



# Public Services for the Future: Modernisation, Reform, Accountability

**Comprehensive Spending Review:  
Public Service Agreements 1999-2002**

Presented to Parliament by the  
Chief Secretary to the Treasury  
by Command of Her Majesty, December 1998

Cm 4181  
28 Sterling

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published by The Stationery Office

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# Foreword by the Prime Minister

In our first year of Government we undertook a Comprehensive Spending Review (CSR) to decide not just how much to spend in each area but also the service improvements and reforms we would require in return. We announced our new spending plans in July with increased resources for our key priorities, particularly health and education. But we made it clear that the extra investment was conditional on clear objectives, higher standards, improved productivity, and the reforms needed to deliver the modern and efficient services the public needs.

The Public Service Agreements (PSAs) we are publishing here set out what we shall deliver in return for the extra resources provided in the CSR. For the first time we are setting targets right across the public services for the modernisation and reform we need to meet the testing demands of the future.

Too often in the past, governments have only made commitments for what they put into public services – money, manpower and policies – not for what the public will get out in return. That is what really matters. People rightly expect modern services that work well, meet real needs, and use public money fairly and efficiently. That is why PSAs set out each department's aims and objectives and then show how much progress we expect to make and over what timescale, through concrete targets. As far as possible, these targets are set in terms of specific improvements in services or in the results those services will achieve. PSAs therefore show what people can expect for their money in the real world, with extra investment matched by hard commitments. They include our key manifesto pledges on service standards, with targets, for example:

- to cut class sizes to 30 or under for 5, 6 and 7 years olds by September 2001;
- to reduce the time taken from arrest to sentence for persistent young offenders from 142 to 71 days;
- to cut NHS waiting lists by 100,000 over the lifetime of the Parliament and to deliver a consequential reduction in average waiting times;
- by May 2002, to get 250,000 under 25 year olds off benefit and into work by using money from the windfall tax.

And they add new targets for the improvements which will be delivered as a result of these and other changes. For example:

- an increase by 2002 in the proportion of 11 year olds reaching Key Stage 2 standards in literacy from 63% to 80%;
- a reduction in the long-run rate of the growth of crime;
- a reduction in premature deaths and avoidable illness, disease and injury, and a reduction in inequalities in health.

PSAs also show how we will modernise and reform government. That means finding new ways to tackle long-standing problems such as fraud, days lost through sickness absence and inefficient procurement practices. It also means applying fresh and innovative approaches to the business of government – for example, by making electronic government a reality and by making sure that government departments and agencies work far more closely and imaginatively together. That is why we are publishing three cross-departmental PSA today – on the criminal justice system, action against illegal drugs and help for families with young children through Sure Start – and why many departments have decided to set joint targets in areas where they need to work side by side.

Finally, publishing these new agreements is an important step to improving democracy and accountability. PSAs are agreements with you. They show what we as a Government will deliver in return for the investment you have made in public services. Publishing them today is therefore only a start. Our key task will be to make sure that the reforms and programme of modernisation we have set out here are actually put into place. By publishing clear, measurable targets, we are making it possible for everyone to judge whether we meet them. To ensure that you are in the best position to do so, we will report annually on the progress we have made in delivering the public services for the future that we are promising here.

*Tony Blair*

Tony Blair

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# 1. Modernisation, reform, accountability

## 1 Modernisation and reform

Modern, efficient and high quality public services lie at the heart of a productive and fair society. In July, the Government set out spending plans for 1999-2002 as the outcome of the Comprehensive Spending Review (CSR)<sup>1</sup>. The CSR set new priorities for public spending with significant extra investment in key services such as education and health. The Government made clear that this new investment would be linked to modernisation and reform to raise standards and improve the quality of public services. This White Paper delivers that commitment by publishing, for the first time, measurable targets for the full range of the Government's objectives for public services in the form of ground-breaking new Public Service Agreements (PSAs).

### Focusing on results

The amount spent or numbers employed are measures of the inputs to a service but they do not show what is being achieved. While the number of new government programmes established or the volume of legislation passed are often critical milestones on the path to achieving change, they are only a means to delivering the real improvements on the ground that this Government wants to see. What really matters is the effectiveness and efficiency of the service the public receives. That is what makes a difference to the quality of people's lives.

The targets published in this White Paper are therefore of a new kind. As far as possible, they are expressed either in terms of the **end results** that taxpayers' money is intended to deliver for example, improvements in health and educational achievement and reductions in crime or **service standards** for example, smaller class sizes, reduced waiting lists, swifter justice. The Government is therefore setting specific, measurable, achievable, relevant and timed (ie SMART) targets, related to outcomes wherever possible. Moreover, as experience of this new approach develops, it hopes to further refine and improve future target-setting.

### Improving efficiency

The Government's new approach will make it much easier to measure and improve the public sector's efficiency and thus raise its productivity the quality and quantity of output delivered for the financial investment made. A central priority for the Government is to implement policies which will create the right environment for growth and opportunity in the economy and improve the productivity of the public sector itself, so that every pound of taxpayer's money is spent efficiently and effectively on delivering the Government's objectives.

### Measuring what public services deliver

Many government policies seek improvements in economic performance and social welfare. These are harder to measure objectively than the outputs of the private sector. However, the Government has set targets related to end results or service standards wherever it can, recognising that some may have to be refined in the light of experience, as the factors involved become clearer and better information becomes available.

### Better government

Sometimes the services government delivers cut across neat administrative boundaries and require cooperation between the agencies who deliver them for example, within the criminal justice system. The Government will be publishing in the spring a White Paper setting out its approach to modernising the way government works, so that resources across the whole public sector can be brought to bear to deliver the goals to which the Government has committed itself. As an important step, the

Government is today publishing three cross-cutting PSAs for the Criminal Justice System, Action against Illegal Drugs, and Sure Start. These set out shared objectives and targets across departments, and associated resources, for activities spanning several organisations. A number of departments also have shared targets in areas where they work closely together and many contribute individual targets to help tackle cross-cutting issues, for example, social exclusion and questions of particular concern to women.

## 2 Accountability

The publication of PSAs represents a fundamental change in the accountability of government to Parliament and the public. Too often in the past it has been hard to identify the effects of extra investment at the sharp end of public services. The lack of objective information has made it almost impossible for the public to make sure services are measuring up to what they want and need. PSAs show the public what they can expect to get for their money.

PSAs include commitments by the responsible Minister to those who are affected by public services. The Government will work with others who may also influence the outcome to achieve these ambitions and challenging targets. Whilst PSAs are set for each department, they are agreed by the Government as a whole.

### Regular monitoring and progress reports

The publication of PSAs is of course only the beginning. The Government will be monitoring performance against individual PSAs. Its aim is that every target is met. Inevitably, progress toward meeting them will vary, particularly as they are intended to be stretching. If progress is slipping, a Cabinet Committee chaired by the Chancellor of the Exchequer will look with the relevant Minister or Ministers at ways of getting performance back on track. Should a target not be met there is no question of money being deducted from the budget for that department. Nor will additional funding over and above that already allocated be made available simply because a department is failing to meet its targets, but support and advice will be given by the committee.

Parliament and the general public will also be given regular information on the progress the Government has made in meeting its targets. The Government will report to Parliament and the public annually on progress and individual departments will publish further details in their departmental report. Where target dates are later, the Government will aim to show what progress has been made toward the ultimate goal.

### Improving performance and developing PSAs

PSAs set out plans for the next three financial years and in some cases beyond. However, as the Government made clear in the CSR White Paper, it will maintain continuous pressure on departments to secure service improvements. Thus, while the PSAs are intended to set out firm plans, departments will also be seeking, where they can and within existing resources, to better existing targets and some departments may wish to add to them.

### Public Services Productivity Panel

To help in this work, as announced in the Pre-Budget Report,<sup>2</sup> a new Public Services Productivity Panel has been appointed to advise on ways of improving the productivity of government departments and other public sector agencies.

### Scope

PSAs cover all departments and agencies right across Government<sup>3</sup> and set out the aims and targets the Government has established for the rest of this Parliament and beyond. After devolution, the Scottish Parliament and the devolved authorities in Wales and Northern Ireland will be looking themselves at how to deliver modern public services. The Secretaries of State for Scotland, Northern Ireland and Wales have drawn up illustrative agreements, which are annexed to this White Paper, on which these devolved authorities may wish to draw.

Some of the PSAs included in this White Paper will need updating early in 1999. A final version of the PSA for the Department of Social Security will be published then, in the light of the continuing process of welfare reform. An interim version of the Sure Start PSA is also being published now which will be updated in a similar way, once the new Sure Start Unit is fully up and running. A new cross-cutting PSA for the Regulators is now being developed and will be published next year. In addition, after devolution, the Government will be publishing a PSA for the residual functions covered by the



Northern Ireland Office. These will all be published by March 1999.

The Ministry of Agriculture and the Department for the Environment, Transport and the Regions will be publishing joint objectives and planning arrangements for the countryside and rural policies and programmes by spring 1999 and will follow this up by the end of the year with a cross-cutting PSA, once the planned White Paper on rural issues has been published.

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<sup>1</sup>"Modern Public Services for Britain: investing in reform," Cm 4011, July 1998

<sup>2</sup>"Steering a stable course for lasting prosperity," Cm 4076, November 1998

<sup>3</sup>The Intelligence and Security Agencies will be subject to the same disciplines. For them, documents analogous to PSAs will not be published because of the nature of their work but will be reported to the Intelligence and Security Committee when they are complete.

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## 2. The main elements of Public Service Agreements

PSAs bring together in a single document important information on aims and objectives, resources, performance and efficiency targets and related policy initiatives. Box 1 below sets out in detail how they are structured. This chapter gives a brief guide to the key elements.

### Elements of PSAs

- An introduction, setting out the Minister or Ministers accountable for delivering the commitments, together with the coverage of the PSA, as some cover other departments and agencies for which the relevant Secretary of State is accountable;
- the aims and objectives of the department or cross-cutting area;
- the resources which have been allocated to it in the CSR;
- key performance targets for the delivery of its services, together with, in some cases, a list of key policy initiatives to be delivered;
- a statement about how the department will increase the productivity of its operations.

### 1 Aims and objectives

Each PSA starts with a statement of the aims and objectives of the department or cross-cutting area. During the Comprehensive Spending Review, departments defined new aims and objectives in the light of the Government's overall objectives to:

- increase sustainable growth and employment;
- promote fairness and opportunity; and
- deliver efficient and modern public services.

