



National Audit Office

SECOND VALIDATION COMPENDIUM REPORT 2003-06 PSA data systems

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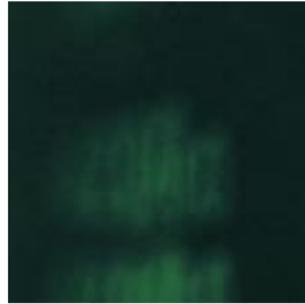
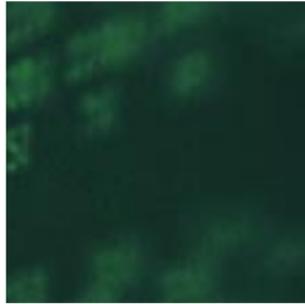
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EXECUTIVE SUMMARY



Good quality data are crucial if performance measures and targets are to be used effectively to improve 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.

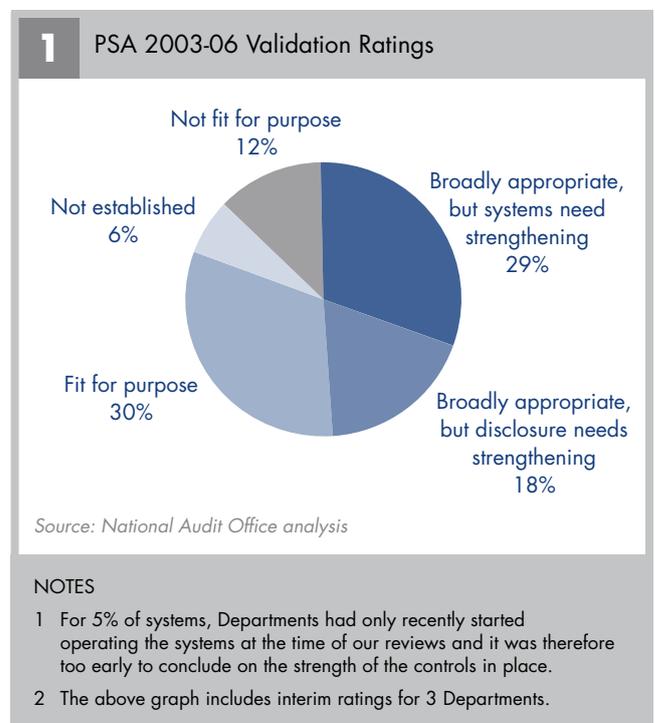
In 2002, Government announced 122 Public Service Agreement (PSA) targets for all 18 Departments¹ for the period 2003-06, including 18 targets shared by two or more Departments. This report outlines the findings from the National Audit Office's validation of the data systems used to monitor and report progress against all these PSA targets.

In March 2005, the C&AG's report *Public Service Agreements: Managing Data Quality* (HC 476 Session 2004-05) summarised findings from our validations conducted during 2004, covering seven Departments and the Sure Start programme. This report adds to that analysis, incorporating the findings for a further eleven Departments' data systems validated during 2005.

Figure 1 summarises the results: while 77 per cent of data systems provided a broadly appropriate basis for measuring progress, in two-thirds of data systems we looked at, Departments had encountered problems to varying degrees:

- In just over 20 per cent of cases we found Departments faced measurement problems that could not be addressed cost-effectively. However, in 18 per cent we found Departments need to explain further the implications of these limitations to readers of their public performance statements.

- For 29 per cent, we found weaknesses in the systems that need addressing. The most common encountered were poor controls over data collection and documentation, and shortcomings in Departments' checks on data obtained from external bodies. These weaknesses may not have resulted in unreliable data but Departments did not know the actual levels of error that exist. Departments should strengthen the controls in these systems to reduce the risk of error in the future.



1 Including Sure Start, the only cross-cutting government programme with its own Public Service Agreement.

- For 12 per cent of systems, we found that the arrangements that Departments had were not fit for monitoring and reporting progress against their PSA targets. Most commonly, this was the result of design problems, where the systems established did not measure adequately the aspects of performance included in the target.
- For 6 per cent of 2003-06 targets, Departments had not established the necessary data systems to report progress at the time of our review.

Our examinations showed that there is much opportunity for Departments to take further action to ensure that data systems for all PSA targets are robust. The demands of developing data systems for complicated targets and over-reliance on existing data streams can explain many of the difficulties that Departments face in developing better data systems. But Departments can address many of the problems we encountered in their 2003-06 data systems. As part of this report we conducted a follow-up exercise with five Departments who were validated in 2004. By the end of 2005, Departments had already addressed weaknesses in 20 out of 46 systems reviewed in response to our recommendations, demonstrating the scope for Departments to tackle the weaknesses identified in their 2003-06 data systems and, going forward, to strengthen arrangements in place for their 2005-08 targets.

This report identifies common challenges faced by Departments and highlights ways to strengthen their approach to establishing and operating PSA data systems and reporting results to Parliament and the public. Our validations of the 2003-06 PSA data systems also provide general lessons which should inform Departments' actions:

- **Departments should develop a more systematic approach to data quality assurance.** For example they could:
 - introduce a formal process of risk assessment for key performance data and, where necessary, include data quality risks in their corporate risk registers;
 - allocate clear responsibilities for data quality management, including active oversight of and challenge to systems;
- formalise the role of Departmental statisticians and other data specialists in the quality assurance of PSA data systems to ensure standards and checks are applied consistently; and
- develop a clear policy on the disclosure of data limitations for reporting out-turn data for all PSA targets.
- **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. When setting PSA targets, Departments should consider their capability to measure progress and judge when success has been achieved. 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.
- **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 PSA targets they should update documentation and agree major changes with HM Treasury and explain them in their Technical Notes.
- **Managers should check that data obtained from other organisations are fit for purpose.** Many PSA data systems rely on data that are produced by other organisations. Managers need to discuss with these organisations to assure themselves that the data are appropriate and that any limitations are clearly understood.
- **Departments should make users of performance data aware of limitations in underlying systems.** When reporting progress, Departments should explain the implications of any data limitations that might affect how out-turn figures are interpreted. This approach builds trust in public reporting by helping users make informed assessments of reported results.

PART ONE

Introduction

The PSA system

“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 Public Service Agreement (PSA) targets are intended to improve public sector delivery and accountability by helping Departments manage delivery against priorities, assess whether they need to revise policies and programmes and report reliably on their achievements (**Figure 2**). If these benefits are to be maximised targets must be underpinned by good quality data.

1.2 When developing PSA targets, Departments are faced with a dilemma, whether to target what is most important or that which is actually measurable. Simple, easy to calculate measures do not always capture intended policy outcomes, yet increasing the complexity of targets increases the difficulty of setting up robust data systems.

1.3 To help the public understand the data and methodologies Departments intend to use to measure and assess progress against targets, HM Treasury brought in a requirement that Departments publish Technical Notes, as part of Spending Review 2000. These publicly available documents specify for the lay reader how performance against PSA targets will be measured (**Figure 3 overleaf**).

2 What are Public Service Agreements?

PSAs are three year agreements, negotiated between each of the main Departments and HM Treasury during the Spending Review process. Each PSA sets out a 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 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 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 by 5% in March 2004. (Department for Environment, Food and Rural Affairs).

