Good quality data are crucial for the effective use of performance measures and targets in improving public sector delivery and accountability. Good data help Departments to: manage delivery against priorities; assess whether they need to revise policies and programmes; and report reliably on their achievements.

2   HM Treasury has created a sound framework to provide Parliament and the public with consistent and regular data on Departments' progress in meeting their main Public Service Agreement (PSA) targets. Departments publish in Technical Notes the measures and data sources they intend to use to judge their performance for each target. They subsequently provide outturn data for these measures in the spring Departmental Reports and, since 2002, in Autumn Performance Reports. HM Treasury reports outturn data for 2003-06 targets on their website.

3   During 2004 the NAO examined 64 systems operated by seven Departments and the cross-cutting Sure Start programme (referred to as the eight Departments) to collect and report data relevant to their 2003-06 PSA targets. These examinations revealed that Departments had made variable progress in establishing robust systems. For some targets, Departments had overcome substantial measurement challenges to develop and operate good systems which addressed the main risks to the reliability of reported data. But for around half the systems we looked at Departments had encountered problem.

■   For 13 systems (20 per cent) Departments were not collecting data for the measures specified in their Technical Notes at the time of our validation work. This included systems for six well-established targets which had been rolled over in the same or similar form from the previous round of PSAs which ran

from April 2001. And another three systems where Departments have now stated that they do not intend to report data. Instead they will focus on developing data systems for new PSA targets which become live from April 2005;

■   For a further 20 systems (31 per cent) there were weaknesses which Departments should address to reduce the risk of gaps or errors in reported results over time.

Departments had identified some of the system weaknesses in their performance reports, but often they did not explain gaps in reporting against 2003-06 targets. Readers were, therefore, not warned to interpret results with care, given the limitations in the underlying data systems.

4   Where there are delays in establishing a robust data system for a target this will reduce its value in driving improvements in performance and accountability. Many of the problems encountered by Departments in collecting good quality data for their 2003-06 targets arose because they had not given sufficient attention to data quality issues, rather than the system weaknesses being intractable or too expensive to remedy. This report identifies the common challenges faced by Departments in managing data quality and highlights the following good practices that should be applied more widely to improve the reliability of data and public reporting.

■   **Their managers should raise the profile of data quality issues.** They could, for example, allocate clear responsibilities for data quality and maintain active management oversight of systems, including challenging outturn data, to reinforce the importance of data quality;

- **They should plan and co-ordinate the data needs for new systems.** Many weaknesses stem from inadequate attention to data issues when PSA targets are selected and specified. Departments should define the quality of data needed for effective progress monitoring, and then assess whether existing or new data systems can best meet the requirement. This process should involve staff from the relevant business areas, statisticians and analysts, and the providers of data whether within or outside the Department;

- **They should develop a corporate view of risks to data quality.** This would help ensure data quality issues are understood, actively monitored, effectively managed and, where necessary, disclosed in performance reports. Reflecting key data quality risks in wider corporate risk registers can increase the attention that is given to these issues;

- **Systems must be adequately documented and updated for any significant changes.** Clear definitions of terms, well-documented controls and unambiguous criteria for judging success enable systems to operate consistently over time and provide the foundations for making robust judgements of performance. Where Departments revise systems for live PSA targets they should update documentation and agree major changes with HM Treasury and explain them in their Technical Notes;

- **Managers should look for opportunities to apply low cost credibility checks to data.** Managers can check outturn data and trend data by comparing them with other data sets covering similar or related aspects of performance. Such controls are particularly valuable where Departments' systems draw on data which may be subject to sampling error, or data provided by other organisations;

- **Users of performance data must be made aware of limitations in underlying systems.** Identifying limitations and explaining their implications for outturn results builds trust in public reporting by helping users make informed assessments of reported results.

PART ONE
Introduction

"Public Service Agreements are fundamental to the Government's approach to delivering world-class public services, combining clear national goals with unprecedented levels of transparency."
Foreword to the Public Service Agreement White Paper 2004[1]

1.1 Public Service Agreements (PSAs), and associated performance targets, are at the centre of Department's performance management systems **(Figure 1)**. Government intends these targets to drive performance improvement and aid delivery by clarifying what is important, giving a sense of ambition and challenge and providing a basis for assessing, and potentially funding and rewarding, those who deliver services. They can also aid accountability. Departments now report regularly through the HM Treasury website and in their own performance reports on progress against targets, many of which require improvements in outcomes, such as educational attainment, which are of interest to Parliament and the public. If these benefits are to be maximised, targets must be underpinned by good quality data systems capable of providing reliable data.

1.2 The move to more outcome-focused targets since the introduction of PSAs in the late 1990s has brought new measurement challenges. Departments often have to use data which are collected by third parties, such as schools or non-public sector organisations, and which are produced infrequently, maybe once a year, sometimes after significant time delay. Outcome data can be expensive to collect and may require the development of new data systems. And for some outcomes Departments wish to monitor, such as the success of military operations, it is difficult to establish quantitative measures of performance.

1	What are Public Service Agreements?

PSAs are three year agreements, negotiated every two years between each of the 19 main Departments and HM Treasury during the Spending Review process. Each PSA sets out the Department's high-level aim, priority objectives and key performance targets under most of these objectives.

The Agreements set for 2003-06, as well as those which Departments will be working towards in 2005-08, are available from HM Treasury's website.

www.hm-treasury.gov.uk/Documents/Public_Spending_and_Services/publicservice_performance/pss_perf_table.cfm

The 2003-06 Agreements covered by our validation work to date are listed in Appendix 3. The targets specified in these Agreements include:

Raise standards in English and maths so that:

■ by 2004, 85% of 11 year olds achieve level 4 or above and 35% achieve level 5 or above with this level of performance sustained to 2006; and

■ by 2006, the number of schools in which fewer than 65% of pupils achieve level 4 or above is significantly reduced. (Department for Education and Skills)

Protect public health and ensure high standards of animal welfare by:

■ reducing the annual incidence of Bovine Spongiform Encephalopathy (BSE) to less than 30 cases by 2006; and

■ the time taken to clear cases of poor welfare in farmed animals by 5% by March 2004 (Department for Environment, Food and Rural Affairs).

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1   2004 Spending Review, Public Service Agreements 2005-08, HM Treasury, July 2004, Cm 6238.

1.3 In response to problems Departments encountered in collecting data on their first set of PSA targets, HM Treasury brought in a requirement for Technical Notes as part of Spending Review 2000. These publicly available documents should specify for the lay reader the precise data and methodologies Departments intend to use to measure and assess progress against targets **(Figure 2)**.

The NAO's role

1.4 The introduction in 2000 of regular reporting of progress against PSA targets increased the information available to Parliament and the public on Departments' progress in delivering priorities. A number of Select Committees, however, argued that independent validation would increase the credibility of results. Lord Sharman considered this issue in his 2001 report on Government Audit and Accountability.[2] He recommended there should be external validation of Departmental information systems as a first step in a process towards validation of key published data. Once there was general confidence in the systems, he said that work could move onto providing further assurance on the published data in ways that were not overly burdensome to Departments or expensive. Following his recommendation, the Government invited the Comptroller & Auditor General in March 2002 to review the reliability of data systems underlying PSA targets at least once during the lifetime of a target.