These were the starting point for decisions on the allocation of resources and are the basis for setting performance and efficiency targets. Together they add up to a comprehensive statement of what this Government aims to deliver.

### 2 Resources

This section shows the resources allocated to the department in the CSR. Running cost limits are also shown. The plans were fixed for three years in the CSR to give departments greater stability with which to plan and manage their spending. The PSAs show only the totals: a full breakdown of spending by programme and objective will appear in departmental reports in the spring.

### 3 Performance targets

Each PSA sets out the key performance targets which will contribute to achieving these aims and objectives and includes an introduction which explains how these contribute to the Government's overall strategy to meet its key CSR objectives and to improve productivity. These targets form the heart of the PSA. They are, wherever possible, "SMART" specific, measurable, achievable, relevant and timed. If not, the commitment is, wherever possible, to make them so.

## 4 Increasing the productivity of operations

Delivering efficient and modern public services is a key part of the Government's agenda for improving productivity and the PSAs set out an innovative programme for taking this forward. Greater efficiency is being sought within the public sector to ensure that the most effective results are obtained from available resources.

PSAs therefore include specific efficiency targets across the range of public services. Departments will measure all key outputs individually to ensure consistently high levels of service are delivered at optimal value. They will develop better measures of efficiency and extend these to cover a wider range of departmental activities. Further work will be carried out on developing aggregate measures, which can give an indication of overall improvements in a department's efficiency.

### Reducing fraud

Fraud has a major impact on the Government's productivity. In 1997/98, an estimated £921 million was lost through fraud and error in income support and income-related Jobseeker's Allowance and Customs and Excise was able to prevent £1,719 million of excise fraud, primarily alcohol and tobacco goods. That is why each PSA now includes a statement, with targets where appropriate, stating the action to be taken to tackle the abuse of the system.

### Better quality services

The Government wants to develop modern, high quality, efficient and customer-focused public services. To achieve this, departments will review all their services and activities over a five year period, focusing on end results and service standards, rather than simply on processes, and looking for ways to improve value for money and services. Targets have been set by all departments for the proportion of services to be reviewed over the period 1999/00 to 2001/02.

### Electronic government

Information technology provides an immense opportunity to improve the responsiveness of public services. The Prime Minister has set a target for 25% of all Government transactions to be available electronically by 2002. As part of their PSAs each department has now agreed to set individual targets to help achieve this overall target by 31 March 1999. This will require departments to consider which forms of electronic delivery can most improve the ways in which they deal with the public, for example through greater use of the Internet, introducing electronic kiosks and using electronic forms.

### Reducing sickness absence

Days lost through sickness reduce productivity in both the public and private sectors. Sickness absence costs the public sector up to £6 billion a year in terms of lost output. The Government is now looking with staff at ways of improving levels of sickness absence right across the public sector, with the aim of reducing it by 20 per cent by 2001 and 30 per cent by 2003. To tackle this problem all departments will audit their sickness absence recording by December 1998 to ensure they have reliable data, and will propose individual targets by February 1999 and agree them with the Cabinet Office by June 1999. The Government is developing a similar approach in the wider public sector which includes targets for managing sickness absence in the NHS and local authorities. It is also developing, in consultation with trade unions and others, a guidance pack which will help organisations assess their absence rates on a common basis and introduce best management practices to achieve improvements in line with the targets being set for the Civil Service.

### Improving procurement

A number of measures are being pursued urgently to improve the efficiency of civil procurement and these have great potential to reduce costs. Accordingly, departments have a range of specific targets to take this forward, including:

- introduction of the Government Procurement Card by a specified date; and
- targets contributing to the Government's objective that 90% of routine goods should be purchased electronically by 2000/01.

The Government also announced in the Pre-Budget Report that Peter Gershon of GEC-Marconi will be leading a review to examine current arrangements and recommend further changes.

## Innovation and more responsive customer services

The CSR established a separate Invest to Save Budget (ISB) to provide resources for innovative projects. The ISB will provide further resources for innovative projects which promote cross departmental working between different public sector organisations in ways which will improve the quality and convenience of services or the value for money achieved. The first bidding round was launched in August and bids have been made for an exciting range of projects, many of which are pilots which could be developed more widely once their effectiveness has been demonstrated. The successful projects will be announced early in the new year. Many of the PSA targets concern the responsiveness of services to the public and improve customer service. This important aspect of service improvement will be examined further in the Better Government White Paper to be published in the spring.

## Asset sales

An important part of public sector productivity is the effective use of physical assets. The Economic and Fiscal Strategy Report<sup>1</sup> set out the Government's targets for disposing of assets that are no longer needed so that the proceeds could be invested more productively on key services. Individual PSAs include targets which will contribute to the Government's overall goal for central government of disposals of around £1 billion a year for the next three years and projected disposals by local authorities of £2<sup>3</sup>/<sub>4</sub> billion a year.

## 5 Next steps: future elements

Two other documents will be published in coming months which will help to complete the picture.

## Departmental Investment Strategies

Departmental Investment Strategies (DISs) will demonstrate how departments will ensure that they are using their capital investment productively to deliver their objectives. As promised in the EFSR, DISs will be approved by the Treasury and a summary will be published next spring. Each DIS will then become part of the relevant PSA.

## Output and Performance Analyses

As described in Chapter 1, publication of PSAs is only the first step. Monitoring and reporting will be critical to ensuring that targets, once set, are met. Output and Performance Analyses (OPAs), which are being developed under Resource Accounting and Budgeting, will include the measures which will be used to chart progress against the specific targets set out in the PSAs, with a number of performance indicators being published for each of a department's objectives. The Government's aim is to publish them by March 1999.

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<sup>1</sup>"Stability and investment for the long term," Cm 3978, June 1998.

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# 3. Department for Education and Employment

## Introduction

This PSA covers the Department for Education and Employment (DfEE). The Secretary of State for Education and Employment is responsible for the delivery of the objectives set out in Section 1, and performance will be measured against the targets in Section 3 (one of which is shared with the Treasury). The PSA for the Office for Education Standards in Education (OFSTED) is included separately as an annex. Her Majesty's Chief Inspector for Schools in England is responsible for its delivery. There is a separate PSA for Sure Start.

## 1 Aim and objectives

### Aim

To give everyone the chance, through education, training and work, to realise their full potential, and thus build an inclusive and fair society and a competitive economy.

### Objectives

DfEE is working with others, in government and beyond, towards two overarching goals:

- an inclusive society, where everyone has an equal chance to achieve their full potential; and
- a globally competitive economy, with successful firms and a fair and efficient labour market.

DfEE makes its distinctive contribution by concentrating on three central objectives:

#### **1 Ensuring that all young people reach 16 with the skills, attitudes and personal qualities that will give them a secure foundation for lifelong learning, work and citizenship in a rapidly changing world;**

*in particular by substantially improving literacy and numeracy skills in primary schools, and pupil achievement in secondary schools, and support for the family through early education and the availability of affordable, good quality childcare in every neighbourhood.*

#### **2 Developing in everyone a commitment to lifelong learning, so as to enhance their lives, improve their employability in a changing labour market and create the skills that our economy and employers need;**

*in particular by making learning attractive and accessible, improving the relevance and quality of provision, and persuading employers to invest in those they employ.*

#### **3 Helping people without a job into work;**

*in particular by helping young people, the long-term unemployed and others at a disadvantage in the labour market, including lone parents, to move into sustainable jobs, within a fair and diverse employment market.*

In pursuing these objectives, DfEE seeks to:

- encourage people to make the link between their rights and responsibilities;
- work in partnership across government, with organisations outside government and with the public, to design and implement effective policies;

- learn from and work with other countries, particularly partners in Europe;
- exploit the potential of technology;
- be outward-looking, innovative and willing to learn, enabling all the department's staff to develop to their full potential, working efficiently and getting the most from resources.

## 2 Resources

The White Paper "Modern Public Services for Britain, Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework for the DfEE, Education Standard Spending (ESS) and for the Employment Service. There are additional resources for education in England over the years 19992000 to 200102 of £16 billion (out of £19 billion for the UK as a whole). These resources form a firm three year settlement. The table below sets out the Departmental Expenditure Limit (DEL) for the three year period:

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
<b>Total*</b>	<b>15,543</b>	<b>17,403</b>	<b>18,738</b>
of which: Current Budget	13,769	14,898	15,726
Capital Budget	1,121	1,593	1,942
Financial Transactions	653	912	1,070

\*Departmental Expenditure Limit includes OFSTED.

The DEL for 19992002 includes provision for student loans on a resource accounting basis (ie showing the cost of subsidy and bad debts); net lending does not score in DEL; and debt sales and payments to banks also do not affect DEL, except insofar as sales lead to changes in provision for subsidy.

Within DfEE's DEL, £83/£184/£184 million is ring fenced for Sure Start in England. Sure Start, an inter-departmentally managed programme, is covered by a separate PSA.

Within DfEE's DEL, running cost limits are:

### Gross Running Costs Provision

£ million	19992000	200001	200102
<b>Total</b>	<b>1,036</b>	<b>1,036</b>	<b>1,031</b>
of which: OFSTED	31	31	31

Within the Department of the Environment, Transport and the Region's provision for local government for 19992002, Education Standard Spending (ESS) is set at:

### Local Authority Education

£ million	19992000	200001	200102
<b>Education Standard Spending</b>	<b>20,414</b>	<b>21,629</b>	<b>22,940</b>

A Service Development Fund for education and employment of £750 million in 200001 and £1 billion in 200102 has been created within the DfEE DEL and ESS set out above. The Service Development Fund will ensure the right balance of funding between the existing agenda and those areas where policy is still being developed. Treasury agreement is required for allocations from this fund.

DfEE also has Windfall Tax provision across the three year period of:

### Spending from the Windfall Tax:

<b>£ million</b>	<b>19992000</b>	<b>200001</b>	<b>200102</b>
<b>Total</b>	<b>1,031</b>	<b>1,021</b>	<b>941</b>

*NB: The profile of these figures may change as the New Deal is implemented.*

### 3 Performance targets

DfEE will play a major part in the Government's ambitions to increase productivity and promote fairness and opportunity for all. Better education and training will be the bedrock of increased productivity, while better targeting of resources will give everyone the opportunity to reach their full potential. To meet these challenges DfEE have set three objectives. The targets below will measure progress towards them. Those against Objective 1 will help to raise standards of education to internationally competitive levels, ensure that young children receive critical support for learning in their early years and give young people a good basis for continued learning in adult life. The target against Objective 2 builds on attainment in compulsory education through encouragement of young people to continue their education or training after 16. Those against Objective 3 reflect the central role of the Employment Service (alongside the Department of Social Security (DSS) and the Benefits Agency) in helping unemployed people, especially those who require extra help in the jobs market, into work.