The NAO's role

1.4 Following his 2001 report on Audit and Accountability in Central Government², Lord Sharman recommended that there should be external examination of Departmental information systems, as a first step in a process towards validation of key published data. In response, in March 2002 the Government invited the Comptroller & Auditor General to review the data systems underlying PSA targets at least once during the lifetime of a target.

1.5 The NAO have taken a staged approach to the development of this work. In 2003 we piloted our approach with five Departments, examining the data systems they used for a sample of their 2001-04 targets. We then conducted a dry run validation programme for the data systems underpinning the 2003-06 PSA targets during 2004 and 2005 (Figure 4). This report summarises the results of our dry run validations. We plan to report the results of our validations of the data systems underpinning the 2005-08 PSA targets during 2006 and 2007.

The NAO's approach to validation

1.6 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 Public Service Agreement target we assess whether the Department has operated an adequate system of control to mitigate the risk of significant error in reported data. For some targets, Departments may find that it is not possible to address all significant risks to data quality. In such cases we judge whether the Department has adequately explained the limitations in their systems to users of performance reports.

1.7 In conducting our work we examine the risks and controls across three main elements of Departments, PSA data systems:

- **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' reporting arrangements.

3 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.

4 Departments covered by this report

	Number of 2003-06 Targets
Department of Health	12
Foreign and Commonwealth Office	12
Department of Trade and Industry	12
Department for Education and Skills	10
Department for Environment, Food and Rural Affairs	10
Department for Work and Pensions	10
HM Treasury	10
Home Office	10
Department for Transport	7
Department for Constitutional Affairs	7
Ministry of Defence	7
Office of the Deputy Prime Minister	7
Cabinet Office	6
Department for International Development	5
Inland Revenue	5
Department for Culture, Media and Sport	4
HM Customs and Excise	4
Northern Ireland Office	4
Sure Start	1

NOTES

- 1 Appendix 3 lists all Departments' 2003-06 PSA targets.
- 2 The above figures include 39 shared targets.
- 3 Inland Revenue and HM Customs and Excise have merged into HM Revenue and Customs.

2 *Holding to Account – The Review of Audit and Accountability for Central Government*, Report by Lord Sharman of Redlynch, February 2001.

PART TWO

Designing Relevant Data Systems

2.1 Designing data systems to meet 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 measurement arrangements when developing their targets, they may subsequently find it difficult to develop the necessary data systems for assessing progress.

PSA targets pose major measurement challenges

2.2 Departments face major measurement challenges (Figure 5):

- **PSA targets often contain multiple elements or sub-targets.** The 122 PSA targets set for the period 2003-06 during Spending Review 2002 contain nearly 300 separate sub-targets; and
- **PSA targets can be complex.** They often address aspects of performance that may be difficult to interpret and are not straightforward to measure. Data systems for 2003-06 PSA targets in Spending Review 2002 used nearly 500 different measures to assess performance against their targets.

2.3 In response, Departments have made use of a variety of existing data sources to measure their targets, including school exam results, national crime surveys, administrative data such as VAT payment records and economic statistics such as productivity rates and inflation estimates.

5 Measurement challenges

An example of multiple sub-targets is provided by the Home Office's target to "reduce crime and the fear of crime: improve performance overall, including by reducing the gap between the highest Crime and Disorder Reduction Partnership areas and the best comparable areas; and reduce:

- Vehicle crime by 30% from 1998-99 to 2004;
- Domestic burglary by 25% from 1998-99 to 2005;
- Robbery in the ten Street Crime Initiative areas by 14% from 1999-2000 to 2005; and
- maintain that level.

An example of a PSA target addressing complex performance concepts is the Department of Trade and Industry's target to "improve the relative international performance of the UK's science and engineering base, the exploitation of the science base, and the overall innovation performance of the UK economy".

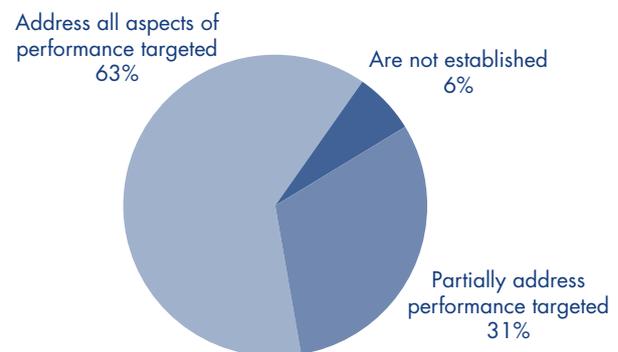
2.4 In some cases Departments have had to improve existing measures, or develop entirely new systems, to measure aspects of performance not previously examined. We found that Departments had, where necessary, commissioned new surveys, issued guidance to staff on keeping records for PSA monitoring purposes, and enlisted academics and other specialists to help design and operate data systems.

Have Departments designed relevant data systems?

2.5 Our validations examined the extent to which Departments have established data systems that address all the aspects of performance targeted in their 2003-06 PSAs (**Figure 6**):

- For the majority of PSA targets (63 per cent), the systems designed address all aspects of performance included in the target.
- For a small minority of targets (6 per cent), Departments experienced continuing difficulties in designing an adequate system to measure performance against the target. Of these, five were set during Spending Review 2000 and have posed longstanding problems. For example, the Department for Transport, following advice from stakeholder representatives and the Transport Select Committee, accepted that the measure of congestion it used to assess progress against its target was not meaningful to road users. It therefore invested in new data sources giving improved detail and coverage, and developed new targets for Spending Review 2004.
- For nearly one third of targets however our validations found that the systems only partially addressed the aspects of performance targeted. In such cases, the users of Departments' performance information may:
 - **obtain only a partial view of performance.** For example, the Northern Ireland Office targeted an improvement in the public's views on the "fairness, effectiveness and accessibility of the criminal justice system," but the supporting data system only covered public views on the fairness of the system. The Department has acknowledged that the original range of indicators was too narrow and that, consequently, a wider range of indicators would be used in future; and

6 PSA targets have data systems that ...



Source: National Audit Office analysis

- **receive performance data too late.** For example, the Department of Trade and Industry measures progress against its target to improve the innovation performance of the UK economy with a survey conducted once every four years, against the three-year life of the target. The Department has acknowledged the problem and is looking to obtain data every two years.

2.6 We found two common reasons that explain why Departments experienced difficulties in establishing systems:

- Targets are poorly defined and/or include difficult to measure concepts; the development of a data system is necessarily more demanding the more complicated the target; and
- Reliance on existing data streams without checking their fitness for purpose; available data streams should be assessed to determine whether they are adequate for monitoring progress against the PSA target.

How can the design of data systems be improved?

2.7 Departments can take a number of steps to reduce the risk of design problems:

- **Ensure concepts of performance targeted are clear and definable.** When setting targets, Departments need to be careful that hard to measure concepts are clearly defined. The Department for Education and Skills developed clear and measurable tests to help assess progress in the language development of two-year old children, with the help of academic experts;
- **Consult widely when developing a system for complex targets.** When specifying its target to improve the cost-effectiveness of local services, the Office of the Deputy Prime Minister conducted an exhaustive consultation process involving external research academics and in-house researchers and statisticians;
- **Consider the quality of data required.** The Department for Culture, Media and Sport targeted improvement in the productivity of the tourism, creative and leisure industries, but was aware that available data had limitations – for example, the only existing measure for the “leisure” industry related to “gambling and betting.” The Department consulted with the Office for National Statistics (ONS) on ways to improve the coverage of the data and has expanded the range of activities covered for its corresponding 2005-08 target; and
- **Involve experts in the process.** For example, the Home Office’s Policing Performance Assessment Framework has been approved by the Association of Police Authorities (APA), the Association of Chief Police Officers (ACPO), the Commission for Racial Equality, the Audit Commission and the Office of the Deputy Prime Minister.