1.5 The NAO have taken a staged approach to this work. In 2003, we developed our methodology by working with five Departments on the data systems they were using for a number of their 2001-04 PSA targets. We provided advice on how the Departments could improve their data systems to support better performance management. We then refined our approach, and in 2004 completed validations of 64 systems operated by seven Departments and the cross-cutting Sure Start programme for their 2003-06 PSA targets. **Figure 3** lists the Departments covered by our work in 2004 and Appendix 3 sets out in full their 2003-06 Public Service Agreements.

2	What should be covered in a Technical Note?

Technical Notes set out how performance against PSA targets will be measured. For each target they should:

■ set down baselines, provide definitions of key terms, explain territorial coverage and set out clearly how success will be assessed;

■ describe the data sources that will be used, including who produces the data and any quality assurance arrangements.

Examples of Technical Notes are provided in Appendix 2. All Departments' Technical Notes can be accessed via the HM Treasury website:

www.hm-treasury.gov.uk/Documents/Public_Spending_and_Services/publicservice_performance/pss_perf_table.cfm

3	Validations completed in 2004	
		Number of 2003-06 Targets[3]
Department for Education and Skills		10
Department for Environment, Food and Rural Affairs		10
HM Treasury		10
Ministry of Defence		7
Cabinet Office		6
Inland Revenue		5
Department for Culture, Media and Sport		4
Sure Start		4

1.6 This report summarises the findings from the eight validations covering the 2003-06 PSA targets, and highlights practices which have wider applicability. During 2005, we plan to complete validations of the data systems used by the other Departments with 2003-06 PSA targets.[4] We will then produce a second report providing our overall findings for the 2003-06 targets. Alongside this programme of validations we will continue to examine wider performance measurement and management issues as part of our other audit work. For example, in 2004 we examined and reported on the progress the NHS was making against the 2003-06 PSA target for reducing the time taken to admit, transfer or discharge Accident and Emergency patients as part of a wider study on emergency health care.[5]

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2 Holding to Account - The Review of Audit and Accountability for Central Government, Report by Lord Sharman of Redlynch, February 2001.
3 Numbers include joint targets shared with other Departments.
4 Full details of all the 2003-06 PSA targets can be obtained from the HM Treasury website:
   www.hm-treasury.gov.uk/Documents/Public_Spending_and_Services/publicservice_performance/pss_perf_table.cfm.
5 Department of Health: Improving Emergency Care in England, October 2004, HC 1075 2003-04.

The NAO's approach to validation

1.7 Our validation approach is based around good practice principles for data systems agreed by HM Treasury and other central bodies (see Appendix 1). For each PSA target we assess whether the Department has put in place and operated an adequate system of control to mitigate the risk of significant error in reported data.[6] Where possible we take assurance from others, including the work of statisticians to assure the quality of National Statistics (see **Figure 4**) and relevant work undertaken by the Audit Commission and the Departments' own internal auditors. For some targets, Departments may find that it is not possible to operate cost-effective controls which address all significant risks to data quality. In such cases we judge whether the Department has adequately explained limitations in their systems to users of performance reports and consider whether they are taking appropriate action to address weaknesses.

1.8 This report provides an overview of the quality of the 2003-06 PSA data systems we validated in 2004, identifying generic issues and examples of good practice that may be helpful in improving the reliability of reported performance information. The main issues are:

- Specification of data for measuring progress. Part 2 considers whether Departments have established systems which provide relevant data for their PSA targets;

- Operation of the system to collect, process and analyse data. Part 3 considers whether Departments are managing the main risks to data reliability;

- Reporting of results. Part 4 considers the adequacy of Departments' controls over reported results.

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4   What are National Statistics?

'National Statistics' is a quality marker applied to certain of the United Kingdom's official statistics.

Statistics labelled as 'National Statistics' must meet certain criteria. They should, for example, be fit for purpose, methodologically sound, politically independent and transparently produced. All National Statistics are produced in accordance with the 'Framework for National Statistics' and comply with the principles embodied in the 'National Statistics Code of Practice'. They are reviewed every five years for quality.

National Statistics are produced by the Office for National Statistics and by statisticians working in Government Departments. More information is available from the National Statistics website:

www.statistics.gov.uk/about/national_statistics/default.asp

Source: Office for National Statistics

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[6]   Where possible we aim to draw one conclusion for each target. However, some targets, which address different dimensions of performance, effectively have more than one data system. In these cases we may draw two or more distinct conclusions for a target. For the validations completed in 2004, we reached conclusions on 64 data systems.

PART TWO

Obtaining relevant data

2.1 Defining and matching data systems to the requirements of PSA targets and making sure that the data selected are fit for purpose are important initial steps in securing good quality data systems. If Departments give inadequate attention to the design and specification of data systems, they may find they are inoperable or do not provide relevant data for assessing progress against targets.

Have data systems been established?

2.2 At the time of our review Departments had collected data from 51 of the 64 systems (80 per cent) supporting their 2003-06 targets. These included systems where Departments were able to draw on established streams of data such as school exam results, economic statistics collected by the Office for National Statistics and military manpower data collected by the Ministry of Defence's statistical agency. In other cases they had overcome significant measurement challenges to establish new data systems. For example, Sure Start had used contractors to devise and help run a system for measuring the language and speech skills of young children.

2.3 The other 13 systems (20 per cent) were not yet fully operational and thus Departments were not in a position to report outturn data for the measures specified in their Technical Notes. These included:

■ Seven cases where the systems supported targets newly introduced from April 2003. At the time of our validation work, Departments were still in the process of developing the systems described in Technical Notes or had decided to develop revised systems, for example, where they had found the data they had intended to use were not fit for purpose. In three of these cases the Departments have subsequently stated publicly that they do not intend to report progress against the targets. Instead the Departments will focus on developing data systems for new targets – addressing the same PSA objectives – which were agreed during Spending Review 2004 and will become live from April 2005;

■ Six cases where systems were supporting targets which had been rolled over in the same or similar forms from the previous round of PSAs which ran from April 2001.

In part, the absence of operating data systems reflects the dilemma Departments face between setting targets which are currently measurable, or seeking to develop targets and data systems which are more closely aligned to their objectives. Delays in establishing operating data systems, however, mean that Departments cannot assess and report progress against targets and this reduces their value in driving improvements in performance and accountability.

Are established systems providing relevant data?

2.4   Many of the PSA targets require Departments to improve several dimensions of performance. For example, the target for raising standards in schools and colleges requires the Department for Education and Skills to raise the proportion of those aged 16, and those aged 19, who get the equivalent of five GCSEs at grades A* to C, as well as ensuring that in all schools at least 25 per cent of those aged 16 achieve that standard by 2006.

2.5   Of the 51 systems that were being operated by Departments at the time of our validation, eight did not address all dimensions of the target or covered different dimensions of performance from that specified in the target. Problems arose, for example, where:

■   targets were written in very broad terms and required further interpretation;

■   Departments found new data systems more difficult to develop than they expected;

■   Departments assumed the existing data streams would be suitable without reviewing them. Where data were not as reliable or as precise as Departments initially expected, they were then faced with the choice of continuing to use data which might not be fit for the purpose or accepting the delay, and potential cost implications, of strengthening the data system or developing a new one.