In addition to these targets, DfEE is working with other government departments on separate joint PSAs covering Sure Start and Action against Illegal Drugs.

### Performance targets

The department is committed to:

- (i) an increase in the coverage of nursery places for 3 year olds from 34% to 66% by 2002, focusing on the most deprived areas of the country; (Objective 1)
- (ii) the number of pupils aged 5, 6 or 7 in infant classes of over 30 to fall from 477,000 to zero by September 2001 at the latest; (Objective 1)
- (iii) an increase in the proportion of those aged 11 meeting the standard of literacy for that age (level 4 in the Key Stage 2 (KS2) test) from 63% to 80% by 2002; (Objective 1)
- (iv) an increase in the proportion of those aged 11 meeting the standard of numeracy for that age (level 4 in the KS2 test) from 62% to 75% by 2002; (Objective 1)
- (v) a reduction by one third in school truancies (from 0.7% to 0.5% half days missed a year through unauthorised absence) and exclusions (from 12,500 to 8,400 permanent exclusions a year) by 2002; (Objective 1)
- (vi) an increase in the proportion of those aged 16 who achieve one or more General Certificates of Secondary Education (GCSEs) at grade G, or equivalent, from 92% to 95% by 2002; (Objective 1)
- (vii) an increase in the proportion of those aged 16 who achieve five or more GCSEs grades A\*-C from 45% to 50% by 2002; (Objective 1)
- (viii) an increase in the proportion of those aged 19 to have achieved National Vocational Qualification (NVQ) Level 2 or equivalent from 72% to 85% by 2002; (Objective 2)
- (ix) by May 2002, get 250,000 under 25 year olds off benefit and into work by using money from the windfall tax; (Objective 3) (shared with HM Treasury target (xvi))
- (x) targets for the New Deals in 19992000, published each April, including the New Deals for lone parents and disabled people for which DfEE and DSS are jointly responsible, the figure to be updated annually for each succeeding financial year; (1998-99 target for New Deal for 1824s placings is 100,000) (Objective 3)
- (xi) a target for placing unemployed people into work in 19992000, published each April, including within it individual targets for the number of JSA claimants unemployed for more than six months placed into work and those with disabilities, the figure to be updated annually for each succeeding financial year. (199899 targets included: unemployed placings 1,300,000; long-term unemployed (6 months or more) placings, 250,000; people with disabilities. placings, 80,000) (Objective 3)

The National Childcare Strategy aims to ensure good quality, affordable childcare for children aged 0 to 14 in every neighbourhood, including both formal care and support for informal arrangements. It will raise the quality of care, make childcare more affordable and make it more accessible, by increasing places and providing information. Early Years Development and Childcare Partnerships will deliver the strategy in their local areas. Their first plans will set out their assessment of the need for childcare and how they plan to meet it. The department will consider an appropriate target for the strategy in summer 1999, once those plans have been agreed.

DfEE and DSS will test the case for the Single Work Focused Gateway as a means of increasing the proportion of people of working age in work and not dependent on benefit by piloting. Four pilots will be introduced in June 1999 and eight more in November 1999.

## 4 Increasing the productivity of operations

Specific efficiency targets and service delivery targets are:

- i. 1% savings in unit costs in Further and Higher Education in 1999/2000 with further efficiency savings in later years;
- ii. for TECs, 2% unit costs savings a year on their main programme work based training for young people;
- iii. Employment Service (ES) to cover the costs of pay and price inflation and other pressures through efficiency savings, equivalent to an average of 4 per cent a year of running costs provision;
- iv. DfEE will deliver the performance targets set out in Section 3 above within the running costs total agreed. The additional activity these performance targets represent implies an annual efficiency gain of 2.5%.

A bench-marking project will be launched by April 1999 to promote efficiency in schools by demonstrating how good practice can be spread to cut costs.

DfEE has a clear strategy for delivering efficiency savings and for living within its means. DfEE has:

- efficiency commitments, a Business Plan, and priorities are at departmental and directorate level and monitored twice yearly by the Permanent Secretary;
- a determination to reduce the size of support functions, refocusing released resource into policy directorates;
- a programme of department-wide efficiency studies;
- a division to promote and advise on the full range of efficiency techniques; and
- ES reports on its efficiency savings as part of the Annual Performance Agreement with DfEE.

The Employment Service's efficiency strategy seeks to achieve greater value for money through more intensive use of its estate, closer working with the Benefits Agency and other agencies and exploiting further the potential of IT. As part of the CSR, a full scale review of Employment Service's efficiency was undertaken.

Other initiatives include:

- development of options to improve the efficiency of capital utilisation;
- increasing the numbers of those from lower income households staying on in education by piloting an Education Maintenance Allowance for those aged 16-18 from September 1999;
- the Business and Corporate Plans of the University for Industry, which will be agreed jointly by DfEE and HM Treasury;
- research work on social and private rates of return across post-compulsory education and training;
- the targets in the Employment Service's Annual Performance Agreement, which are agreed each year between DfEE/ES, HM Treasury, the Scottish Office and the Welsh Office.



DfEE will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities.

## Better quality services

The Department has already had in place for some years business planning arrangements which ensure that at departmental, directorate, divisional and individual levels, all its delivery activities and services are reviewed regularly and systematically, as called for in the handbook "Better Quality Services".<sup>1</sup> DfEE will build on these arrangements during the five year period which began in July 1998, focusing on how best to improve value for money for each activity or service, setting in train an appropriate improvement programme.

## Electronic government

Some 35% of DfEE's consultation documents and Green and White Papers are published on the Internet, with email addresses and standard forms to encourage electronic responses. This is expected to increase to 90% by 2002. 60% of enquiries are dealt with electronically and the department is testing ways in which the administrative burdens on schools and colleges can be reduced by replacing paper based communication with electronic equivalents, building on already extensive use of electronic data collection. DfEE will set a specific target for electronic government by 31 March 1999.

## Sickness absence

DfEE is committed to playing its part in reducing the level of sickness absence across government. The Department has already taken action to raise the profile of the issue and increase awareness among line managers of their role in managing sickness absence, including making quarterly bench-marking reports, and issuing guidance and reviewing training needs on managing sickness absence. By February 1999, the department will set a target for reducing sickness absence, to be agreed with Cabinet Office by June 1999, as a contribution to the overall target for reducing absences across the public sector.<sup>1</sup> The reductions are the result of efficiency and a lower number of inspections because of the change from a four to a six year cycle in 1999/2000.

## Fraud

Within DfEE, a Specialist Investigation Unit undertakes all internal investigative work and external investigations where departmental and/or European funds are involved. It runs seminars for staff and other government departments on fraud awareness which highlight responsibilities on preventing fraud and how to detect it, undertaking risk based inspections as part of its detection programme.

A Financial Scrutiny Unit investigates provider fraud in programmes funded through TECs. It investigates complex and cross-regional cases itself and oversees the investigative work undertaken by teams in Government Offices and TECs.

A single unit within the Employment Service is responsible for all fraud policy, investigation of external frauds involving contractors to ES programmes and client fraud where grants are involved. It undertakes, and provides advice and guidance to the regions on internal fraud investigations. The unit also carries out fraud awareness sessions and undertakes risk based detection exercises.

## Procurement

Procurement in DfEE adds value through the application of specialist skills to reduce cost and risk. It does so either directly, or indirectly through the provision of advice, so that value for money is maximised whenever goods or services are acquired. This means that competitive prices are obtained, quality/service is maximised, and cost minimised throughout the life of the contract.

DfEE's procurement practices are already very much in line with the recommendations of the cross-departmental report "Efficiency in Government Procurement". DfEE's implementation plan ensures that further necessary action is taken.

Where there is no contractual provision or other understanding or accepted practice governing the timing of payment, the department will pay within 30 days of receipt of goods or services or the presentation of a valid invoice or similar demand for payment, whichever is the later.

The Employment Service too is taking steps to address the action points in this report. ES has already done much to develop the concept of procurement. It has done this through partnership with external organisations in delivering services through the various New Deals for different unemployed groups and in providing support services to ES such as IT and facilities management. The ES's future procurement strategy aims to build on this approach.

## Assets

The department does not itself hold significant levels of assets, as most capital is held by its partners, from local education authorities to further and higher education institutions. Annual DfEE capital spend is around just 5% of total running costs. The department will continue to seek to dispose of all the assets that are unused, especially premises, and make more efficient use of those that remain. A review by external consultants has recently concluded that the department's agents "have actively pursued all possible disposal routes with the result that a number of surplus properties are now under offer. We do not attribute the fact that the surplus properties remain unsold to any failings on the part of the current managing agents". The department will continue to make other assets, principally IT, work as hard as possible in order to get best value from them.

A further considerable asset which the department owns is student loan debt. Following the successful sale of around £1 billion of loans in March 1998, and in line with the Government's policy to make best use of public sector assets, the DfEE aims to sell around a further £3 billion over the 1998-99 and 1999-2000 financial years. The sales will finance government objectives and transfer risk to the private sector.

## ANNEX

# Office for Education Standards in Education (OFSTED)

## 1 Aim and objectives

### Aim

To help improve the quality and standards of education through independent inspection and advice.

### Objectives

To deliver high quality inspection of schools, funded nursery education and Local Education Authorities (LEAs) providing independent assessment to help them raise educational standards.

To provide high quality advice, based on inspection evidence, to the Secretary of State for Education and Employment to assist in the formulation and evaluation of government policies.

## 2 Resources

Resources for 19992002:

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
Total	96	105	107

## 3 Performance targets

OFSTED will play an important part in helping to achieve the Government's wider objectives of raising productivity and promoting opportunity for all. Raising the quality of all education, particularly basic numeracy and literacy, is an essential precondition of a more productive labour force, while spreading best practice will help ensure that the highest quality education service is made available to all pupils.

## Performance targets

- i. 20% of schools to be inspected in 19992000;
- ii. 8,000 nursery placings inspected in 19992000;
- iii. 26 LEAs inspected in 19992000, rising to 30 in 200001;
- iv. 91% of inspection reports reviewed in 19992000 meeting Her Majesty's Chief Inspector's (HMCI's) standard;
- v. target cost of contracted inspections in 19992000: £54 million, compared with outturn expenditure of £107 million in 199798;<sup>1</sup>
- vi. initial teacher training: 200 secondary subject and 40 primary subject inspections in the 19992000 academic year.