2.8 To assist this process we have provided a checklist of questions which Departments should consider when establishing or reviewing the design of their systems.

Checklist for data systems design

- Is the target easily measurable?
- Is the target clearly and unambiguously defined in its Technical Note? If the system is more complicated than can reasonably be set out in a public document, has it been fully documented in internal papers?
- Does the data system cover all key aspects of the target?
- Can existing data systems provide adequate data?
- Will the data system produce data that are precise enough (e.g. are sampling errors or accuracy margins understood)?
- Will the data system produce data that are accurate enough (i.e. are the data free from significant bias, does the degree of bias vary over time)?
- Where complex measures are used (e.g. indices or ratios), have they been tested to ensure that they will provide a reliable indication of performance over time?
- Will the data system produce data that are sufficiently timely?
- Have experts and other stakeholders been consulted?
- Can achievement of the target be unambiguously assessed?
- Are the Technical Notes and other documentation clear and up to date?

PART THREE

Operating Robust Data Systems

3.1 When operating a data system, Departments should ensure that risks to data quality are managed appropriately (**Figure 7**). The application of proportionate controls during the collection, processing and analysis of PSA data is essential to reduce the risk that out-turn data will be inaccurate over time.

Have Departments operated appropriate controls over data reliability?

3.2 Our examination found that around one third of systems had weaknesses in their operational controls. In the majority of cases, these weaknesses may not have resulted in unreliable data but in practice actual error levels are unknown. Weaknesses in controls increase the likelihood of errors arising and should therefore be addressed.

3.3 Common controls that were inconsistently applied by Departments include:

- **ensuring that responsibilities are allocated.** We found that 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. But for many targets, it was not possible to identify individuals who were responsible for the reliability of data. This increases the risk that data quality issues do not receive sufficient attention;

7 Risks to data reliability can be influenced by a wide-ranging set of factors

These can include:

Complexity of data collection. The degree of risk increases with the number of data sources and providers, as the number of data-handling procedures increase.

Complexity of data processing and analysis. The more complex the processing or analysis required, the greater the risk of error through, for example, incorrect data entry or flaws in calculation routines. Also, the prospect of using inappropriate methods or weightings to extract data increases.

Level of subjectivity. Where analysis and assessment requires qualitative and/or subjective judgements, there is a risk of inconsistency between staff and over time.

Stability and maturity of the data system. Although age itself does not guarantee quality, the risks to reliability increase when a data system is new as it is tested in the real world. In the same fashion, changes in personnel or processes (for example, changes in survey sample sizes or choice of data stream) can also affect data quality.

Expertise of those who operate the data system. The degree of training of staff can affect the quality of data produced, especially if you have non-specialist staff handling complex data systems.

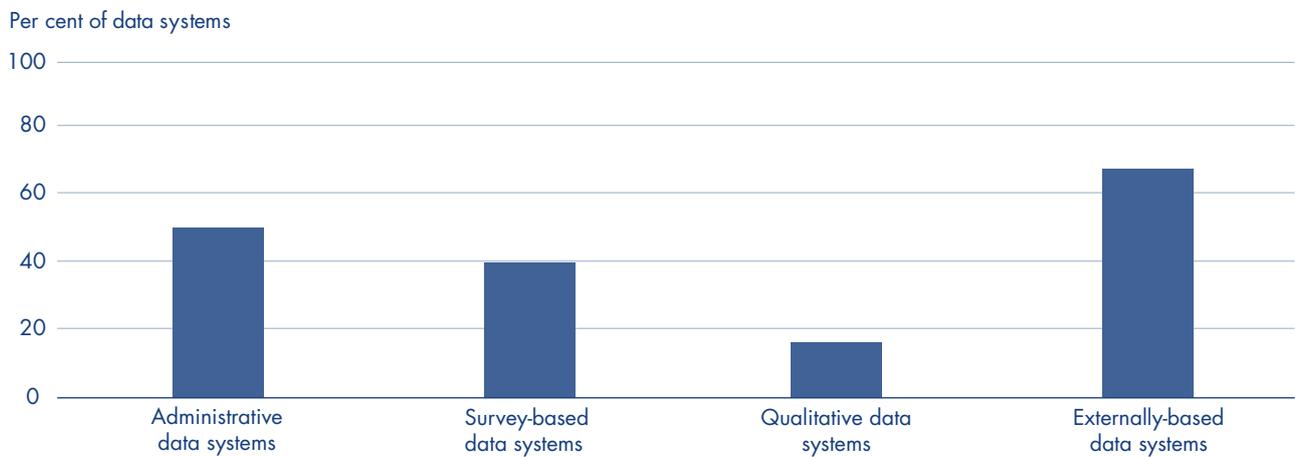
Use of data to manage and reward performance. Risks may be greater if the results of data systems are used to determine ratings, pay, funding or autonomy of those involved in operating the system.

- **providing documentation that is clear and unambiguous.** We found that definitions were unclear and documentation was incomplete in 30 per cent of data systems. For example, the Foreign and Commonwealth Office targeted improvements in the effectiveness and efficiency of consular services. At the time of our initial validation no central guidance had been provided to consular staff to explain how the targets should be assessed, and Consuls had devised their own methods. Under such circumstances direct comparison of results is difficult. Following the NAO's review, the Department has now issued central guidance on how progress against this target is to be monitored;
- **reviewing data reliability and quality,** including tests of the credibility and consistency of results and completeness of data collection. Regarding the Department for Transport's target to reduce the number of people killed or seriously injured in road accidents, although few, if any, road fatalities do not become known to the police, research has shown that the number of serious accidents is under recorded. This is due to a combination of under reporting by the public and misclassification of injuries by police at the scene of an accident. Furthermore, recent evidence of divergence between the trends in deaths and serious injuries suggests that the level of under recording may have changed. The Department has commissioned a study to investigate this; and
- **ensuring data are comparable over time:** In around 11 per cent of data systems, we identified risks to data comparability over the life of the PSA target, arising from changes both in data collection procedures and in data sources used to measure performance. For example, the Department of Health was concerned about the quality of data initially used to measure its target to improve Child and Adolescent Mental Health Services, and hence continued to refine and develop the system used for data collection. While this was done with the understandable aim of improving completeness and quality of data, there was a risk that this more comprehensive data set was not directly comparable with the original 2002 baseline, making it hard to assess year-on-year improvements. Because of this, the Department has now ceased reporting its progress on a year-on-year basis, and is reporting service provision in absolute terms without any reference to the original baseline.

Different types of data require different types of control

3.4 Departments use data from a variety of sources in their PSA data systems (**Figure 8 overleaf**). Each of these raise a number of specific risks that need to be managed. In our March 2005 Compendium Report we suggested a range of effective controls for data obtained from other organisations, external to Departments. Below, we highlight some key issues for systems based on different types of data.