2.6   As a consequence of differences between targets and their operating data systems, Departments have in some cases given internal users of data and readers of published reports:

■   **A partial view of performance.** For example, against a target requiring improvements in the number of individuals and businesses that comply with their obligations and receive their entitlements, the Inland Revenue had made good progress by spring 2004 in establishing a system for 23 of the 28 supporting measures. It was, for example, collecting data on the numbers of individuals and employers submitting accurate tax returns and the time taken to process new claims, and changes of circumstance, for both the child tax credit and working tax credit. It had, however, encountered problems, for example, in collecting data on the timeliness, accuracy and payment of corporation tax and thus it was not in a position to report data for these dimensions of performance;

■   **Information on a related but different dimension of performance from that specified in the target.** For example, for its target to improve the productivity of the tourism, creative and leisure industries, the Department for Culture, Media and Sport intends to report the quantitative measures of productivity specified in its Technical Note as well as providing contextual information on the progress of its key projects which are designed to assist the industries. Due to difficulties and time delays in collecting outcome data, the Department's first reports on this target have focused on the progress of projects. The Department has, however, informed readers of its intention to assess the productivity of these industries and in its 2004 Autumn Performance Report it provided data which established a baseline for assessing progress against the target.

How can the design of systems be improved?

2.7   Our experience from undertaking validations and other performance measurement work shows Departments can reduce problems by:

■   **Taking a planned approach to establishing new data systems.** Departments should actively consider data issues as they are developing their proposals for new targets;

■   **Establishing targets which focus precisely on the key dimensions of Government objectives.** Where possible, Departments should avoid using vague or unnecessary additional wording as this increases the risk that data systems will not address all aspects of performance implied by the target;

■   **Determining the quality of data they require for individual targets.** Performance data, like financial data, are rarely 100 per cent reliable. In designing a data system a Department can usefully consider what level of error or uncertainty would compromise its ability to manage performance and report progress publicly against the PSA target. The level of acceptable error may vary from system to system, reflecting factors such as the level of Parliamentary and public interest in the target and the size of the specified performance improvement;

■ **Assessing the quality of data available from existing sources.** This often requires a Department to consider both the overall quality of a data source and the quality of the particular figure or statistic they intend to use from that wider source. A data source such as a National Statistic, which is adequate for monitoring long term social or economic trends at a national level, may not provide data which are sufficiently precise for monitoring and reporting progress against a three year target focused, for example, on a particular subgroup of the population;

■ **Consulting widely.** Departmental teams who negotiate and agree targets with HM Treasury should consult relevant business areas, those involved in collecting and providing data, whether within or outside the Department, as well as statisticians and other specialists. Three of the Departments we validated in 2004 already involved their analytical services divisions when developing data systems.

2.8 HM Treasury has taken steps to reduce the risk of targets being set which subsequently prove difficult to measure. For the 2004 Spending Review, Departments were asked to prepare Technical Notes as they were developing their 2005-08 Public Service Agreements, thus reducing the risk that data issues were not given serious consideration until after targets had been finalised. HM Treasury also revised its guidance on Technical Notes to address weaknesses in the Notes prepared for previous PSA targets.

PART THREE
Managing risks to data reliability

3.1 In fulfilling their responsibilities for managing data, Departments should assess the risks to reliability that can arise from the collection, processing and analysis of data. This assessment should determine the controls required to prevent and detect error. These are likely to include controls which can be applied to most or all data systems, and others which address the risks inherent in a particular type or source of data.

Are risks to data reliability assessed?

3.2 Risks to data reliability are influenced by a wide range of factors, such as, the complexity of data collection processes and the maturity of the data system **(Figure 5)**. We found that while Departments assessed and documented risks to the delivery of the 2003-06 PSA targets, they had rarely undertaken formal exercises to identify risks surrounding the particular data sources they were using. However, from discussions with staff involved in data systems it was clear that many had considered specific risks, for example, to the completeness of the data sets they were collecting. Bringing together the views of individual staff and documenting the results in formal risk assessments can help Departments generate a comprehensive and shared corporate view of data issues that need to be monitored for each target, thus raising the profile of data issues. Such assessments can usefully grade risks according to their likelihood and potential impact on reported results.

Have general controls over data reliability been operated?

3.3 Some types of controls can be applied to most if not all data systems. These include: allocation of responsibilities; clear definitions; good documentation; and management review of data reliability including tests of the credibility, consistency and completeness of data collection.

3.4 All Departments had allocated responsibility for target achievement to nominated individuals and a few had explicitly identified those accountable for assessing and managing risks to data quality. For individual targets, however, it was not always possible to identify officials who were responsible for ensuring the reliability of data. This increases the risk that data issues do not receive the attention they merit.

3.5 Clear unambiguous definitions enable data to be collected consistently, both between locations and over time, and help users interpret results. Despite the introduction of Technical Notes, the quality of definitions for the 2003-06 targets varied. Most Departments had not defined key terms for one or more of their targets in their Technical Notes or supporting internal documents. Common problems included inadequate explanations of broad performance terms such as "value for money" and the absence of criteria to judge broad descriptions of success – such as "significantly improve" – included in targets.

5	Examples of factors which can influence the risks to data reliability

Our validation and other audit work shows that the following factors can influence data reliability.

Complexity of data collection: Risks are likely to be greater if there are a large number of data sources or providers, or if measures require difficult judgments to be made by data collectors. In the case of sample surveys, high levels of non-response among "difficult to reach" members of the target population will increase the risk of bias.

Complexity of data processing and analysis: The more complex the processing or analysis required, the greater the risk of error arising, for example, through incorrect data entry or flaws in calculation routines. Weaknesses in the extraction of data for analysis may result in the omission (or inclusion) of relevant (irrelevant) data items. Invalid results may be obtained from sample surveys if inappropriate weightings are applied or if inappropriate methods are used to extrapolate the information gained from the sample.

Level of subjectivity: Where analysis and assessment involves subjective judgements, there is greater risk of inconsistency over time.

Maturity and stability of the data system: Although age by no means guarantees quality, risks may be greater if the system is new, if it has been recently modified or if there has been significant changes in key staff.

Expertise of those who operate the system: The professional skills and experience of those responsible is an important factor in controlling risks in individual data streams. Risks may be greater where non-specialists operate more complex systems.

Use of data to manage and reward performance: Risks may be greater if data are used to determine individual or team pay or the Department's (or its service provider's) rating, funding or autonomy.

3.6 There were weaknesses in documentation for the 2003-06 systems. The operation of key controls, for example, could be difficult to verify because supporting records had not always been retained. There were, however, indications that Departments were beginning to pay greater attention to documenting the design of their systems. For example, during 2005 the Head of Profession for Statistics in the Department for Education and Skills will undertake a review of the underlying data systems for the Department's 2005-08 PSA targets. The Department plans to draw on our work in establishing the criteria they will use to judge the adequacy of each system.

3.7 Management oversight of both the operation and output of data systems can detect potential problems that if unresolved could cause errors in reported data. We found that Departments were increasingly checking the credibility, consistency and completeness of data to gain assurance about data reliability. Good examples included:

■ Inland Revenue monitors the take-up of electronic services against profiles of expected performance. This control can identify both data quality issues and performance issues, for example, where take-up is lower than expected. For one of its electronic services the Inland Revenue gains additional assurance by checking the consistency of take-up data collected from two different internet application systems;

■ the Cabinet Office obtains assurance on the completeness of its information about compliance with the Regulatory Impact Assessment process by comparing it to a separately generated list, on the UK Online website, of all government policies that are out for public consultation and thus require Assessments;

■ the Department for Education and Skills and its data providers compare different data sets to reduce the risk that pupils are double-counted or are incorrectly omitted from key statistics.