## 4 Increasing the productivity of operations

In pursuing these objectives, OFSTED will:

- seek to carry them out efficiently, effectively and economically within the resources provided;
- work with partners in education to raise standards; and
- seek to improve communications both internally and externally.

Internal efficiency will be measured by:

- average time taken to handle all correspondence;
- average time taken to respond substantively to complaints;
- extent of achievement of the targets for prompt payments; and
- amount of competition for contracts measured by the average number of tenders per school.

OFSTED will continue to develop better measures of efficiency and extend these to cover a wider range of its activities.

## Electronic government

OFSTED conducts electronic tendering for all school inspection contracts. All inspection reports from schools, nursery settings and teacher education are placed on the Internet to allow public access.

## Sickness absence

OFSTED is committed to playing its part in reducing the level of sickness absence across government indeed, OFSTED's sickness absence is already below the Civil Service average. OFSTED will aim to reduce this by a further 10% by 2002.

## Fraud

OFSTED has published guidance for staff on managing the risk of fraud in its Financial and Accounting Instructions and a Staff Code.

## Procurement

Procurement in OFSTED adds value by the application of specialist skills to reduce cost and risk. It does this directly for inspection contracts and indirectly through the provision of advice for other services. All staff directly involved are trained or in the process of being trained.

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<sup>1</sup>"Better Quality Services", Cabinet Office, July 1998.

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# 4. Department of Health

## Introduction

This PSA covers the work of the Department of Health (DH), which has responsibility within central government for the National Health Service and Personal Social Services in England. The Secretary of State for Health is responsible for delivering the commitments made in this agreement across the range of these services.

## 1 Aim and objectives

### Aim

The Department of Health's overall aim is to improve the health and well being of the people of England, through the resources available, by:

- supporting activity at national level to protect, promote and improve the nation's health;
- securing the provision of comprehensive, high quality health care for all those who need it, regardless of their ability to pay or where they live;
- securing responsive social care and child protection for those who lack the support they need.

### Objectives

The key objectives in pursuing these aims are:

#### **A To reduce the incidence of avoidable illness, disease and injury in the population.**

*The department will do this by:*

- *working across government and with a range of agencies to improve the health of the public;*
- *providing accurate and accessible information on how to reduce the risk of illness, disease and injury;*
- *encouraging people to live healthily;*
- *raising standards and setting targets to galvanise and encourage widespread improvements in public health, and in particular a narrowing of current inequalities in health status.*

#### **B To treat people with illness, disease or injury quickly, effectively and on the basis of need alone.**

*The department will do this by:*

- *providing family health services which are accessible to people wherever they live;*
- *reducing the number of people waiting, and the time they have to wait, for treatment;*
- *improving clinical effectiveness in the NHS;*
- *ensuring that the NHS prioritises treatments according to clinical need, not people's ability to pay, nor where they live, nor who is their GP.*

**C To enable people who are unable to perform essential activities of daily living, including those with chronic illness, disability or terminal illness, to live as full and normal lives as possible.**

The department will do this through the NHS programme by:

- providing care according to individual need regardless of organisational boundaries;
- helping people to live independently, and supporting them wherever possible in their own homes;
- giving people who need it access to effective palliative care;
- through local authority social services, by:
- securing appropriate and effective social care for those who lack the means or other support to get the help they need.

**D To maximise the social development of children within stable family settings.**

The department will do this by enabling local authorities, with resources and guidance, to:

- secure appropriate and effective social care to prevent significant neglect or abuse and to support families;
- assume where necessary sufficient parental responsibility in relation to individual children.

The Department of Health is committed to making progress in a way which:

- is **fair**, excluding no part of the community, and directing action and resources to areas of greatest need;
- is **responsive** to the views and preferences of patients, clients and their carers and works in partnership with a range of agencies from the public, private and voluntary sectors;
- improves the **quality** of care by investing in the education and training of staff, and makes best use of their skills;
- **modernises** the services, in partnership with the private sector, by ensuring that patients and clients have access to suitable facilities and can benefit from new technologies;
- strengthens the **scientific and research base** of services through partnership with industry and universities;
- reduces waste and maximises **efficiency**, including by making full use of capital assets and working across institutional boundaries.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year framework of resources for the NHS and Social Services. There are additional resources for the NHS in England over the years 1999/2000 to 2001/02 of over £17 billion, and an additional £2.8 billion for Personal Social Services (PSS). These resources form a firm three year settlement and will allow the NHS and Social Services to plan ahead on a stable funding base. The key figures as set out in the White Paper are:

### Departmental Expenditure Limit (DEL) and total Personal Social Services Expenditure

£ million	1999/2000	2000/01	2001/02
Department of Health DEL	40,228	43,129	45,985
of which: NHS	39,581	42,415	45,179
of which: Current Budget	39,301	42,062	44,768
Capital Budget <sup>1</sup>	280	352	411
PSS <sup>2</sup>	647	714	806
of which: Current Budget	586	653	745
Capital Budget	62	62	62

**Total Personal Social Services<sup>3</sup>****8,915****9,408****9,906**

<sup>1</sup> The Departmental Expenditure Limit capital budget only includes capital spending and associated financial transactions by the Department of Health. Total planned public capital spending on the NHS, including NHS trusts own expenditure and PFI expenditure is £2,272 million, £2,722 million, and £2,910 million respectively.

<sup>2</sup> This shows Department of Health-funded spending on Personal Social Services, which comprises mostly special, specific and capital grants to local authorities, credit approvals and a grant to the Central Council for Education and Training in Social Work.

<sup>3</sup> This shows Department of Health-funded spending on Personal Social Services, and funding for local authority Personal Social Services contained within the Departmental Expenditure Limit of the Department of the Environment, Transport and the Regions.

**Gross Running Costs Provision**

<b>£ million</b>	<b>19992000</b>	<b>200001</b>	<b>200102</b>
<b>Total</b>	<b>282.6</b>	<b>282.7</b>	<b>284.7</b>

It has also been agreed that the department may spend the following sums on its own administrative capital:

	19992000	200001	200102
£ million	10.4	8.7	8.7

These resources will be carefully targeted and monitored to ensure that they are spent effectively and that patients, clients and the public get the high quality services they deserve. In the NHS some resources will be ring-fenced in an NHS Modernisation Fund of £5 billion over the three years, and amounting to about £1 billion in 19992000. Resources in the NHS Modernisation Fund will be directed to specific objectives, progress against which will be closely monitored. In Social Services, increased use of special and specific grants in a £1.3 billion Modernisation Fund will mean that these resources can be directed to meet the Government's priorities.

### 3 Performance targets

Improving health contributes to the Government's wider objectives of opportunity, fairness, investment and economic growth, by reducing inequalities and improving productivity. Poorer people are much more likely to die sooner and be sicker than the wealthy. The Government is committed to reducing the gap between the health of the worst off and the best off in society, and to reducing the impact of ill-health on the economy over 180 million working days, at a cost of some £12 billion a year, are lost through sick leave in Britain. The Department of Health is also helping to implement the Government's policies on the Criminal Justice System, Sure Start, and Action against Illegal Drugs which are covered in separate cross-departmental PSAs.

The Government has set a range of targets to improve services and deliver better outcomes in health and social care. For some of them, the NHS or Social Services will take the lead. In other areas success will require joint working between these organisations.

# Performance targets

The key targets are:

- i. Reduce premature deaths and avoidable illness, disease and injury, and reduce inequalities in health. (Objective A)

To be achieved through meeting national targets for heart disease and stroke, cancers, accidents and mental health and those set at a local level. Firm targets will be set out in a forthcoming White Paper. The targets published in the Green Paper "Our Healthier Nation"<sup>1</sup> are:

- a. reduction in the death rate from heart disease and stroke and related illnesses amongst people aged under 65 years of 33 % by 2010, from a baseline of 63.9 deaths per 100,000 population for the three years 1995 to 1997;
- b. reduction in accidents involving a hospital visit or a consultation with a family doctor of 20% by 2010, from a baseline of 20 accidents per 100 people for the two years 1995 and 1996;
- c. reduction in the death rate from cancer amongst people aged under 65 of 20% by 2010, from a baseline of 79.1 deaths per 100,000 population for the three years 1995 to 1997; and
- d. reduction in the death rate from suicide and undetermined injury by 17% by 2010, from a baseline of 9.1 per 100,000 population for the three years 1995 to 1997.

To support these targets, all health authorities will be preparing Health Improvement Programmes setting out a strategic framework for action on national and local priorities. Outline Health Improvement Programmes are to be prepared by January 1999, and fully-developed Programmes by spring 2002.

As part of the "Our Healthier Nation" strategy, the Department of Health is also committed to playing its part in delivering the cross-departmental strategy: Tackling Drugs to Build a Better Britain. This includes a commitment to increase significantly the provision of drug treatment services and gradually to increase drug prevention activity.

- ii. Achieve the Government's commitment to reduce NHS inpatient waiting lists by 100,000 over the lifetime of the Parliament from the March 1997 position of 1.16 million, and deliver a consequential reduction in average waiting times. (Objective B)
- iii. Ensure everyone with suspected cancer is able to see a specialist within two weeks of their GP deciding they need to be seen urgently and requesting an appointment: for all patients with suspected breast cancer by April 1999 and for all other cases of suspected cancer by 2000. (Objective B)
- iv. Establish NHS Direct, so that everyone in England has access to a 24 hour telephone advice line staffed by nurses by December 2000. (Objective B)
- v. Improve access to and quality of primary care services through investment in line with locally agreed Primary Care Investment Plans. Key targets are:
  - a. increase equity in the national distribution of GPs. From growth of approximately 0.6% whole-time-equivalent GPs in 1997 over 1996, there will be progress towards a national average annual increase of 1% whole-time-equivalent GPs by 2002, using a range of new initiatives and with local variations to take account of the need to concentrate on deprived and remote areas;
  - b. increase investment in practice staff 500 new practice nurses will be appointed by 2002;
  - c. improve the quality of primary care premises, targeted towards areas of deprivation, resulting in improvements to 1,000 premises nationally by 2002.
- vi. Connect all GP surgeries which use clinical computer systems to the NHS net by the end of 1999 and all other surgeries by the end of 2002, so that more information and services can be offered closer to people's homes. As at November 1998, less than 10% of GP practices were directly connected to NHSnet. (Objective B)
- vii. Improve the quality and effectiveness of treatment and care in the NHS by establishing the National Institute for



Clinical Excellence by 1 April 1999, with a view to it producing at least 30 appraisals of new or existing technologies a year and guidance from 200001. The impact of the appraisals and guidance will be assessed by the use of performance indicators. (Objective B)