8 Departments collect data in many ways, including ...



Source: National Audit Office analysis

3.5 Administrative data are collected as part of routine work and often not specifically for the purpose of PSA monitoring, which can make it difficult to control data quality. For example, the Department for Constitutional Affairs identified a fundamental problem with its baseline for the number of family orders settled by consent. Prior to April 2005, a small but significant proportion of staff undertaking data entry were not aware of the need to complete the question as to whether the case was settled by consent. The Department addressed this issue through amendments to their systems and issued further guidance. Once all staff began correctly completing the field in April 2005, the resulting 6.8 per cent increase in settlements in that month exceeded the 2.8 per cent performance target for the three years of the PSA. The Department subsequently agreed with HM Treasury that it will present, alongside recorded performance against the sub-target, an explanation as to why performance is not as strong as indicated.

3.6 Surveys are a common method for finding out information which is not routinely collected, but they face specific risks, including:

- **Non-response:** For example, the Cabinet Office has targeted an increase in the number of ethnic minority and disabled staff in the civil service and measures progress using voluntary self-classification questionnaires. However, the survey's voluntary nature means that many ethnic minority or disabled staff may not respond – other research, such as the Civil Service Diversity Survey, suggests there is significant under-declaration by disabled staff; and

- **Other forms of bias:** The Department for Education and Skills monitors the education levels of 19-year olds using the Labour Force Survey conducted by the Office for National Statistics (ONS). However, an ONS review found that, for the spring 2003 survey, nearly half of responses for 19-21 year olds were not made by the students themselves, and less than two-thirds of these responses were accurate. On that basis, the figure used to estimate individuals' highest level of qualification in the population as a whole is likely to be inaccurate. Because of this problem, the Department has now moved away from using the Labour Force Survey to an improved means of collection through matching of administrative data.

3.7 Qualitative data systems can involve a high degree of subjective judgement. Although in many cases this is necessary, Departments can develop adequate controls to ensure judgements are robust and consistent over time. For example, for its target to bring important wildlife sites into favourable condition, the Department for Environment, Food and Rural Affairs has to remain vigilant in ensuring that assessments of "favourable condition" are consistent.

How can operational controls be strengthened?

3.8 Departments can take a variety of steps to reduce the risk that out-turn data will be inaccurate, including:

- **Assessing systematically risks to data quality.** For example, the Cabinet Office surveys senior civil servants annually as part of its assessment of civil service reform. The Office of Public Service Reform explicitly considered the risk of error in the results arising from the survey not covering all positions equally, and with MORI redesigned the survey to address this concern;
- **Employing specialists to check and process results.** For its target to increase productivity growth, the Department of Trade and Industry has a statistician thoroughly review the quality of data it receives from ONS;
- **Cross checking out-turn data against other sources to ensure that results are consistent.** For its target to reduce the proportion of children in households with no one in work, the Department for Work and Pensions has established robust procedures for quality assuring the Labour Force Survey it receives from ONS each quarter. Separate analysts cross check the data to ensure consistent interpretation and, in most cases, confirm that LFS information is consistent with other labour market information such as key benefits data;
- **Identifying and investigating outlier and unexpected results.** For example, for its target to improve air quality, the Department for Environment, Food and Rural Affairs employs a contractor to monitor air quality data. The Department monitors the daily pollutant information provided and discusses any unexpected results with the contractor;
- **Testing a sample of results to provide quality assurance.** For example, the Inland Revenue collects and tests a sample of tax repayment claims each month, from each of its five specialist repayment offices. The results are analysed quarterly, compared with expectations and trends, and deviations challenged;
- **Gaining a good understanding of data provided by other bodies.** Where Departments use other organisations data, they need to ensure these are suitable for the purpose of monitoring progress against their PSA targets and reporting achievements

to Parliament and the public. For example, HM Treasury uses inflation estimates provided by the ONS. Although the Treasury relies on the quality assurance procedures ONS have in place, ONS and the Treasury have a close working relationship and hold regular meetings to discuss the data and the monthly releases by ONS; and

- **Using data that are subject to known quality controls.** We found that where data systems used National Statistics, for example, the incidence of problems was reduced. However, Departments must still check that these data are appropriate for monitoring progress against the PSA target and ensure that other data used to measure the target are similarly well controlled.

3.9 To assist Departments in developing robust operational controls, we have provided a checklist of questions to consider when reviewing their systems.

Checklist for data systems design

- Is it clear who is responsible for data quality and operating controls?
- Are there effective procedures for identifying and assessing risks to data reliability?
- Have proportionate and appropriate controls been designed and put in place to prevent errors?
- Are definitions and guidance to staff on data collection, processing and analysis clear and unambiguous? Are staff adequately trained to operate the data system?
- Is the documentation of the operation of the data system clear and comprehensive? Have errors been recorded?
- Does management review data systems to ensure that they are providing data of suitable quality?
- Where weaknesses have been identified, has the Department established a programme of action to strengthen the data system?
- Is there documentary evidence of the operation of key controls?
- Are data comparable over time?
- Are qualitative assessments of progress subject to adequate review and challenge?
- Where data comes from external sources, do Departments have adequate knowledge of the data source and possible limitations?
- Where contractors are employed to manage part or all of a data system, does the contract specify data quality requirements and quality assurance arrangements?

PART FOUR

Reporting the Results

4.1 Departments must ensure the results of their PSA data systems are reported effectively, if PSA targets are to inform external audiences about Departmental performance and enhance accountability. HM Treasury guidance states that Departments' PSA reporting should be clear and informative, and that significant limitations in the data system should be identified and the implications for interpreting progress explained to readers (see Appendix 1).

Are results presented clearly?

4.2 Departments should ensure that results are reported in a way that is easily understood and accessible for the lay reader. We found that for around one-quarter of data systems, Departments could explain progress more clearly. In particular, Departments should:

- **Ensure that they report against all elements of a target or explain why there are gaps.** The Department for Work and Pensions targeted an improvement in the rights of disabled people and the removal of barriers to their participation in society. At the time of our validation, the Department had not presented in its latest report the necessary progress data for two of the four measures used to assess performance. While sources of supporting information were referenced by the Department, the use of selective examples from this would have provided the reader with a clearer understanding of action taken.

- **Explain overall progress where a PSA target has multiple sub-targets.** The Office of the Deputy Prime Minister targeted improvements in the balance in supply and demand for housing in all English regions (taking into account environmental and sustainability objectives). Progress is measured using eight separate indicators each of which was reported against separately. However, at the time of our review, the Department had not clarified how overall progress against its PSA target was to be assessed.

Are limitations in data systems adequately explained?

4.3 Performance data are rarely 100 per cent accurate and data systems cannot be risk-free. In just over 20 per cent of the systems examined, we found Departments could not feasibly or cost-effectively mitigate all significant risks. In such cases, Departments need to ensure that the readers of their performance reports are aware of the limitations in the systems. For example, the Northern Ireland Office clearly explained the uncontrolled risk that using a data system based on reported crime figures to report progress against its target to reduce the level of specific crimes may not accurately reflect changes in the underlying level of those crimes because the figures do not cover all crime.