3.8 Management oversight is particularly important for those systems which are necessarily underpinned by qualitative assessments of performance. They include, for example, the processes used by the Ministry of Defence to judge whether its objectives for operations and military tasks have been achieved. Such qualitative systems are most likely to operate consistently over time, and be capable of verification, if:

■ success criteria are predetermined and clearly documented;

■ judgements of performance achieved are explained and evidenced against supporting documentation produced by the Department or external bodies; and

■ management, preferably including some from outside the teams responsible for delivering the target, are involved in reviewing judgements of performance.

For many qualitative data systems, greater rigour can be brought to judgements of success by using a panel of interested parties. The Department for Culture, Media and Sport, for example, plans to establish a panel to judge the progress of projects which aim to improve the value for money of the bodies its sponsors. The panel will include a representative from HM Treasury and the Department is planning to add an independent non-government member.
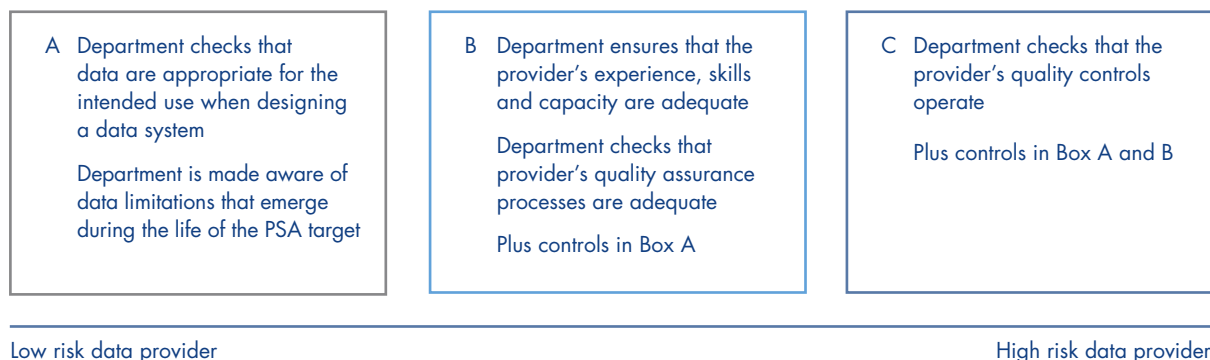
Is the quality of external data assessed and monitored?

3.9 To track progress against their targets, Departments often use data provided or collected by external organisations including other central government organisations, local service deliverers and private organisations. Regardless of the data source, Departments are responsible for assuring that the data they select are fit for the purpose of monitoring progress against their PSA targets, and reporting achievements to Parliament and the public.

3.10 The type of controls that Departments operate to get assurance over external data may vary according to the source of the data. Where data come from organisations with well-established quality control procedures, such as the Office for National Statistics, Departments may need to carry out only a minimum level of checks **(Figure 6)**. More rigorous controls are needed where data come from higher risk providers, such as those organisations that collect data as a subsidiary activity to their main business, or organisations that might be funded or rewarded according to reported results.

3.11 Around 70 per cent of the systems examined drew on some form of external data. In about a fifth of these cases the Departments had not obtained adequate assurance about the quality of data they were using. This indicates that external sourcing of data is an area requiring greater management attention.

6	Examples of different control levels for external data

A Department checks that data are appropriate for the intended use when designing a data system

Department is made aware of data limitations that emerge during the life of the PSA target

B Department ensures that the provider's experience, skills and capacity are adequate

Department checks that provider's quality assurance processes are adequate

Plus controls in Box A

C Department checks that the provider's quality controls operate

Plus controls in Box A and B

Low risk data provider ⟶ High risk data provider

3.12 Those Departments that manage external data well use a range of controls reflecting both the nature of the data provider and the type of data. Effective controls include:

- **Regular meetings with data providers.** HM Treasury holds regular meetings with the Office for National Statistics, so that it understands the quality of key economic data used to track progress against targets for economic growth and inflation;

- **Drawing on the results of peer reviews.** The Department for Environment, Food and Rural Affairs gets some assurance on the reliability of trends in greenhouse gas emissions from national and international peer review activity undertaken by experts;

- **Actively managing organisations employed to undertake data collection exercises.** For example, Inland Revenue commissioned a leading market research company to measure the satisfaction of the Department's customers with the level of service provided. The Inland Revenue checked the company had the appropriate technical skills to carry out the work and has maintained a close relationship with the company, getting involved in the selection of sample sizes, the design of questions and the analysis of results. Similarly, the Department for Environment, Food and Rural Affairs reviews and scrutinises the aggregate data its contractor provides on the levels of recycling of household waste. The Department is planning to introduce additional checks to ensure that the contractor is adequately validating returns provided by individual local authorities.

Are underlying standards of performance monitored where necessary?

3.13 To measure trends in some aspects of performance Departments need to ensure that consistent standards or judgements are being applied over time or between organisations. The most obvious example from the current round of validations is in the field of education. If exam results are to be reliable measures of changes in educational standards then the Department for Education and Skills and its non-departmental public body - the Qualifications and Curriculum Authority - need to ensure exams standards are comparable over time. The Authority, therefore, uses an extensive range of procedures to ensure this is achieved. It has commissioned independent reviews of the most studied GCSE subjects and the Key Stage tests taken by younger pupils. The GCSE reviews have shown a high level of consistency between awarding bodies and over time. At the time of our review the Authority was considering a report published in December 2003 which concluded that key stages tests taken by 7 year olds may have become more severe between 1996 and 2000 but that in three of the six Key Stage examinations taken by 11 and 14 year olds, and covered by a PSA target, standards may have become more lenient. This circumstance illustrates a good detective control that operates after the event: the issue for the Qualifications and Curriculum Authority now is to consider and use the results of the review in taking forward its work to ensure consistent standards for future years.

PART FOUR

Reporting results
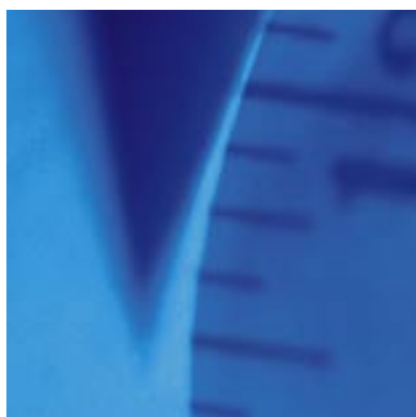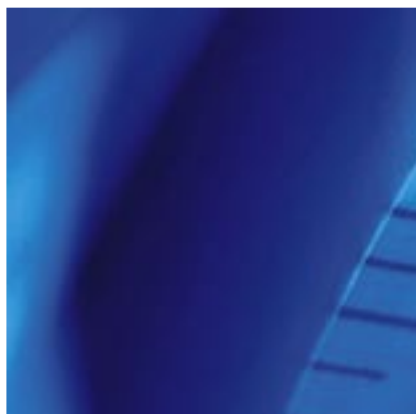
4.1 The introduction of PSAs has been accompanied by greater emphasis on regular reporting of results to Parliament and the public. Departments now publicly report progress against targets in Autumn Performance Reports as well as in their spring Departmental Reports. In addition, HM Treasury's performance website, launched in 2003, provides a single point where users can access data on any of the 2003-06 PSA targets.[7] If the potential for these mechanisms to improve accountability is to be realised, Departments must:

■ report latest outturn data; and

■ adequately explain any significant limitations in data systems.