- viii. Improve the responsiveness of NHS services by taking account of the views of patients and other users obtained through annual surveys of patient and user experience. Surveys of different client groups and services will be repeated at appropriate intervals. The first survey focuses on patient experience of both general practice and hospital services and started during 1998. (Objective B)
- ix. Promote independence by reducing nationally the per capita rate of growth in emergency admissions of people aged over 75 to an annual average of 3% over the five years up to 20023, compared with an annual average rate of 3.5% over the last five years. (Objective C)
- x. Improve the delivery of appropriate care and treatment to patients with mental illness who are discharged from hospital and reduce nationally the emergency psychiatric re-admission rate by 2 percentage points by 2002 from the 199798 baseline of 14.3%. (Objective C)
- xi. Prevent the unnecessary loss of independence amongst older people by, as a first step, putting in place action plans in all local authorities, to be jointly agreed with the NHS and other local partners, covering prevention services, including respite care, by October 1999. (Objective C)
- xii. Improve the continuity of care given to children looked after by local authorities by reducing to no more than 16% in all authorities the proportion of such children who have three or more placements in one year by 2001. As many as 30% of children currently experience 3 or more placements per year in some authorities, within a national average of 20%. (Objective D)
- xiii. Improve the educational attainment of children looked after by local authorities, by increasing to at least 50% by 2001 the proportion of children leaving care at 16 or later with a GCSE or GNVQ qualification; and to 75% by 2003. Information from surveys indicates that at present the proportion of children looked after who gain qualifications can be as low as 25%. (Objective D)
- xiv. Reduce the proportion of children who are re-registered on the child protection register by 10%, by 2002, from the baseline for the year ending March 1997 of 19% of children on the child protection register being re-registered. (Objective D)

Progress towards these targets will be monitored closely, focusing on the outcomes that matter most to patients and other service users. For the NHS a comprehensive approach is being developed through the National Framework for Assessing Performance. This covers six dimensions of performance: health improvement, fair access, effective delivery of appropriate health care, efficiency, patient/user experience and health outcomes of NHS care. Progress will need to be made on all dimensions to achieve the goal of maximising the improvement in health and well-being for the resources available. A similar Performance Assessment Framework is being developed for assessing the performance of social services authorities, entirely consistent with the Best Value regime which is being put in place in local authorities to improve performance. These frameworks will be developed further over time.

The Government's key policy initiatives are included in the NHS White Paper "The New NHS: Modern and Dependable"<sup>1</sup> and the Green Paper and forthcoming White Paper "Our Healthier Nation"<sup>2</sup> which set out a strategic direction for improving health, tackling inequalities and improving the quality and efficiency of health services. The Social Care White Paper, "Modernising Social Services"<sup>3</sup> presents the strategic direction for social services for the next 10 years. These strategies are brought together in the National Priorities Guidance "Modernising Health and Social Services"<sup>4</sup> which sets out the Government's key priorities for the NHS and social services for 19992000 to 200102.

## **4 Increasing the productivity of operations**

The Government is committed to improving productivity in all public services. Specific efficiency targets in the health and social care field are to:

- (i) achieve efficiency and other value for money gains in the NHS equivalent to 3% of health authority unified allocations a year for the next three years;

(ii) achieve efficiency and other value for money gains equivalent to 2% of Personal Social Services expenditure in 19992000 and in 200001, and to 3% in 200102;

(iii) to: (a) increase the average generic prescribing rate of all practices in England to 72% by the end of March 2002, compared to the position at the quarter ending September 1998 of 63%; and

(b) move at least half of those practices with a generic prescribing rate currently below 40% to above that level by March 2002.

The department is committed to developing better and more comprehensive measures of performance including efficiency, covering all the department's services. The new measures will provide a robust way of demonstrating that the targets for efficiency savings and other value for money gains in the NHS and Personal Social Services are being met.

## Better quality services

The Government is determined to improve quality throughout the NHS and in Social Services. The new NHS quality agenda, set out in the consultation paper "A First Class Service", will be delivered through a three strand approach standards will be set by National Service Frameworks and the proposed National Institute for Clinical Excellence; high quality services will be delivered through a system of clinical governance; and there will be effective monitoring of standards and quality through a new body, the Commission for Health Improvement, through the National Framework for Assessing Performance and through the new National Survey of Patients and Users. In social services, the White Paper "Modernising Social Services"<sup>3</sup> set out the plans for raising standards across the board, through better regulation, inspection, training and management.

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<sup>1</sup> "The New NHS: Modern and Dependable," Cm 3807, December 1997.

<sup>2</sup> "Our Healthier Nation," Cm 3852, February 1998.

<sup>3</sup> "Modernising Social Services," Cm 4169, November 1998.

<sup>4</sup> "Modernising Health and Social Services," Department of Health, September 1998.

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The Department of Health will also continue regularly and systematically to review its own services and activities over a 5 year period, in line with government policy in the handbook "Better Quality Services". It will agree a review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

## Electronic government

It will also put forward proposals by 31 March 1999 on measures to increase the proportion of the department's business undertaken electronically, in line with the Government's commitment to increase such business to 25% by 2002.

## Sickness absence

It is estimated that working time lost due to sickness absence within the NHS might currently be as high as 5.9%. As part of the new Framework for Managing Human Resources in the NHS, targets for managing sickness absence have been set, consistent with the Cabinet Office recommendations of a reduction of 20% by April 2001. Performance improvement targets for NHS trusts will also be set on Managing Violence to Staff in the NHS, aimed at reducing the levels of absence due to sickness or injury caused by violence.

The Department of Health will propose targets for reducing sickness absence by February 1999 which will be agreed with the Cabinet Office by June 1999.

## Fraud

The department has launched a major initiative against fraud in the NHS. A new Directorate of Counter Fraud Services has been established within the NHS Executive and has published a strategic policy document setting out broad aims and objectives. This will be followed up by detailed action plans in each of the main sectors, building on work on prescription fraud already under way. Specific targets are:

- a 50% reduction in prescription charge evasion (compared to 1998 levels) by 200203; and
- £15 million savings from action on contractor fraud (representing £6 million in cash recoveries and £9 million in prevention savings) over the period 19992000 to 200102.

## Procurement

NHS trusts and health authorities spend nearly £9 billion a year on non-pay items for the NHS. £7 billion of this could potentially be influenced by the procurement function nationally and locally. The Cabinet Office Efficiency and Effectiveness Group has recently completed a review of NHS procurement which has been submitted to Ministers. In the light of Ministers' decisions on the review, the NHS Executive will develop a detailed action plan. The NHS Executive will ensure that all NHS trusts set targets for procurement efficiency savings and that delivery of these savings is monitored.

The Department of Health will also be taking steps to improve the effectiveness of internal purchasing, based on the recommendations of the CSR report on improving civil government procurement. New IT systems will be introduced to improve procurement, and better training and guidance will be given to staff. Key early targets are:

- decisions on best use of the Government Procurement Card in the department by January 1999;
- creation of a database giving information on suppliers to Department of Health staff by March 1999;
- creation of a web-site giving information on Department of Health procurement to suppliers by December 1999.

The policy of the Department of Health and the NHS is to pay external suppliers in accordance with agreed contractual conditions or, where no such conditions exist, within 30 days of receipt of an undisputed invoice.

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<sup>1</sup> "Our Healthier Nation," Cm 3852, February 1998.

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# 5. Department of the Environment, Transport and the Regions

## Introduction

This PSA is in two parts, following the way in which the Comprehensive Spending Review was conducted. The first part covers the Department of the Environment, Transport and the Region's (DETR) main programmes. The second part covers local government and regional policy, and reflects the outcome of the cross departmental review of local government finance. The Secretary of State for the Environment, Transport and the Regions is responsible for all aspects of this agreement.

## 1 Aim and objectives

### Aim

To improve the quality of life by promoting sustainable development at home and abroad, fostering economic prosperity and supporting local democracy.

### Objectives

1. To protect and improve the environment, and to integrate the environment with other policies across government and in international fora;
2. to offer everyone the opportunity of a decent home and so promote social cohesion, well-being and self-dependence;
3. to promote efficient and integrated transport services across different modes and reduce road traffic growth, in order better to meet the mobility needs of the travelling public and industry;
4. to deliver regulatory and other transport services to the public and industry and to collect taxes efficiently and fairly;
5. to enhance opportunity in rural areas, improve enjoyment of the countryside and conserve and manage wildlife resources;
6. to create a fair and efficient land use planning system that respects regional differences and promotes development which is of high quality and sustainable;
7. to promote a system of elected government in England which responds to the needs of local communities;
8. to enhance economic development and social cohesion throughout England through effective regional action and integrated local regeneration programmes;
9. to secure an efficient market in the construction industry, with innovative and successful UK firms that meet the needs of clients and society and are competitive at home and abroad;
10. to improve health and safety by reducing risks from work activity, travel and the environment.

In delivering these objectives DETR will:

- work in participation with others in the public and private sectors;

- be open and accountable;
- be a strong voice in pursuing UK interests in Europe and elsewhere;
- deliver high quality services to the public;
- use available resources in the manner which is most efficient and secures best value for money, taking account of the costs and benefits;
- de-centralise decision-making wherever possible; and
- create opportunities for all its staff and ensure they are equipped with the skills they need.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year framework of resources for DETR. There are additional resources over the years 1999/2000 to 2001/02 of £3.9 billion for housing, £1 billion for regeneration and over £1.7 billion for transport (excluding London Underground, Channel Tunnel Rail Link and payments to Rail Operating Companies). These resources form a firm three year settlement and will allow DETR to plan ahead on a stable funding base. The key figures are set out below:

### DETR and Local Government Spending

£ million	1999/2000	2000/01	2001/02
<b>(1) DETR main programmes: Department Expenditure Limit (DEL)</b>			
Transport, of which:	4,574	4,492	5,066
national roads	1,407	1,536	1,580
local transport	921	1,050	1,412
railways	1,595	1,516	1,660
London Transport	426	128	157
other transport	225	262	257
Housing and Construction	2,438	3,127	3,661
Regeneration	1,352	1,533	1,765
Environment and energy efficiency	391	449	499
Countryside	146	162	174
Health and safety	182	183	187
Other including administration	646	636	648
<b>Total DEL</b>	<b>9,729</b>	<b>10,582</b>	<b>12,000</b>
Of which:			
Capital element of DETR DEL	5,497	6,113	7,298
Main gross running costs provision within DETR			
DETR*:	628	637	647
HSE:	170	179	184
<b>DETR: Annually Managed Expenditure (AME)</b>			
Mainly Housing Revenue Account			
Subsidy (HRAS)	3,421	3,391	3,390
<b>(2) Local government and regional policy: DEL</b>			
Total DEL, of which:	34,255	35,505	36,981
Current Budget	33,955	35,435	36,981

\*Covers administration of the central department, the Highways Agency, Driver and Vehicle Licensing Agency, Maritime and Coastguard Agency and Planning Inspectorate.