4.4 In 18 per cent of systems examined, however, Departments needed to explain more clearly the implications of such data limitations to avoid the risk that readers of their performance reports may misinterpret the results. For example, although Her Majesty's Customs and Excise disclosed in its Technical Note the accuracy range surrounding its estimate of the amount of VAT unpaid ("around +/- 4 per cent"), readers of the Department's performance report would not have been aware that the estimate of the unpaid VAT Gap, reported as 12.9 per cent in 2003-04, was subject to this accuracy range and therefore needed more information to judge whether reported progress was significant. The Department is working to improve the robustness of its estimate of the VAT Gap, but it agrees it should do more to highlight that the figures quoted are estimates subject to accuracy ranges.

How can reporting arrangements be strengthened?

4.5 In order to strengthen their controls over PSA reporting, we have provided a checklist of questions that Departments can consider when they review their arrangements.

Checklist for data systems reporting

- Are out-turn data reported for all aspects of the PSA targets as specified in our Technical Note?
- Are the out-turn data presented in a clear and understandable fashion?
- Are the out-turn data the latest available? Is the period covered clearly identified?
- Where aspects of performance targeted have not been measured or reported, are the reasons disclosed?
- Do data systems include controls to ensure that the correct data are extracted and reported from data systems?
- Are our assessments of progress supported by the accompanying out-turn data?
- Are cross references made to Technical Notes and other publicly available documents where this will help the reader get a clearer understanding of the out-turn data?
- Is the quality of data systems described? Are limitations in data systems and their implications for interpreting out-turn results explained?
- Are out-turn data reported for all "live" PSA targets?
- For shared targets, is external reporting consistent?

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 the good practice principles for data systems established by an HM Treasury-led working group which was set up in response to Lord Sharman's report and which 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; and
- 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 FABRIC³, 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**).

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 stream 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 is 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 out-turn 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.

³ *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.

We examine the processes and controls that operate across data systems. These can include entity-wide policies 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 systems.

We examine each system from three perspectives:

- is the Department measuring all the key aspects of performance expressed in the target?
- are the controls over the collection, processing and analysis of the data adequate to mitigate any significant risks?
- are out-turn data reported for all key aspects of performance and are significant data limitations disclosed to the reader?

We evaluate the findings from our examination and provide a conclusion for each data system, from those outlined in **Box 3**.

BOX 3

Summary of PSA data system validation conclusions

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

APPENDIX 2

Examples of 2003-06 PSA Targets and Technical Notes

For each performance target, the Department produces a Technical Note which sets out how performance against a PSA target will be measured. Below are two complete examples – from DFES and DEFRA – of Technical Notes, set in the context of the Departments' overall PSA framework. The Technical Notes can also be obtained online from the links contained in the footnotes.

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

Objective 1: sustain improvements in primary education.

Performance Targets

PSA Target 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.

Technical Note⁴

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 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).

⁴ Available online at <http://www.dfes.gov.uk/psa2002/TechnicalNotesFinalPSA.rtf>.

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 http://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

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

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

Performance Targets

PSA Target 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.

Technical Note⁵

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.

⁵ 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: <http://www.defra.gov.uk/animalh/bse/bse-statistics/>.

The passive surveillance data are 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% 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

Public Service Agreements for the Departments covered in this report

This section includes all the 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 DCMS.

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 V: 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 DfID and FCO.

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. Joint Target with FCO.

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 DfT.

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

Strategic Objective I: Further enhance access to culture and sport for children and give them the opportunity to develop their talents to the full and enjoy the benefits of participation.

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 DfES.

Strategic Objective II: Increase and broaden the impact of culture and sport, to enrich individuals lives, strengthen communities and improve the places where people live, now and for future generations.

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

Strategic Objective III: Maximise the contribution which the tourism, creative and leisure industries can make to the economy.

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

Strategic Objective IV: Modernising delivery by ensuring that our sponsored bodies are efficient and work with others to meet the cultural and sporting needs of individuals and communities.

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 Heavily Indebted Poor Countries (HIPC) committed to poverty reduction receive irrevocable debt relief by 2006 and working with international partners to make progress towards the United Nations 2015 Millennium Development Goals. Joint target with DfID; and
- demonstrating progress towards the Lisbon goals by 2006, by working with our European Union partners to achieve structural economic reform in Europe.

Objective IV: increase the productivity of the economy.

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

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

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

Objective VI: expand economic and employment opportunities for all.

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

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

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

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

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

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

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

Value for Money

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

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:

- an increase in the proportion of young children aged 0-5 with normal levels of personal, social and emotional development for their age;
- a 6 percentage point reduction in the proportion of mothers who continue to smoke during pregnancy;
- 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
- a 12% reduction in the proportion of young children living in households where no one is working.

Department of Health

Aim

Transform the health and social care system so that it produces faster, fairer services that deliver better health and tackle health inequalities.

Objectives and Performance Targets

Objective I: improve service standards.

- 1 Reduce the maximum wait for an outpatient appointment to 3 months and the maximum wait for inpatient treatment to 6 months by the end of 2005, and achieve progressive further cuts with the aim of reducing the maximum inpatient and day case waiting time to 3 months by 2008.
- 2 Reduce to four hours the maximum wait in A&E from arrival to admission, transfer or discharge, by the end of 2004; and reduce the proportion waiting over one hour.
- 3 Guarantee access to a primary care professional within 24 hours and to a primary care doctor within 48 hours by 2004.
- 4 Ensure that by the end of 2005 every hospital appointment will be booked for the convenience of the patient, making it easier for patients and their GPs to choose the hospital and consultant that best meets their needs.
- 5 Enhance accountability to patients and the public and secure sustained national improvements in patient experience as measured by independently validated national surveys.

Objective II: improve health and social care outcomes for everyone.

- 6 Reduce substantially the mortality rates from the major killer diseases by 2010: from heart disease by at least 40% in people under 75; from cancer by at least 20% in people under 75.

7 Improve life outcomes of adults and children with mental health problems through year-on-year improvements in access to crisis and Child and Adolescent Mental Health Services (CAMHS) services, and reduce the mortality rate from suicide and undetermined injury by at least 20% by 2010.

8 Improve the quality of life and independence of older people so that they can live at home wherever possible, by increasing by March 2006 the number of those supported intensively to live at home to 30% of the total being supported by social services at home or in residential care.

9 Improve life chances for children, including by:

- improving the level of education, training and employment outcomes for care leavers aged 19, so that levels for this group are at least 75% of those achieved by all young people in the same area, and at least 15% of children in care attain five good GCSEs by 2004. (The Government will review this target in the light of a Social Exclusion Unit study on improving the educational attainment of children in care.);
- narrowing the gap between the proportions of children in care and their peers who are cautioned or convicted; and
- reducing the under-18 conception rate by 50% by 2010.

10 Increase the participation of problem drug users in drug treatment programmes by 55% by 2004 and by 100% by 2008, and increase year-on-year the proportion of users successfully sustaining or completing treatment programmes.

11 By 2010 reduce inequalities in health outcomes by 10% as measured by infant mortality and life expectancy at birth.

Value for Money

12 Value for money in the NHS and personal social services will improve by at least 2% per annum, with annual improvements of 1% in both cost efficiency and service effectiveness.

Department for Transport

Aim

Transport that works for everyone.