Are latest outturn data reported?

4.2 Our work focused on the controls Departments were operating when they produced either their 2003 Autumn Performance Reports or their 2004 Departmental Reports. For the 2003-06 targets Departments had generally complied with HM Treasury guidance and had reported latest outturn data. There were, however, occasional problems with the clarity of reporting, for example, where Departments had not specified the period or date covered by the data, or had not explained why data covered an unusual period such as April to November.

4.3 There were gaps in reporting against some of the live 2001-04 PSA targets. Common problems included Departments failing to refer to targets or simply stating that 2001-04 targets had been replaced by 2003-06 targets. As a consequence the reader of a performance report may be unable to judge the progress that a Department had made from its 2001 baseline.

4.4 Departments took different approaches to reporting progress on the thirteen 2003-06 data systems (20 per cent) which were not yet fully operational, including:

■ Explaining that performance could not be assessed as data were not yet available;

■ Providing proxy indicators, for example, covering the progress of projects it was taking forward to achieve the targeted performance improvement. The use of such proxies can be a valuable means of temporarily plugging gaps in reporting while data collection systems are established. Not all Departments had, however, explained the status of proxies in their performance reports or the progress they were making in developing the systems specified in Technical Notes.

We also found cases where Departments reported progress, using phrases such as "on-course" or "slippage". In the absence of data, such statements of progress, in particular, where they are favourable, will only have credibility with readers if a Department provides a clear explanation of the basis for its judgement. This was not always the case.

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7   www.hm-treasury.gov.uk/performance/index.cfm

Are limitations in data systems adequately explained?

4.5 HM Treasury guidance states that reporting should be clear and informative, requiring Departments to describe the quality of their data systems. Where there are significant limitations Departments should identify these and explain the implications for interpreting progress against each target for readers. These requirements, which were first put in place in 2002, are consistent with emerging international practice (see **Figure 7**) and can build trust in public reporting by helping readers make an informed judgement about the reliability of the Department's data systems.

4.6 For around 40 per cent of the 2003-06 systems we examined, Departments could have explained more clearly for readers known limitations in their data or data systems. Weaknesses included:

■ Departments not identifying or explaining gaps in coverage, for example, where outturn data did not cover all aspects of the target;

■ Departments not informing readers that some of the data used, such as economic statistics, were subject to revision;

■ Departments not disclosing known risks to data reliability, such as double counting or changes to definitions which could affect the consistency of data over time.

7	International practice in reporting data limitations

United States - Governmental Accounting Standards Board of the Financial Accounting Foundation. Extract from its 2003 guide "Reporting Performance Information: Suggested Criteria for Effective Communication"

> "The report should provide readers with information that can be used to assess the reliability of the measures being reported. This information would normally be in the form of a statement about what has been done to ensure the reliability of the reported performance information. If there are questions about the reliability of this information because of the results of reviews or no review was performed, these facts should be reported."

The guide is available from:

www.seagov.org/sea_gasb_project/suggested_criteria_report.pdf

Canada – CCAF is a national foundation which researches public sector governance, accountability, management and audit. Extract from its 2002 guide "Reporting Principles: Taking Public Performance Reporting to a New Level"

> "To further build the confidence of users, reporting should:
>
> ■ briefly describe the steps management has taken to develop confidence in the reliability of reported information;
>
> ■ identify any significant caveats or limitations in the supporting information (such as limitations of proxy indicators being used until better measures become available) that might reasonably influence the judgments of readers;
>
> ■ describe strategies to remedy limitations where appropriate to do so."

The executive summary of the guide is available from:

www.ccaf-fcvi.com/english/reporting_principles_entry.html

4.7 Departments are, however, increasingly making efforts to discuss data quality in their performance reports. Good practices were evident in a number of reports we examined during our validations. For example, in its 2004 Departmental Report the Cabinet Office identified the limitations in the data on the proportion of senior civil servants with disabilities and its plans to improve that data **(Figure 8)**. Such entries in performance reports require little additional management effort but can significantly improve the credibility of public reporting.

4.8 Since we completed our validation work, Departments have produced their 2004 Autumn Performance Reports. These demonstrate a number of improvements in the standard of reporting of both data and data quality issues. In some instances these have arisen as Departments have addressed points we raised during our validations.

8	Reporting on data quality – Extract from the Cabinet Office's 2004 Departmental Report

The Cabinet Office included the following discussion of data quality for its PSA target to ensure that the Civil Service becomes more open and diverse, by achieving by 2004-05 a number of sub targets including 3 per cent of the Senior Civil Service to be people with disabilities.

"It is believed that Civil Service staffing statistics under-estimate the number of disabled people employed by the Civil Service. Data suggests that around 15% of staff have a disability or long-standing illness, in comparison to the 3.6% shown by Civil Service staffing statistics.

The Cabinet Office set up a new disability working group in January 2003 to explore ways of best recording and monitoring disability across the Civil Service. The group has over 100 full and associate members, including representatives from departments and agencies, the trade unions and other external agencies with a focus on disability. It is anticipated that the improvements in data following from the group's work will take effect in 2004-05."

APPENDIX 1
Outline of NAO's approach to validation

There are no formal standards for data systems equivalent to those for financial reports. Our validation approach is therefore based on good practice principles for data systems established by a HM Treasury-led working group which was set up in response to Lord Sharman's report and considered the practical implications of external validation. The group agreed that Departments were responsible for:

■ ensuring the existence and operation of internal controls which are effective and proportionate to the risks involved;

■ being clear with Parliament and the public about the quality of their data systems.

We have amplified those principles by reference to more general performance measurement criteria we and other central bodies signed up to as part of FABRIC[8], and to specific HM Treasury requirements for departmental reporting **(Box 1)**.

Validation is a form of systems audit and our approach focuses on the examination of risks and controls. There are a number of standard steps that we typically undertake in each validation **(Box 2)**.

We examine the processes and controls that operate across data systems. These can include entity-wide polices and procedures covering data quality, risk assessment, documentation and monitoring of performance. The majority of work, however, focuses on the processes and controls that are specific to individual data systems. We examine each system from three perspectives **(Box 3)**.

BOX 1

Good practice criteria for data systems

We expect an effective data system to be:

Relevant: to what the organisation is aiming to achieve. The data system should cover all significant aspects of performance expressed in the target;

Well-defined: with a clear, unambiguous definition so that the data will be collected consistently, and are easy to understand and use;

Robust: all known significant risks should be managed. A robust system has sound procedures for identifying significant risks to data reliability and effective and proportionate controls to address those risks. It is thus capable of producing data which are:

■ **Reliable** – accurate enough for their intended use;

■ **Comparable** – with past periods.

Verifiable: with clear documentation behind it, so that the processes which produce the data can be validated.

In addition a good data system will enable Departments to meet HM Treasury requirements to produce **clear, transparent and comprehensive** public performance reports that:

■ present latest outturn data for all PSA targets;

■ describe the quality of data systems.