### 3 Performance targets

The department plays a significant role in reducing inequalities and improving productivity and thus helping to meet the Government's wider objectives of enhancing sustainable growth and employment, fairness and opportunity. The Government will help achieve these objectives through its reform and investment in housing and transport services. The Department is also spearheading the Government's attack on social exclusion through the New Deal for Communities, the refocused Single Regeneration Budget and the Rough Sleepers Initiative. The department is increasing the productivity of its own operations through the programme of efficiency measures described in section 4, while many of its activities will also help raise productivity in the private sector:

- a. the integrated transport strategy will reduce road traffic congestion, improve rail services, ensure transport planning is properly integrated and reduce casualties from road accidents. This will all contribute to the supply side of the economy;
- b. policies to protect the environment for example by increasing energy efficiency also have the potential to reduce costs to industry;
- c. modernising and speeding up the planning system will bring wide benefits to commerce and industry;
- d. the department's industrial sponsorship activities including construction and transport industries promote and facilitate productivity improvements in those sectors;
- e. provision of better housing and better use of the existing housing stock improves the welfare of individuals and enhances their contribution to the labour market;
- f. regeneration activity has similar effects, as well as generating private investment which creates jobs and raises productivity in deprived areas; and
- g. the setting up of Regional Development Agencies will help regional development and improve economic performance at local level.

### Performance targets

By 31 March 2002 DETR will:

- i. make 1,000,000 more buildings cheaper to keep warm through the installation of energy efficiency measures; (Objective 1)
- ii. ensure that secondary treatment is provided for all sewage discharges from towns with a population of at least 15,000; (Objective 1)
- iii. help to secure delivery of stringent EU vehicle emission standards and fuel quality standards from 2000; (Objective 1)
- iv. in partnership with local authorities, reduce the backlog of council house repairs by at least 250,000 with over 1.5 million council houses benefiting from new investment; (Objective 2)
- v. work with the Social Exclusion Unit and other departments to reduce the number of people sleeping rough by two thirds from the current level by 2002; (Objective 2)
- vi. end the decline in the condition of our motorways and trunk roads and restore the cuts in the maintenance of local authority principal roads and bridges; (Objective 3)
- vii. introduce a national travel information system by 2000, building on information from local and national services; (Objective 3)

- viii. through the department's sponsorship of the railways industry, by 200102 seek to increase the number of passenger miles travelled on national railways by 15% above the number travelled in the first full year of franchised operations (199798), and, subject to legislation, establish a strategic rail authority by 200001, with a shadow rail authority capability by spring 1999; (Objective 3)
- ix. in partnership with local government, establish local integrated transport strategies covering the Greater London Authority area and every highway authority outside London, to address the problems of congestion and pollution and to reduce car dependency; (Objectives 3 and 4)
- x. enable local authorities, subject to the passage of legislation, to introduce schemes of road user charging and levies on workplace parking, and to use the proceeds for transport purposes; (Objectives 3 and 4)
- xi. in partnership with others, deliver over 50 new major Single Regeneration Budget projects at least one in each of the most deprived local authority areas and 40 New Deal for Communities projects combating social exclusion through focused and intensive neighbourhood renewal; and support the Local Government Association's New Commitment for Regeneration initiative in 22 pathfinder areas. (Objective 8)

## The department will also, for the longer term:

- xii. prepare, consult on and publish a new UK climate change programme to meet the UK's legally binding target of reducing greenhouse gas emissions to 12.5% below 1990 levels over the period 20082012; and move towards the domestic goal of reducing carbon dioxide emissions by 20% by 2010; (Objective 1)
- xiii. improve our rivers by developing and implementing a programme of measures to eliminate at least half of the current shortfall in compliance with river quality objectives by 2005; (Objective 1)
- xiv. establish a Housing Inspectorate within the Audit Commission to audit the performance of every local housing authority within five years of it being established; (Objective 2)
- xv. work with local government to introduce resource accounting for local authority housing as soon as practicable; (Objective 2)
- xvi. seek through the National Cycling Strategy to quadruple cycling by 2012 (compared with a 1996 base); (Objective 3)
- xvii. seek to ensure that, over the next ten years, 60% of new homes are built on previously developed land. (Objective 6)

## The department will establish in 1999 new targets for:

- the proportion of regeneration projects meeting their output goals;
- reducing road casualties from road accidents in the period up to 2010;
- rail performance;
- efficiency improvements in the construction industry following the report by Sir John Egan 'Rethinking Construction'<sup>1</sup>; and
- improved sustainability in waste management.

<sup>1</sup> "Rethinking Construction," DETR, July 1998.

The department is developing better arrangements with the Ministry of Agriculture, Fisheries and Food for the joint planning of **countryside and rural policies and programmes**. They will agree and establish improved planning arrangements by spring 1999. This will include publication of joint countryside objectives, a description of the programmes to achieve those objectives and plans for measuring performance against the objectives. A joint Countryside PSA will be published by the end of next year, after the planned White Paper on rural issues.



From 1999 the department will seek advice from the Commission for Integrated Transport on drawing up further new **targets to support the integrated transport policy**. By 2001 the Department will, in the light of this advice and of reports from local traffic authorities, publish a definitive report on the case for, and if appropriate set, **national targets for road traffic reduction** in the context of promoting sustainable development.

The department will also improve the **effectiveness of the planning system** through follow up to the Modernising Planning Policy statement, including performance indicators under the new 'Best Value' regime.

Challenging measures and targets covering **all** of DETR's ten objectives are being finalised for inclusion in the Output and Performance Analysis (OPA) required under Resource Accounting and Budgeting. Data for the OPA will be collected on an annual basis from 1999/2000 and published for the first time by spring 2001.

## 4 Increasing the productivity of operations

The main efficiency and effectiveness measures and targets over the period 1999/2000 to 2001/02 are set out below, both for the department's agencies (which account for over half the department's running costs), and for the central department. Some of these will be further refined and a full set will be published in the department's Output and Performance Analysis.

### Driver and Vehicle Licensing Agency

- i. Achieve overall efficiency gains of 2.6%/2.5%/2.5% over the three years as measured by the comprehensive agency-wide efficiency index;
- ii. recover at least £290 for every £100 spent over the three years on Vehicle Excise Duty (VED) enforcement, adjusted annually to take account of any subsequent alterations to VED rates.

### Highways Agency

- i. In the light of the refocused investment programme following the roads review, develop and publish in the agency's business plan by March 1999 a set of efficiency targets and measures;
- ii. complete a 'Next Steps' Review of the Agency by July 1999, and introduce a revised set of efficiency targets and measures by March 2000.

### Planning Inspectorate

- i. By 2001/02 decide 80% of written representation appeals within 16 weeks. An improvement of 36% over 1996-97;
- ii. by 2001/02 decide 80% of appeals by hearing within 22 weeks. An improvement of 53%;
- iii. by 2001/02 decide 80% of appeals by inquiry within 30 weeks. An improvement of 46%.

### Health and Safety Commission and Executive

- i. Increase by 2001/02 the number of annual regulatory contacts by the HSE to at least 200,000 and the number of investigations to at least 35,000;
- ii. produce efficiency gain of 3% of running costs each year over next three years;
- iii. maintain the level of staff payroll costs devoted to central services at no more than 8%; and
- iv. in spring 1999 publish a Plan of Work for the next three year period with service delivery targets for standard setting and modernisation of the law; inspection and enforcement; provision of information and advice; promotion of risk assessment and understanding of technology; and the operation of statutory schemes.

### DETR Central

The central department has a programme of initiatives designed to improve working practices and speed of administration,



overseen by a committee of the DETR Board. It has a team of staff with specific responsibilities for driving forward the agenda. The department will measure a range of activities in its continuing drive to increase efficiency. These include:

- i. improving performance against a response time of 15 days for all letters from MPs on behalf of constituents, with an 8% improvement by 200102 over current performance of 58% (32,000 letters were received in 1997);
- ii. paying at least 95% of undisputed invoices within 30 days of receipt of goods and services or presentation of a valid invoice;
- iii. putting in place by March 1999 an estates strategy which includes targets for the reduction in the amount of vacant property held;
- iv. by 31 October 1999 give all staff connected to the central department's new office automation system an external link so that the public and business can have direct electronic access;
- v. pressing ahead with the imaginative use of public/private partnerships.

The department will continue to develop better measures of efficiency and extend those to cover a wider range of departmental activities.

## Better quality services

The department will regularly and systematically review services and activities over a five year period in line with government policy as set out in the handbook "Better Quality Services". It will develop a review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

## Electronic government

The department will, by 31 March 1999, across the department and agencies as a whole, set a target for increasing the volume of business transactions conducted electronically, in line with the overall target that 25% of all such transactions should be carried out in this way by 2002.

## Sickness absence

The department will audit staff sickness absence levels and patterns by 31 December 1998. It will set and propose, by 28 February 1999 initial targets for reduction, to be agreed with Cabinet Office by June 1999.

## Fraud

The department takes very seriously its responsibilities for minimising its exposure to the risks of fraud, theft and other irregularities, both in the design of its systems and procedures and in its response to suspected incidents. Sixty-three suspected or actual incidents with a gross value of £186,000 were reported during 199798. The department:

- i. has circulated a fraud policy statement based on the model in the recently published Treasury booklet "Managing the Risk of Fraud" (December 1997) and encouraged sponsored bodies to do likewise;
- ii. will refresh at least once a year the standing instruction giving staff guidance on the fraud response plan;
- iii. will run a 24 hour fraud hot line; and
- iv. evaluate all incidents for evidence of system weaknesses or lessons which have wider application.

## Procurement

The department is developing a procurement plan which builds on the procurement strategy adopted following the merger of the former Departments of the Environment and Transport and government guidance on best practice. The plan, which will be established during 1999, will focus on:

- i. enhancing electronic commerce in procurement and relating this to advances in accounting requirements;

- ii. adoption of the Government Procurement Card;
- iii. collaboration with other government departments, increasing ability in market and supplier management;
- iv. adoption of a career management system;
- v. enhancing a professional career structure for procurement;
- vi. adoption of meaningful procurement performance measures;
- vii. advancing the "green" procurement agenda; and
- viii. ensuring effective compliance with EU/UK legislation.