Objectives and Performance Targets

Objective I: reliable, safe and secure transport for everyone which respects the environment.

- 1 Reduce congestion on the inter-urban trunk road network and in large urban areas in England below 2000 levels by 2010.
- 2 Secure improvements in rail punctuality and reliability with a 50% increase in rail use in Great Britain from 2000 levels by 2010.
- 3 Secure improvements to the accessibility, punctuality and reliability of local public transport (bus and light rail), with an increase in use of more than 12% by 2010 compared with 2000 levels.
- 4 Cut journey times on London Underground services by increasing capacity and reducing delays. (Specific targets will be agreed with the Mayor after the Public Private Partnership has been established.)
- 5 Reduce the number of people killed or seriously injured in Great Britain in road accidents by 40%, and the number of children killed or seriously injured by 50%, by 2010 compared with the average for 1994-98, tackling the significantly higher incidence in disadvantaged communities.
- 6 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 DEFRA.

Value for Money

- 7 Achieve annual 2.5% efficiency improvements across the Department.

Office of the Deputy Prime Minister

Aim

Thriving, inclusive and sustainable communities in all regions.

Objectives and Performance Targets

Objective I: work with the full range of Government Departments and policies to raise the levels of social inclusion, neighbourhood renewal and regional prosperity.

- 1 Promote better policy integration nationally, regionally and locally; in particular to work with departments to help them meet their PSA floor targets for neighbourhood renewal and social inclusion.
 - 2 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 HM Treasury and DTI.
- Objective II:** Provide for effective devolved decision making within a framework of national targets and policies.
- 3 Provide the opportunity by the end of this Parliament for a referendum on regional government in regions where there is a demand for it.
 - 4 Improve delivery and value for money of local services by:
 - introducing comprehensive performance assessments and action plans, and securing a progressive improvement in authorities' scores;
 - overall annual improvements in cost effectiveness of 2% or more; and
 - assisting local government to achieve 100% capability in electronic delivery of priority services by 2005, in ways that customers will use. (This is also the **value for money** target.)

Objective III: deliver effective programmes to help raise the quality of life for all in urban areas and other communities.

5 Achieve a better balance between housing availability and the demand for housing in all English regions while protecting valuable countryside around our towns, cities and in the greenbelt – and the sustainability of existing towns and cities – through specific measures to be set out in the Service Delivery Agreement.

6 All local planning authorities to complete local development frameworks by 2006 and to perform at or above best value targets for development control by 2006 with interim milestones to be agreed in the Service Delivery Agreement. The Department to deal with called-in cases and recovered appeals in accordance with statutory targets.

7 By 2010, bring all social housing into decent condition with most of this improvement taking place in deprived areas, and increase the proportion of private housing in decent condition occupied by vulnerable groups.

Home Office

Aim

Build a safe, just and tolerant society.

Objectives and Performance Targets

Objective I: reduce crime and the fear of crime, including organised and international crime.

1 Reduce crime and the fear of crime; improve performance overall, including by reducing the gap between the highest crime Crime and Disorder Reduction Partnership areas and the best comparable areas; and reduce:

- vehicle crime by 30% from 1998-99 to 2004;
- domestic burglary by 25% from 1998-99 to 2005;
- robbery in the ten Street Crime Initiative areas by 14% from 1999-2000 to 2005; and
- maintain that level. Target contributing to Criminal Justice System (CJS) PSA.

2 Improve the performance of all police forces, and significantly reduce the performance gap between the best and worst performing forces; and significantly increase the proportion of time spent on frontline duties.

Objective II: ensure the effective delivery of justice.

3 Improve the delivery of justice by increasing the number of crimes for which an offender is brought to justice to 1.2 million by 2005-06; with an improvement in all CJS areas, a greater increase in the worst performing areas and a reduction in the proportion of ineffective trials. Target contributing to CJS PSA.

4 Improve the level of public confidence in the Criminal Justice System, including increasing that of ethnic minority communities, and increasing year-on-year the satisfaction of victims and witnesses, whilst respecting the rights of defendants. Target contributing to CJS PSA.

Objective III: deliver effective custodial and community sentences to reduce re-offending and protect the public.

5 Protect the public and reduce reoffending by 5%:

- for young offenders;
- for both adults sentenced to imprisonment and adults sentenced to community sentences; and
- maintain the current low rate of prisoner escapes, including Category A escapes;
- contributing to CJS PSA.

Objective IV: reduce the availability and abuse of dangerous drugs.

6 Reduce the harm caused by drugs by:

- reducing the use of Class A drugs and the frequent use of any illicit drug among all young people under the age of 25, especially by the most vulnerable young people; and
- reduce drug related crime, including as measured by the proportion of offenders testing positive at arrest.

Objective V: regulate entry to and settlement in the United Kingdom effectively in the interests of sustainable growth and social inclusion.

7 Focus the asylum system on those genuinely fleeing persecution by taking speedy, high quality decisions and reducing significantly unfounded asylum claims, including by:

- fast turnaround of manifestly unfounded cases;
- ensuring by 2004 that 75% of substantive asylum applications are decided within 2 months; and that a proportion (to be determined) including final appeal, are decided within 6 months; and
- enforcing the immigration laws more effectively by removing a greater proportion of failed asylum-seekers.

Joint target with LCD.

Objective VI: support strong and active communities in which people of all races and backgrounds are valued and participate on equal terms.

8 Increase voluntary and community sector activity, including increasing community participation, by 5% by 2006.

9 Bring about measurable improvements in race equality and community cohesion across a range of performance indicators, as part of the government's objectives on equality and social inclusion.

Value for money

10 Increase value for money from the Criminal Justice System, and the rest of the Home Office, by 3%; and ensure annual efficiency gains by the police of at least 2%. Target contributing to CJS PSA.

Department for Constitutional Affairs (formerly Lord Chancellor's Department)

Aim

Ensure effective and accessible justice, protect the rights of citizens, and modernise the law and constitution.

Objectives and Performance Targets

Objective I: ensure the effective delivery of justice.

1 Improve the delivery of justice by increasing the number of crimes for which an offender is brought to justice to 1.2 million by 2005-06; with an improvement

in all CJS areas, a greater increase in the worst performing areas and a reduction in the proportion of ineffective trials. Target contributing to CJS PSA.

2 Improve the level of public confidence in the Criminal Justice System, including increasing that of ethnic minority communities, and increasing year-on-year the satisfaction of victims and witnesses, whilst respecting the rights of defendants. Target contributing to CJS PSA.

Objective II: ensure a fair and effective system of civil and administrative law.

3 Reduce the proportion of disputes which are resolved by resort to the courts.

4 Increase year-on-year the level of satisfaction of users by taking speedy, high quality decisions and reducing unnecessary delay and cost, and by ensuring that outcomes are enforced effectively.

5 Focus the asylum system on those genuinely fleeing persecution by taking speedy, high quality decisions and reducing significantly unfounded asylum claims, including by:

- fast turnaround of manifestly unfounded cases;
- ensuring by 2004 that 75% of substantive asylum applications are decided within 2 months and that a proportion (to be determined) including final appeal, are decided within 6 months; and
- enforcing the immigration laws more effectively by removing a greater proportion of failed asylum-seekers.

Joint target with the Home Office.