BOX 2

Outline Validation Approach

1 Understanding the PSA management framework

2 Identify risks to data reliability

3 Assess the significance of known risks

4 Assess the adequacy of controls to address known, significant risks

5 Evaluate the results and report

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8   Choosing the Right: FABRIC – A Framework for Performance Information: HM Treasury, Cabinet Office, NAO, Audit Commission and Office for National Statistics 2001. It can be obtained from www.nao.org.uk/guidance/focus/fabric.pdf.

BOX 3

The three elements of a data system

Data system element		Key issues	Criteria
1	Specification of the data for measuring progress towards the PSA target	Is the Department measuring all key aspects of performance expressed in the PSA target?	Relevant Well-defined
2	Operation of the system to collect, process and analyse data	Are the data system controls adequate to mitigate all known significant risks?	Robust Reliable Comparable Verifiable
3	Reporting of results	Are outturn data reported for all key aspects of performance and are significant data limitations disclosed to the reader?	Clear Transparent Comprehensive

APPENDIX 2

Examples of 2003-06 PSA targets and Technical Notes

Each Department produces a Technical Note which sets out how it will measure performance for each of its PSA targets. Below are two complete examples – from the Department for Education and Skills and the Department for Environment, Food and Rural Affairs – of Technical Notes, set in the context of their overall 2003-06 PSA framework.

Department for Education and Skills

Aim

The Department's aim is to:

- Help build a competitive economy and inclusive society by: creating opportunities for everyone to develop their learning; releasing potential in people to make the most of themselves; achieving excellence in standards of education and levels of skills.

Objectives

The Department is working towards six Objectives including:

- Sustain improvements in primary education

Performance target

For its objective on primary education the Department has been set one target:

Raise standards in English and maths so that:

- by 2004 85% of 11 year olds achieve level 4 or above and 35% achieve level 5 or above, with this level of performance sustained to 2006; and

- by 2006 the number of schools in which fewer than 65% of pupils achieve level 4 or above is significantly reduced.

Technical Note[9]

The Department's Technical Note states:

"The national 2004, national 2006 and school level 2006 target levels of attainment refer to English and maths separately, e.g. 85% to achieve level 4 or above in English in 2004 and 85% to achieve level 4 or above in maths in 2004.

Progress towards all targets is measured annually. The source data are the results of the National Curriculum end of Key Stage 2 assessment tests, which pupils sit in May of each year.

The national targets cover all pupils in England who returned valid end of Key Stage 2 test results (as defined in Education Act 1996).

Progress towards the national targets in English and maths are first published as National Statistics in a Statistical First Release of provisional national results in September. Final results – including all late review outcomes and amendments requested by schools as part of the primary performance tables checking exercise – are published in a Statistical Bulletin the following May. Both provisional and final national results are unadjusted.

Progress towards the school level target is based on the adjusted data published in the primary school performance tables. The school level target covers all maintained mainstream schools published in the primary performance tables. It excludes: all independent schools, non-maintained schools, all hospital schools, all pupil referral units (as these schools are not obliged to follow the national curriculum and hence are not published in the primary performance tables); schools that closed ahead of publication of the tables, schools that opened after the National Curriculum assessments were taken in May (be that through mergers, amalgamations or new establishments), schools whose results were unavailable due to reasons beyond their control, schools who refused to return results (because they

9   Available online at http://www.dfes.gov.uk/psa2002/TechnicalNotesFinalPSA.rtf

have no results); schools with 10 or fewer pupils in the cohort who took the assessments and special schools (because their results are inherently too volatile).

All pupils who will move onto the next Key Stage programme of study in the next school year are regarded as being in the final year of that Key Stage. All children in this final year of a Key Stage must be assessed. The expected standard for a pupil at the end of Key Stage 2 is Level 4.

Those pupils who attain Level 4 or 5 are counted towards achieving the level 4 target and those who attain Level 5 are counted for the level 5 target. These are measured as a percentage against all pupils who returned valid Key Stage 2 test results including those disapplied from the National Curriculum under section 364/365 of the Education Act 1996, those pupils working below the level of the tests, those pupils who were absent from the tests and those who sat the test but failed to gain enough marks to register a level.

The national and school results are rounded to the nearest whole number. Progress towards the targets is therefore measured in integer steps. The rounding convention is: any fractions of 0.5 and above will be rounded up; anything less than 0.5 will be rounded down.

No adjustment is made to national data in respect of pupils from overseas when monitoring progress towards the targets. This differs from the primary performance table's policy in which 'refugees' are discounted (as set out in PN 2000/0338 see www.DfES.gov.uk/pns/DisplayPN.cgi?pn_id= 2000_0338).

The targets were announced in March 2002, when the latest available data was from 2001. The 2001 national Key Stage 2 test results showed the percentage of pupils achieving level 4 or above was 75% in English and 71% in maths; the percentage of pupils achieving level 5 or above was 29% in English and 25% in maths. At a school level, the number of schools in which fewer than 65% of pupils achieve level 4 or above was 2,978 in English and 4,061 in maths."

Department for Environment, Food and Rural Affairs

Aim

The Department's aim is:

■ Sustainable development, which means a better quality of life for everyone, now and for generations to come, including: a better environment at home and internationally, and sustainable use of natural resources; economic prosperity through sustainable farming, fishing, food, water and other industries that meet consumers' requirements; and thriving economies and communities in rural areas and a countryside for all to enjoy.

Objectives

The Department is working towards six Objectives including:

■ Protect the public's interest in relation to environmental impacts and health, and ensure high standards of animal health and welfare.

Performance targets

For this objective the Department has been set two targets, one of which is:

■ Protect public health and ensure high standards of animal welfare by reducing the annual incidence of Bovine Spongiform Encephalopathy (BSE) to less than 30 cases by 2006; and the time taken to clear up cases of poor welfare in farmed animals by 5 per cent by March 2004.

Technical Note[10]

The Department's Technical Note states:

1 Reduce the annual incidence of Bovine Spongiform Encephalopathy (BSE) to less than 30 cases by 2006.

  ■ **Scope:** England, Scotland and Wales.

  ■ There is a statutory obligation for all Bovine Spongiform Encephalopathy (BSE) suspect animals to be reported. Individual cases are subject to laboratory examination by Veterinary Laboratories Agency (VLA) staff to confirm whether the animal is suffering from BSE or not.

10   Text available online at http://www.defra.gov.uk/corporate/busplan/sda/technotespsa0306.pdf

■ A number of new BSE cases can be expected over the next few years, but these are expected to occur at a lower and declining rate. We will have achieved our target if there are less than 30 confirmed BSE cases in Great Britain, identified by farmers on the basis of clinical signs of disease (passive surveillance), between 1 January and 31 December 2006.

■ This target does not include cases detected under the current active surveillance programme required by the Commission under Regulation (EC) 999/2001.

■ Weekly statistics for passive and active surveillance are published on the internet, showing the latest incidence of BSE: www.defra.gov.uk/animalh/bse/bse-statistics/level-3-incidence.html.

■ The passive surveillance data is used to measure progress towards the target.

Timing: Calendar year, but the final figure for the year, especially for clinical cases, may not be known for some months into the next year. A good estimate of the final outcome should be known by October.

Definitions: A case is a bovine which is suspected on the basis of clinical signs to have BSE and which is subsequently confirmed to have the disease on the basis of histopathological examination of a brain section. Weekly figures, produced by the Veterinary Laboratories Agency (VLA), of the number of confirmed BSE cases.