## Local Government and Regional Policy

### Principles

In delivering its Objective 7 on English local government and Objective 8 on regional policy, the department will:

- carry forward the agenda for change set out in "Modern Local Government In Touch with the People"<sup>1</sup>, including: new political management models; a new climate of consultation; the highest standards of ethical conduct; best value; beacon councils; a stable grant regime; greater financial responsibility; an end to crude and universal capping with continued protection for local taxpayers; better use of capital resources; and greater involvement of local businesses; and
- work with the Local Government Association (LGA), local authorities and other government departments to deliver modernisation of government, a more coherent approach to community leadership and well-being, social exclusion, urban and rural regeneration, sustainable development, public health, community safety and other cross cutting issues; it will further develop regional policy, following the establishment of regional development agencies.

### Performance targets

The department will, subject to enactment of any legislation needed:

#### Service quality and cost

- i. pilot best value during 1999 by: working with pilot authorities to develop and spread good practice; encouraging all authorities to develop local performance reviews and plans; and agreeing performance indicators for 1999/2000 with the Audit Commission;
- ii. put in place and operate from April 2000 a Best Value regime, including audit and inspection, which supports continuous improvement in the quality, efficiency and effectiveness of services; requires each council to set targets for improvement over the following five years consistent with or better than the present performance of the top quartile of authorities; and annually improves the efficiency of local authority services overall by 2% or more;
- iii. respond proportionately, using powers of intervention under Best Value, where there is clear evidence of unsatisfactory performance, or failure to meet statutory duties;
- iv. enable joint working and pooling of budgets between local authorities and other public agencies by April 2000, to provide better and more accessible services for local people;
- v. set by April 2000 a series of national indicators within the Best Value framework as a basis for monitoring the satisfaction of local people with council services and performance;
- vi. ensure council taxpayers are not subject to unreasonable council tax demands; replace crude and universal capping with new reserve powers from April 2000;
- vii. deliver a stable Revenue Support Grant (RSG) distribution and complete research in discussion with the LGA on better ways to deliver the distribution of RSG by

December 2001;

- viii. ensure that the cost of council tax benefit due to local authority budget increases above government guidelines is partly met by councils; authorities with above average levels of claimants will not be more severely affected than an average authority;

## Capital spending and assets

- ix. ensure that the levels of Private Finance Initiative (PFI) Credits available to DETR are used to the full to foster a wide range of local authority PFI projects in DETR service areas which give good value for money in realising worthwhile objectives, as assessed by published criteria;
- x. consult on the single pot for local authority capital allocations by spring 2000 and implement in 2001/02 so as to promote a corporate approach to asset management and the development of capital investment strategies;
- xi. as part of the development of the single pot, introduce a framework for assessing authorities' asset management plans by January 2000 and have plans in place by April 2001; also develop indicators of performance by January 2000, particularly to identify under-utilised and underperforming assets and help plan and implement their disposal;

## Good government and democratic improvement

- xii. publish for consultation early in 1999 a draft Bill providing for new political management structures and a new ethical framework for councils, and subject to its enactment:
  - o establish a new independent Standards Board and require every council to establish and maintain a Standards Committee, and
  - o make available to councils a number of options for new political management structures based on a separation of the executive role;
- xiii. invite the LGA in partnership with others to develop a draft Model Code of Conduct for councillors;
- xiv. by 31 March 2002 make available to councils a number of options for new political management structures based on a separation of the executive role;
- xv. modernise polling arrangements, including work on improving voter registration, to encourage participation at local elections;
- xvi. establish a framework to ensure councils are at the centre of public service locally, and that they are able to take the lead in developing a clear sense of direction for their communities and building up partnerships to ensure the best for local communities;
- xvii. provide annually from April 1999 top-sliced RSG funding for the LGA's Improvement and Development Agency and the Employers Organisation for local government to increase the capacity of councils, councillors and staff to undertake self-improvement and modernisation;
- xviii. establish in 1999 a beacon scheme to recognise outstanding performance by councils and to support the sharing and dissemination of good practice;
- xix. establish a framework for beacon and other selected councils to be given wider discretion and flexibility to act for the benefit of local people;
- xx. consult the LGA, representative business organisations and others by April 1999 on how new consultative arrangements with business should be developed and agreed by the majority of councils, in order to involve business in their expenditure planning and to build effective partnerships;
- xxi. put in place the local business rate;

## Good employment

- xxii. put in place arrangements to support a well trained workforce and fair employment practices;
- xxiii. ensure that the Local Government Pension Scheme continues to provide streamlined and clearly expressed entitlements and guidance to members and scheme managers. Include within the regulatory framework by April 1999:
- provisions requiring specialist, independent medical assessments of each ill health retirement;
  - provisions requiring a financial assessment of each early retirement to show there are net benefits; and
- xxiv. in the context of best value:
- require authorities to set measurable targets for reducing ill health retirements, early retirements and sickness absence over a five year period to levels consistent with or better than those at present achieved by the best quartile of authorities;
  - to take further action in line with government policy to reduce sickness absence rates in the public sector as a whole by 20% in 2001 and 30% in 2003.

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<sup>1</sup> "Modern Local Government In touch with the People," Cm 4014, July 1998.

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# 6. Criminal Justice System

## Introduction

The Criminal Justice System (CJS) in England and Wales comprises the crime related work of the following criminal justice departments, agencies and services:

- i. **Home Office** Police, Prison and Probation Services and their respective Inspectorates; other central and national police services; and support for victims;
- ii. **Lord Chancellor's Department** the Crown Court and Court of Appeal; magistrates' courts, their Committees and Inspectorate; legally-aided criminal defence services;
- iii. **Law Officers' Departments** Crown Prosecution Service and Serious Fraud Office.

It also comprises the **judiciary** and **magistracy**.

There are separate PSAs for the Home Office, Lord Chancellor's Department, Law Officers' departments and for inter-departmental Action against Illegal Drugs. The Home Secretary, Lord Chancellor and Attorney General are individually responsible for the commitments in their own PSAs but are jointly responsible for commitments related to the overall performance of the CJS set out in this PSA.

## 1 Aims and objectives

### Aims

A to reduce crime and the fear of crime and their social and economic costs;

B to dispense justice fairly and efficiently and to promote confidence in the rule of law.

### Objectives

#### in support of Aim A

1 to reduce the level of actual crime and disorder;

2 to reduce the adverse impact of crime and disorder on people's lives;

3 to reduce the economic costs of crime;

#### in support of Aim B

4 to ensure just processes and just and effective outcomes;

5 to deal with cases throughout the criminal justice process with appropriate speed;

6 to meet the needs of victims, witnesses and jurors within the system;

7 to respect the rights of defendants and to treat them fairly;

## Joint strategic planning and performance management

The Government will provide clear strategic direction to the CJS as a whole so that the system is better able to serve and protect the public. It is important to ensure that the courts and other agencies remain independent in their decision-making in individual cases; but equally it is in everyone's interest that the departments, agencies and services which comprise the CJS co-ordinate their activities effectively and efficiently to achieve their common aims and objectives. They will:

- i. work together to create the "**whole-system**" **approach** both to planning and practice. They will publish in March 1999 a three-year strategic plan for the whole of the CJS covering 1999/2000 to 2001/02. Each year, beginning in March 1999, a forward business plan will set out the expenditure plans, core business programmes and major policy and organisational reforms for the year ahead. This will be followed by an annual report documenting progress against those plans. The first report will cover 1999/2000 and will be issued in autumn 2000;
- ii. encourage **inter-agency co-operation** at regional and local, as well as national, level. A key component in better co-ordination and performance across the CJS is effective integration of business processes and information systems. To achieve a more coherent approach to design, procurement and implementation, the cross-departmental **Integrated Business and Information Systems (IBIS)** initiative has been established. Its priority is to develop by spring 1999 a strategy to achieve whole-system benefits in the CJS;
- iii. subject future policy proposals to rigorous **appraisal**, consultation and development. Principles to be applied in the planning of any significant new initiative have been approved and detailed guidance is being prepared. Consultation will involve criminal justice practitioners more fully in the implementation of new policies;
- iv. collect relevant and robust information to **monitor** the extent to which the CJS is operating efficiently and effectively and meeting its over-arching objectives. **Monitoring** will also involve the various auditors and Inspectorates working within the criminal justice field; and
- v. conduct a rolling programme to **evaluate** the cost-effectiveness of new and existing programmes across the CJS.

A Ministerial steering group chaired by the Home Secretary and including the Lord Chancellor, the Attorney General and, initially, the Chief Secretary to the Treasury will oversee the CJS programme. The Ministerial group is supported by a Strategic Planning Group of senior officials and a new Criminal Justice Joint Planning Unit staffed from the CJS Departments and HM Treasury.

## 2 Resources

The pattern of planned spending on the CJS in England and Wales over the 3 years 1999/2000 to 2001/02 was primarily established in the settlements for the three key departments following the Comprehensive Spending Review. Total figures for each department's allocation, including total running costs provisions, are given in the individual departmental PSAs. An indicative breakdown of CJS spending across major service areas is given in the following table. The figures are provisional, pending departments confirming internal plans. Fuller detail will be provided in the Strategic and Business Plans of the CJS to be published in March 1999.

### Spending on the Criminal Justice System (England and Wales) Plans

£ billion	1999/2000	2000/01	2001/02
Police	7.3	7.5	7.8
Prison Service	1.9	1.9	2.0
Probation Services	0.4	0.5	0.5
Criminal Legal Aid	0.8	0.8	0.9
Crown Court	0.2	0.2	0.2

Magistrates' Courts	0.4	0.4	0.4
Crown Prosecution Service and Serious Fraud Office	0.3	0.3	0.3
Support for victims (including Criminal Injuries Compensation)	0.2	0.2	0.2
<b>Total</b>	<b>11.5</b>	<b>11.8</b>	<b>12.3</b>

### 3 Performance targets

Improving the performance of the CJS will contribute to the Government's wider objectives of opportunity, fairness and economic growth. The risk of becoming a victim of crime is associated with other indicators of social exclusion such as unemployment and living in deprived inner-city areas. Being tough on crime and tough on the causes of crime will improve many aspects of people's lives. Reducing crime will extend the freedom of individuals, families and communities to live their lives free from the fear of crime. Reducing the costs of crime to businesses will also help improve private sector productivity, encouraging work and promoting enterprise. Some estimates suggest that the annual cost of crime for the economy as a whole might be of the order of £50 billion.