Objective III: reduce social exclusion, protect the vulnerable and children, including maintaining contact between children and the non-resident parent after a family breakdown, where appropriate.

6 Increase year-on-year the number of people who receive suitable assistance in priority areas of law involving fundamental rights or social exclusion.

Objective IV: modernise the constitution and ensure proper access to information by citizens.

Objective V: increase consumer choice in legal services by improving information and by promoting competition.

Objective VI: deliver justice in partnership with the independent judiciary.

Value for Money

7 Increase value for money from the Criminal Justice System by 3% per year, increasing efficiency by at least 2% a year, including the delivery of legal aid. Target contributing to CJS PSA.

Foreign and Commonwealth Office

Aim

Promote internationally the interests of the United Kingdom and contribute to a strong world community.

Objectives and Performance Targets

Objective I: a secure United Kingdom within a safer and more peaceful world.

1 Reduce the threat to the UK from international terrorism and the proliferation of weapons of mass destruction. Reduce international crime, drugs and people-trafficking affecting the UK, measured by Whitehall-wide targets. Contribute to the reduction of opium production in Afghanistan, with poppy cultivation reduced by 70% within 5 years and elimination within 10 years.

2 Reduce tension in South Asia, the Middle East, Balkans and elsewhere through action with our international partners, paying particular attention to regions at risk from nuclear confrontation.

3 Strengthen European security through an enlarged and modernised NATO, an effective EU crisis management capacity and enhanced European defence capabilities. Joint target with MOD.

4 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 impact. Joint target with MOD and DfID.

Objective II: enhanced competitiveness of companies in the UK through overseas sales and investments; and a continuing high level of quality foreign direct investment. (Through British Trade International.)

5 Deliver measurable improvement in the business performance of Trade Partners' UK's customers; and maintain the UK as the prime location in the EU for foreign direct investment. Joint target with DTI.

Objective III: increased prosperity and a better quality of life in the UK and worldwide, through effective economic and political governance globally.

6 Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries. Joint target with DTI and DfID.

7 Make globalisation work for sustainable development in the UK and internationally (and particularly in Africa) by promoting democracy and the rule of law, good economic and environmental governance, and security of long-term energy supply, measured by specific underlying targets.

Objective IV: a strong role for the UK in a strong Europe, responsive to people's needs.

8 A modern, reformed, and enlarged EU, as measured by progress towards UK policy priorities including economic liberalisation, CAP reform, justice and home affairs, an effective CFSP, and the 2004 IGC; and greater support for Europe in the UK.

Objective V: international decisions and actions which advance UK objectives and interests. Authoritative advice and support to the whole of Government on international issues. Positive foreign perceptions of the UK and the Government's policies.

9 Effective advice on, support for, and delivery of Government objectives across the full range of the UK's international interests through a viable and responsive network of diplomatic Posts. Increased influence overseas and improved perceptions of UK and HMG policies, as measured by opinion polls.

Objective VI: high quality consular services to British nationals abroad. Effective regulation of entry to, and settlement in, the UK in the interests of sustainable growth and social inclusion.

10 Effective and efficient consular and entry clearance services, as measured by specific underlying targets.

Objective VII: secure and well-governed British overseas territories enjoying sustainable development and growing prosperity.

11 Improvement in the governance, environment and security of the overseas territories, and more diversified economic development, as measured by implementation of the commitments in the 1999 White Paper.

Value for Money

12 Improve value for money across the full range of FCO, BBC World Service and British Council activities by achieving year-on-year efficiency gains of 2.5%.

Department for International Development

Aim

Eliminate poverty in poorer countries in particular through achievement by 2015 of the Millennium Development Goals (MDGs):

- eradication of extreme poverty and hunger;
- achievement of universal primary education;
- promotion of gender equality and empowerment of women;
- reduced child mortality;
- improved maternal health;
- combating HIV/AIDS, malaria and other diseases;
- ensuring environmental sustainability; and
- a global partnership for development.

Objectives and Performance Targets

Objective I: reduce poverty in Sub-Saharan Africa.

1 Progress towards the MDGs in 16 key countries demonstrated by:

- a sustainable reduction in the proportion of people living in poverty from 48% across the entire region;
- an increase in primary school enrolment from 58% to 72% and an increase in the ratio of girls to boys enrolled in primary school from 89% to 96%;

- a reduction in under-5 mortality rates for girls and boys from 158 per 1000 live births to 139 per 1000; and an increase in proportion of births assisted by skilled birth attendants from 49% to 67%; a reduction in the proportion of 15–24 year old pregnant women with HIV from 16%;
- improved 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 FCO and MOD); and
- effective implementation of the G8 Action Plan for Africa in support of enhanced partnership at the regional and country level.

Objective II: reduce poverty in Asia.

2 Progress towards the MDGs in 4 key countries demonstrated by:

- a sustainable reduction in the proportion of people living in poverty from 15% to 10% in East Asia and the Pacific and 40% to 32% in South Asia;
- an increase in gross primary school enrolment from 95% to 100% and an increase in the ratio of girls to boys enrolled in primary school from 87% to 94%;
- a reduction in under-5 mortality rates for girls and boys from 92 per 1000 live births to 68 per 1000; and an increase in proportion of births assisted by skilled birth attendants from 39% to 57%; and
- prevalence rates of HIV infection in vulnerable groups being below 5%; and a tuberculosis case detection rate above 70% and cure treatment rate greater than 85% are achieved.

Objective III: reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa.

Objective IV: increase the impact of key multilateral agencies in reducing poverty and effective response to conflict and humanitarian crises.

3 Improved effectiveness of the international system as demonstrated by:

- a greater impact of EC external programmes on poverty reduction, including through working for agreement to increase the proportion of EC official development assistance to low income countries from 38% to 70%; and
- ensuring that three-quarters of all eligible HIPC countries committed to poverty reduction receive irrevocable debt relief by 2006 and work with international partners to make progress towards the United Nations 2015 Millennium Development Goals. Joint target with HM Treasury.

4 Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries. Joint target with DTI and FCO.

Objective V: develop evidence based, innovative approaches to international development.

Value for Money

5 Increase the proportion of DfID's bilateral programme going to low income countries from 78% to 90% and a sustained increase in the index of DfID's bilateral projects evaluated as successful.

Department of Trade and Industry

Aim

Deliver prosperity for all by driving up productivity and competitiveness through world class science and innovation, successful enterprise and business, and fair, competitive markets.

Objectives and Performance Targets

Objective I: productivity.

1 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 HM Treasury.

Objective II: science and innovation.

2 Improve the relative international performance of the UK's science and engineering base, the exploitation of the science base, and the overall innovation performance of the UK economy.

Objective III: fair competitive markets.

3 Place empowered consumers at the heart of an effective competition regime, bringing UK levels of competition, consumer empowerment and protection up to the level of the best by 2006, measuring the effectiveness of the regime by peer review and other evidence, to ensure a fair deal for consumers and business working in collaboration with the relevant regulatory agencies.

4 Ensure the UK ranks in the top 3 most competitive energy markets in the EU and G7 in each year, whilst on course to maintain energy security, to achieve fuel poverty objectives; and (joint target with DEFRA) improve the environment and the sustainable use of natural resources, including through the use of energy saving technologies; to help to reduce greenhouse gas emissions by 12.5% from 1990 levels and moving towards a 20% reduction in carbon dioxide emissions by 2010.