Methodology:

a The target is based on a number of laboratory tests used in the diagnosis of BSE. The basic test is an examination of a section of the brain under a microscope. Additional tests, using reagents which can detect the form of the prion protein thought to be the infective agent, are used to confirm the diagnosis. For suspects born before 1996, all samples negative or inconclusive by the initial examination are subjected to a second test. All suspects born from 1996 onwards are examined by three tests.

b The target is based on a VLA model. The model has been stretched from its usual three year predictions to six years for this target. The model is updated as our understanding of the epidemiology of the disease increases. If these

changes were to be large, the basis for the target would be uncertain. VLA is working on a new, more flexible model.

c The model makes no allowance for a third route of transmission (i.e. other than through feed or maternal transmission). The target does not include such cases. Were they to become apparent such cases would be monitored, recorded, and published as part of the weekly statistics.

d The target excludes cases arising from imported infection. The VLA model does not take account of these, but they are monitored, recorded and published as part of the weekly statistics.

2 Reduce the time taken to clear up cases of poor welfare in farmed animals by 5 per cent by March 2004.

Scope: England, Wales and Scotland

Timing: Financial Year

Definitions: Poor welfare in farmed animals is defined as unnecessary pain or unnecessary distress (UPUD) of animals within an enterprise on a farm holding.

Methodology:

a A case of poor welfare will be deemed to start when a case of UPUD is seen on an enterprise and recorded by a Veterinary Officer. It will finish when a Veterinary Officer is satisfied by a further visit or other information that UPUD no longer exists on that enterprise. The clear up time for the case will be the interval in days between the recorded start and finish dates.

b The clear up rate will be the mean of all the clear up times in the financial year and the target is to reduce this rate by 5% over the Spending Review 2000 period.

c The clear up rates will be recorded on a computerised database.

d If an outbreak of exotic notifiable disease places demands on the State Veterinary Service which prevent timely revisiting of cases of poor welfare, it is conceivable that the recorded clear up times will be lengthened. We do not have historical data for this measure, but have started collecting it in 2000/01. We will use this as our baseline."

APPENDIX 3

2003-06 Public Service Agreements for the Departments covered in this report

Department for Education and Skills

Aim

Help build a competitive economy and inclusive society by: creating opportunities for everyone to develop their learning; releasing potential in people to make the most of themselves; achieving excellence in standards of education and levels of skills.

Objectives and performance targets

Objective I: sustain improvements in primary education.

1   Raise standards in English and maths so that:

■   by 2004 85% of 11 year olds achieve level 4 or above and 35% achieve level 5 or above with this level of performance sustained to 2006; and

■   by 2006, the number of schools in which fewer than 65% of pupils achieve level 4 or above is significantly reduced.

Objective II: transform secondary education.

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

■   by 2004 75% of 14 year olds achieve level 5 or above in English, maths and ICT (70% in science) nationally, and by 2007 85% (80% in science);

■   by 2007, the number of schools where fewer than 60% of 14 year olds achieve level 5 or above is significantly reduced; and

■   by 2007 90% of pupils reach level 4 in English and maths by age 12.

Objective III: pupil inclusion.

3   By 2004 reduce school truancies by 10% compared to 2002, sustain the new lower level, and improve overall attendance levels thereafter.

4   Enhance the take-up of sporting opportunities by 5-16 year olds by increasing the percentage of school children who spend a minimum of two hours each week on high quality PE and school sport within and beyond the curriculum from 25% in 2002 to 75% by 2006. Joint Target with Department for Culture Media and Sport.

Objective IV: raise attainment at 14-19.

5   Raise standards in schools and colleges so that: between 2002 and 2006 the proportion of those aged 16 who get qualifications equivalent to 5 GCSEs at grades A* to C rises by 2 percentage points each year on average and in all schools at least 20% of pupils achieve this standard by 2004 rising to 25% by 2006; and the proportion of 19 year olds who achieve this standard rises by 3 percentage points between 2002 and 2004, with a further increase of 3 percentage points by 2006.

Objective V: improve the skills of young people and adults and raise participation and quality in post-16 learning provision.

6   By 2004, at least 28% of young people to start a Modern Apprenticeship by age 22. A wider vocational target for 2010, that includes learning programmes in further education preparing young people for skilled employment or higher education will be announced in the 2002 Pre-Budget Report.

7   Challenging targets will be set for minimum performance and value for money in FE colleges and other providers by the Government and the LSCs. (This is also the department's value for money target).

8   By 2010, increase participation in Higher Education towards 50% of those aged 18 to 30. Also, make significant progress year on year towards fair access, and bear down on rates of non-completion.

Objective VI: tackle the adult skills deficit.

9   Improve the basic skill levels of 1.5 million adults between the launch of Skills for Life in 2001 and 2007, with a milestone of 750,000 by 2004.

10   Reduce by at least 40% the number of adults in the UK workforce who lack NVQ 2 or equivalent qualifications by 2010. Working towards this, one million adults already in the workforce to achieve level 2 between 2003 and 2006.

Ministry of Defence

Aim

Deliver security for the people of the United Kingdom and the Overseas Territories by defending them, including against terrorism, and act as a force for good by strengthening international peace and security.

Objectives and performance targets

Objective I: achieve success in the military tasks that we undertake at home and abroad.

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.

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 Department for International Development and the Foreign and Commonwealth Office.

Objective II: be ready to respond to the tasks that might arise.

3   By 2006 ensure that a minimum of 90% of high readiness forces are at their required states of readiness with no critical weakness.

4   Recruit, train, motivate and retain the personnel needed to meet the manning requirement of the Armed Forces, so that by the end of 2004, the Royal Navy and RAF achieve, and thereafter maintain, manning balance, and that by the end of 2005 the Army achieves, and thereafter maintains, manning balance.

5   Strengthen European security through an enlarged and modernised NATO, an effective EU military crisis management capacity and enhanced European defence capabilities.

Objective III: build for the future.

6   Develop and deliver to time and cost targets military capability for the future, including battle-winning technology, equipment and systems, matched to the changing strategic environment.

Value for Money

7   Increase value for money by making improvements in the efficiency and effectiveness of the key processes for delivering military capability. Year-on-year output efficiency gains of 2.5% will be made each year from 2002-03 to 2005-06, including through a 20% output efficiency gain in the Defence Logistics Organisation.

Department for Environment, Food and Rural Affairs

Aim

Sustainable development, which means a better quality of life for everyone, now and for generations to come, including:

■   a better environment at home and internationally, and sustainable use of natural resources;

■   economic prosperity through sustainable farming, fishing, food, water and other industries that meet consumers' requirements; and

■   thriving economies and communities in rural areas and a countryside for all to enjoy.

Objectives and performance targets

1   Promote sustainable development across Government and the country as a whole as measured by achieving positive trends in the Government's headline indicators of sustainable development.

Objective I: protect and improve the rural, urban, marine and global environment, and lead integration of these with other policies across Government and internationally.

2   Improve the environment and the sustainable use of natural resources, including through the use of energy saving technologies, to help reduce greenhouse gas emissions by 12.5% from 1990 levels and moving towards a 20% reduction in carbon dioxide emissions by 2010.

3   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;

■   bringing into favourable condition by 2010 95% of all nationally important wildlife sites; and

■   opening up public access to mountain, moor, heath and down and registered common land by the end of 2005.