5 Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries. Joint target with DfID and FCO.

Objective IV: successful enterprise and business.

6 Help to build an enterprise society in which small firms of all kinds thrive and achieve their potential, with (i) an increase in the number of people considering going into business, (ii) an improvement in the overall productivity of small firms, and (iii) more enterprise in disadvantaged communities.

7 Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006. Joint target with ODPM and HM Treasury.

8 Make the UK the best place in the world for e-business, with an extensive and competitive broadband market, judged using international comparative measures of business uptake and use of information and communication techniques.

Objective V: gender and race equality.

9 By 2006, working with all departments, bring about measurable improvements in gender equality across a range of indicators, as part of the Government's objectives on equality and social inclusion.

10 In the three years to 2006, taking account of the economic cycle, increase the employment rate and significantly reduce the difference between the overall employment rate and the employment rate of ethnic minorities. Joint target with DWP.

Objective VI: trade.

11 Deliver a measurable improvement in the business performance of Trade Partners' UK's customers; and maintain the UK as the prime location in the EU for foreign direct investment. Joint target with FCO.

Value for Money

12 Achieve value for money improvements of 2.5% a year across the department as measured by a basket of indicators.

Department for Work and Pensions

Aim

Promote opportunity and independence for all.

Objectives and Performance Targets

Objective I: ensure the best start for all children and end child poverty in 20 years.

1 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 HM Treasury.

2 Double the proportion of Parents with Care on Income Support and income-based Jobseekers' Allowance who receive maintenance for their children to 60% by March 2006.

Objective II: promote work as the best form of welfare for people of working age, while protecting the position of those in greatest need.

3 Demonstrate progress by Spring 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle. Joint target with HM Treasury.

4 Over the three years to Spring 2006, increase the employment rates of disadvantaged areas and groups, taking account of the economic cycle, lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications, and the 30 local authority districts with the poorest initial labour market position, and significantly reduce the difference between their employment rates and the overall rate. Ethnic minority employment element joint target with Department of Trade and Industry.

5 Reduce the proportion of children in households with no one in work over the 3 years from Spring 2003 to Spring 2006 by 6.5%.

Objective III: combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners.

6 By 2006, be paying Pension Credit to at least 3 million pensioner households.

Objective IV: improve rights and opportunities for disabled people in a fair and inclusive society.

7 In the three years to 2006, increase the employment rate of people with disabilities, taking account of the economic cycle, and significantly reduce the difference between their employment rate and the overall rate. Work to improve the rights of disabled people and to remove barriers to their participation in society.

Objective V: modernise welfare delivery so as to improve the accessibility, accuracy and value for money of services to customers, including employers.

8 Make significant progress towards modernising welfare delivery so that by 2005, 85% of customers have their benefit paid into their bank accounts.

9 Improve delivery of DWP services by setting published annual targets for each major business addressing accuracy, unit costs and customer service, becoming progressively more demanding over the three year period.

10 Reduce losses from fraud and error for people of working age in Income Support and Jobseeker's Allowance, with a 33% reduction by March 2004 and 50% by 2006 and in Housing Benefit, with a 25% reduction by 2006.

Northern Ireland Office

Aim

Secure a lasting peace in Northern Ireland, based on the Good Friday Agreement, in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.

Objectives and Performance Targets

Objective I: support the devolved institutions in Northern Ireland and encourage further political development through positive and constructive relations with the Assembly and Executive and the Irish Government and effective contributions to the British-Irish Council and British-Irish Intergovernmental Conference.

Objective II: build and sustain confidence in the effectiveness and efficiency of the police service and police oversight and accountability arrangements in Northern Ireland.

1 Increase confidence in the police throughout all parts of the community in Northern Ireland, based on a suite of measures of public views on contact with the police and the fairness and effectiveness of policing and policing arrangements. Results will be published annually.

2 A progressive increase in the Catholic representation in the police service towards a target of 30% Catholic representation by 2011 as proposed by Patten with an interim target of 13.5% by March 2004, and a challenging new target for March 2006 to be published in autumn 2002.

Objective III: promote and build confidence in a criminal justice system in Northern Ireland that is efficient, effective and responsive through implementing the published plan of agreed changes deriving from the accepted recommendations of the review of the criminal justice system established under the Good Friday Agreement.

Objective IV: uphold and maintain the rule of law by developing and maintaining a policy, legislative and strategic framework, that takes account of the need to secure justice and the rights of the individual, that provides for a sufficient counter-terrorist capability and seeks to minimise the potential for and causes and effects of public order disturbances and community strife.

Objective V: lessen the impact of crime by working in partnership with other criminal justice agencies to maintain and develop policies aimed at preventing or reducing the threat of crime, the fear of crime and the incidence of crime and to provide support for the victims of crime.

Objective VI: execute the supervisory and custodial sentences of the courts so as to punish offenders appropriately, protect the people of Northern Ireland and help reduce the risk of re-offending.

3 Increase confidence in the criminal justice system throughout all parts of the community in Northern Ireland, based on a suite of measures of public views on the fairness, effectiveness and accessibility of the criminal justice system. Results will be published annually. In support of this target, the Northern Ireland Office, working in conjunction with other agencies, will, by April 2007 reduce:

- domestic burglary by 15%;
- vehicle theft by 10%; and
- theft from vehicles by 10%.

with an interim target for April 2005 to be published in autumn 2002. In addition, the Northern Ireland Office, working in conjunction with other agencies, will reduce the rate of re-conviction, to be measured annually by a system and against baselines and challenging targets to be published by December 2002.

Objective VII: Value for Money

4 Ensure that the annual cost per prisoner place in Northern Ireland does not exceed annual limits for each of the three financial years of the 2002 Spending Review period, namely, 2003-04, 2004-05, and 2005-06. The annual limits will be published in autumn 2002.

HM Customs and Excise

Aim

Administer the indirect tax and customs control systems fairly and efficiently, and make it as easy as possible for individuals and businesses to understand and comply with their obligations.

Objectives and Performance Targets

Objective I: collect the right revenue at the right time from indirect taxes and to improve the level of compliance with customs and statistical requirements.

- 1 By 31 March 2006 reduce illicit market share within the excise regime to no more than:
 - 2% for oils in England, Scotland and Wales; and
 - 17% for tobacco; and
 - by 31 March 2006 reduce the scale of VAT losses to no more than 12% of the VAT theoretical tax liability.

- 2 Improve customer service by:
 - ensuring by 2005 that 100% of services are offered electronically, wherever possible through a common Government portal, and take-up for key services of at least 50% by March 2006; and
 - delivering reductions in the costs of compliance for businesses.

Objective II: reduce crime and drug dependency by detecting and deterring the smuggling of illegal drugs and other prohibited and restricted goods.

- 3 Reduce the availability of illegal drugs by increasing:
 - the proportion of heroin and cocaine targeted on the UK which is taken out;
 - the disruption/dismantling of those criminal groups responsible for supplying substantial quantities of class A drugs to the UK market; and
 - the recovery of drug-related criminal assets.

Value for Money

- 4 Make productivity gains of at least 2.5% a year, without detriment to accuracy or customer satisfaction.