Objective II: enhance opportunity and tackle social exclusion in rural areas.

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

Objective III: promote a sustainable, competitive and safe food supply chain which meets consumers' requirements.

Objective IV: promote sustainable, diverse, modern and adaptable farming through domestic and international actions.

5   Deliver more customer-focused, competitive and sustainable food and farming as measured by the increase in agriculture's gross value added per person excluding support payments; and secure CAP reforms that reduce production-linked support, enabling enhanced EU funding for environmental conservation and rural development.

Objective V: promote sustainable management and prudent use of natural resources domestically and internationally.

6   Enable 25% of household waste to be recycled or composted by 2005-06.

7   Reduce fuel poverty among vulnerable households by improving the energy efficiency of 600,000 homes between 2001 and 2004.

Objective VI: protect the public's interest in relation to environmental impacts and health, and ensure high standards of animal health and welfare.

8   Improve air quality by meeting our National Air Quality Strategy objectives for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1-3 butadiene. Joint target with Department for Transport.

9   Protect public health and ensure high standards of animal welfare by reducing:

■   the annual incidence of Bovine Spongiform Encephalopathy (BSE) to less than 30 cases by 2006; and

■   the time taken to clear up cases of poor welfare in farmed animals by 5% by March 2004.

Value for Money

10 Achieve a reduction of 10% of the unit cost of administering CAP payments by 2004-05 and an increase to 95% electronic service delivery capability for such payments by 31 March 2005.

Department for Culture, Media and Sport

Aim

Improve the quality of life for all through cultural and sporting activities, to support the pursuit of excellence, and champion the tourism, creative and leisure industries.

Objectives and performance targets

Objective I: increase participation in culture and sport and develop our sectors.

1   Enhance the take-up of sporting opportunities by 5-16 year olds by increasing the percentage of schoolchildren who spend a minimum of two hours each week on high quality PE and school sport within and beyond the curriculum from 25% in 2002 to 75% by 2006. Joint target with Department for Education and Skills

2   Increase significantly the take-up of cultural and sporting opportunities by new users aged 20 and above from priority groups.

Objective II: develop appropriate regulatory frameworks that protect consumers' interests and improve the productivity of our sectors.

3   Improve the productivity of the tourism, creative and leisure industries.

Objective III: modernise delivery to the customer by ensuring that the Department and its sponsored bodies improve performance and pursue institutional excellence.

4   Improve significantly the value for money of the Department's sponsored bodies measured by a matrix of NDPB indicators.

HM Treasury

Aim

Raise the rate of sustainable growth and achieve rising prosperity and a better quality of life, with economic and employment opportunities for all.

Objectives and performance targets

1   Demonstrate progress by 2004 on the Government's long-term objective of raising the trend rate of growth over the economic cycle from the current estimate of 2.5% and make further progress towards increasing trend growth up to 2006.

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

2   Inflation to be kept at the target as specified in the remit sent by the Chancellor of the Exchequer to the Governor of the Bank of England (currently 2% CPI).

Objective II: maintain sound public finances in accordance with the Code for Fiscal Stability.

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

Objective III: promote UK economic prospects by pursuing increased productivity and efficiency in the EU, international financial stability and increased global prosperity, including especially protecting the most vulnerable.

4   Promote increased global prosperity and social justice by:

■   working to increase the number of countries successfully participating in the global economy on the basis of a system of internationally agreed and monitored codes and standards;

■   ensuring that three-quarters of all eligible HIPC countries committed to poverty reduction receive irrevocable debt relief by 2006 and working with international partners to make progress towards the United Nations 2015 Millennium Development Goals. Joint target with Department for International Development; and

■   demonstrating progress towards the Lisbon goals by 2006, by working with our European Union partners to achieve structural economic reform in Europe.

Objective IV: increase the productivity of the economy.

5   Demonstrate progress by 2006 on the Government's long-term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the productivity gap with the US, France and Germany. Joint target with Department of Trade and Industry.

6   Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006. Joint target with Office of the Deputy Prime Minister and Department of Trade and Industry.

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

Objective VI: expand economic and employment opportunities for all.

7   Demonstrate progress by Spring 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle. Joint target with Department for Work and Pensions.

Objective VII: promote a fair and efficient tax and benefit system with incentives to work, save and invest.

8   Reduce the number of children in low-income households by at least a quarter by 2004, as a contribution towards the broader target of halving child poverty by 2010 and eradicating it by 2020. Joint target with Department for Work and Pensions.

Objective VIII: improve the quality and the cost effectiveness of public services.

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

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

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

Value for Money

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

Inland Revenue

Aim

Administer the tax system fairly and efficiently and make it as easy as possible for individuals and businesses to understand and comply with their obligations and receive their tax credit and other entitlements.

Objectives and performance targets

Objective I: collect the right revenue, and give the right entitlements, at the right time.

1 Deliver improvements in the number of individuals and businesses who comply with their obligations and receive their entitlements.

2 Deliver reductions in compliance costs of small businesses.

3 Ensure by 2005 that 100% of services are offered electronically, wherever possible through a common Government portal, and promote take-up for key services.

Value for Money

4 Achieve annual efficiency savings of at least 2.5% a year until March 2006, without detriment to accuracy or customer satisfaction.

5 Achieve a 2.5 point improvement in customer service by March 2006, as measured by an annual customer service index.

Cabinet Office

Aim

Support the Government's delivery and reform programme.

Objectives and performance targets

Objective I: support the Prime Minister in leading the Government.

Objective II: support the Government in transacting its business.

1 Ensure departments deliver better regulation through:

- full compliance with the Regulatory Impact Assessment process; and

- delivering the commitments in the Regulatory Reform Action Plan, including over 60 Regulatory Reform Orders by 2005.

Objective III: help deliver key public service priorities.

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

3 Ensure departments meet the Prime Minister's targets for electronic service delivery by Government: 100% capability by 2005, with key services achieving high levels of use.

Objective IV: lead the reform programme for public services.

4 Ensure that the Civil Service becomes more open and diverse, by achieving by 2004-05 the agreed targets of: 35% Senior Civil Service (SCS) to be women; 25% of top 600 posts to be filled by women; 3.2% of the SCS to be from ethnic minority backgrounds; and 3% of the SCS to be people with disabilities.

5 Improve public services by working with departments to redesign services around the needs of customers and embed the four principles of public service reform, with progress measured by survey evidence.

Objective V: coordinate security, intelligence and civil contingencies matters to protect the UK against disruptive challenges.

Value for Money

6 Achieve a 2.5% efficiency saving each year on administrative resources.

Sure Start

Aim

Increase the availability of childcare for all children, and work with parents to be, parents and children to promote the physical, intellectual and social development of babies and young children particularly those who are disadvantaged so that they can flourish at home and at school, enabling their parents to work and contributing to the ending of child poverty.

Performance targets

In fully operational programmes, achieve by 2005-06:

1   an increase in the proportion of young children aged 0-5 with normal levels of personal, social and emotional development for their age;

2   a 6 percentage point reduction in the proportion of mothers who continue to smoke during pregnancy;

3   an increase in the proportion of children having normal levels of communication, language and literacy at the end of the Foundation Stage and an increase in the proportion of young children with satisfactory speech and language development at age 2 years; and

4   a 12% reduction in the proportion of young children living in households where no one is working.