In pursuit of the over-arching CJS objectives, the CJS departments are committed to performance measures and targets which include the following key targets to be achieved by 31 March 2002 (except where otherwise specified). The majority of the measures and targets relate to corresponding measures and targets in the departmental PSAs.

#### Performance targets and related policy initiatives

##### In support of Objective 1

- (i) A reduction in the long-run rate of the growth of crime.
- (ii) A reduction in vehicle crime from its current level by 30% within 5 years.

##### Key initiatives to reduce crime are:

- investing £250 million in an **evidence-based crime reduction programme** which will fund a wide range of projects both based on, and with the intention of obtaining, good evidence of what works in tackling crime:
  - early interventions to prevent young people becoming criminals;
  - effective sentencing policy to change the behaviour of offenders;
  - innovative anti-burglary schemes in a crackdown on domestic burglary;
  - targeted policing in 20 of the worst crime-affected areas ('crime hotspots').
- the formation of **local partnerships including:**
  - Statutory Crime and Disorder Partnerships which will conduct local crime audits and develop by April 1999 targeted three-year strategies to combat crime in their areas;
  - from 1 April 1999, all Magistrates' Courts Committee (MCC) Annual Reports to set out clearly what each MCC has done by working with other local criminal justice agencies to improve the system in their area;
  - the Government's **anti-drugs strategy** which will combat drug-related anti-social and criminal behaviour and enable people with drug problems to lead crime-free lives (details in the PSA on Action against Illegal Drugs).

##### In support of Objective 2

(iii) A reduction in the fear of crime.

Survey results on levels of the fear of crime will be published and targets set for improvement. Work is now beginning to define which aspects of the fear of crime should be targeted and to establish relevant baseline data.

## In support of Objective 3

(iv) A reduction in the economic cost of crime.

A CJS working group has been established, which will develop a measure to demonstrate the contribution the CJS makes to reducing the overall economic costs of crime to society.

## In support of Objective 4

(v) A reduction in the levels of re-convictions for offenders.

For targets (v) above and (vi) below, research is being conducted to develop performance measures and quantified targets for introduction by 200102. These will include the target of ensuring that the 2-year re-conviction rate for those receiving community sentences remains below the rate predicted for those offenders.

(vi) A reduction in the rate of re-convictions of persistent young offenders.

The two persistent young offender targets, (vi) above and (vii) below, reflect the Government's determination to cut offending by children and young people. CJS agencies will introduce a radical set of reforms to create a new infrastructure for the **youth justice system** by 31 March 2001. The reforms include a new Youth Justice Board, establishing Youth Offending Teams and requiring every area to have an annual youth justice plan for local youth justice services.

## In support of Objective 5

(vii) Halving the time from arrest to sentence for persistent young offenders from 142 to 71 days.

(viii) A reduction in the time from arrest to sentence or other disposal.

Departments are co-operating to **reduce delays** throughout the CJS. Based on the recommendations in the Review of Delay in the Criminal Justice System (the Narey Report) (Home Office, February 1997) the Crime and Disorder Act 1998 contains measures designed to speed up the system including establishing new procedures for:

- prompt handling of straightforward guilty pleas;
- improved case management in the magistrates' courts;
- starting indictable-only cases in the Crown Court;
- fast-track schemes for persistent young offenders; and
- introduction of statutory time limits for prosecution of criminal cases.

## In support of Objective 6

(ix) An improvement in the satisfaction level of victims, witnesses and jurors with their treatment in the CJS.

Some performance measures, including those supporting objectives 7 and 8, are yet to be established and targets quantified. CJS departments are committed, and have work in hand, to develop performance measures and set targets for all eight strategic objectives. Detailed information about the timetable for developing and introducing the remaining measures and targets will be published in the CJS strategic and business plans in March 1999.

## 4 Increasing the productivity of operations



The departments and agencies of the CJS are seeking ways in which greater co-operation at the over-arching level, including better integration of their business processes, can improve the efficiency of the CJS. These will contribute to:

- the 3% year-on-year efficiency target which CJS departments are committed to meeting overall in respect of the agencies and services which they fund; other than
- the 2% target set for the Police Service to focus more police resources on the front-line fight against crime; and
- the 4% target set for the Probation Service in order to meet increased workload predictions.

Individual departmental PSAs describe departmental measures to achieve these targets.

Measures at the over-arching CJS level include:

- i. developing by 31 March 2000 an aggregate measure of efficiency in the CJS. Departments are committed to improving the efficiency of their delivery of criminal justice. They will develop together an over-arching performance measure and target for this purpose. Progress will be reported in the CJS strategic and business plans to be issued in March 1999.
- ii. **greater alignment** of local and regional **boundaries**. Co-terminous geographical boundaries for the key agencies of the CJS will make a significant contribution to effective and efficient criminal process. Ministers have agreed that 42 local police force areas (counting the City of London and the Metropolitan Police as one for this purpose) be adopted to determine local co-terminous boundaries. These nest within the 10 areas covered by the Government Offices for the Regions structure, whose boundaries offer a model for those agencies who operate on a regional basis. Work is already in hand:
  - for the Crown Prosecution Service to restructure by April 1999 its prosecution work into 42 new Crown Prosecution Service areas;
  - to consult on the amalgamation of Magistrates' Courts Committee areas. The areas will be reduced from 96 to 84 from April 1999 with a further anticipated reduction to 73 expected from April 2000;
  - to align by 1 April 2000 the boundaries of the Metropolitan Police District with the outer boundary of the London Boroughs.
- iii. **a reduction in courtroom over-capacity** by 31 March 2002. Through co-operation between the Court Service and the magistrates' courts, a programme is being developed to make more intensive use of court buildings.

## Better quality services

The new strategic direction for the CJS includes monitoring its efficiency and effectiveness. This is matched by a commitment, in line with the Government's policy on better quality services, to review the quality of the CJS services for the system as a whole alongside the reviews to which the departments, agencies and services are committed individually. In meeting the need for an efficient CJS, the aim is not to sacrifice quality, but to improve it.

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# 7. Home Office

## Introduction

This PSA covers the Home Office. The Home Secretary is responsible for its delivery. The PSAs for the Criminal Justice System and Action against Illegal Drugs also include targets for the Home Office and the services for which it is responsible. The Home Office will be working closely with the other departments to deliver its contribution to the targets.

## 1 Aim and objectives

### Aim

To build a safe, just and tolerant society, in which the rights and responsibilities of individuals, families and communities are properly balanced, and the protection and security of the public are maintained.

### Objectives

- 1 Reduction in crime, particularly youth crime, and in the fear of crime; and the maintenance of public safety and good order.
- 2 Delivery of justice through effective and efficient investigation, prosecution, trial and sentencing, and through support for victims.
- 3 Prevention of terrorism, reduction in other organised and international crime, and protection against threats to national security.
- 4 Effective execution of the sentences of the courts so as to reduce re-offending and protect the public.
- 5 Helping to build, under a modernised constitution, a fair and prosperous society, in which everyone has a stake, and in which the rights and responsibilities of individuals, families and communities are properly balanced.
- 6 Regulation of entry to and settlement in the UK in the interests of social stability and economic growth, and the facilitation of travel by UK citizens.
- 7 Reduction in the incidence of fire and related death, injury and damage, and ensuring the safety of the public through civil protection.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review which gave the Home Office an additional £2.8 billion over the three years 19992000 to 20012002 to deliver its programmes. This included a provisional £900 million in respect of the asylum seekers' support budget and £99 million for election reforms and expenditure; £250 million was allocated for implementation of a new crime reduction programme.

Details of the settlement, including the allocation agreed with the Treasury for the Home Office's own running costs (but excluding any allocation for running costs for the asylum support budget), are provided in the table on the next page.

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
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<b>Total</b>	<b>7,713</b>	<b>7,789</b>	<b>7,964</b>
of which: Current Budget	7,320	7,395	7,558
Capital Budget	395	397	409
Financial Transactions	(2)	(2)	(2)
<b>Gross Running Costs Provision</b>			
<b>£ million</b>	<b>19992000</b>	<b>20002001</b>	<b>20012002</b>
<b>Total</b>	<b>2,122</b>	<b>2,188</b>	<b>2,231</b>

### 3 Performance targets

The Home Office programme, together with the work of the Criminal Justice System as a whole, will help deliver the Government's commitment to be tough on crime and on the causes of crime, and will also contribute to wider government policies to relieve social deprivation. Improving the performance of the Criminal Justice System will add value to many aspects of people's lives. Crime reduction strategies will enable families and communities to live their lives free from the fear of crime. Reducing the costs of crime to businesses will help to improve private sector productivity, encouraging work and promoting enterprise. Tackling the underlying causes of crime, through programmes on crime reduction, drugs and social exclusion, and action to support human rights, race equality and the family, will help to promote the freedom of individuals, fairness and opportunity. Partnerships with local agencies will help to create active communities and a vibrant democracy.

The Home Office is committed to achieving the performance targets set out below by 31 March 2002, except where otherwise specified. In a number of areas measures are not yet established and targets are not yet quantified. Where this is the case, work is in hand to develop performance measures and targets, and detailed information about the timetable for developing and introducing the measures and targets will be published in the Home Office Annual Report next spring.

Set out below are a set of measures, targets, sub-targets and current initiatives to help deliver the targets, or provide the means by which progress towards the target will be measured.

#### Performance targets

1. To reduce the long run rate of growth of crime, and to reduce the fear of crime (Objective 1). (There are related targets in the PSAs for the Criminal Justice System and Action against Illegal Drugs):

(i) including reducing vehicle crime from its current level by 30% within 5 years;

(ii) by focusing more police resources on the front line fight against crime, through an improvement in police efficiency of 2% a year.

To support this target and ensure effective service delivery to the public, a new framework of aims, objectives and performance measures will be introduced for the police under Best Value from 200001:

(iii) by launching the new evidence based crime reduction programme (£250 million) which will fund a wide range of projects both based on and with the intention of obtaining better evidence of what works in tackling crime;

(iv) by continuing to tackle domestic violence through a range of practical measures including increasing public awareness of the problem, improving agencies' response to it, and developing an information base;

(v) by agreeing a target annually for the police, in consultation with the UK Anti Drugs Coordinator, to ensure that action against drug suppliers is efficient and effective;

(vi) by publishing survey results on levels of fear of crime, and setting targets for improvement in specifically targeted areas. Work is now beginning to define the target areas and establish relevant baseline data.

2. To improve the delivery of justice (Objective 2). (There are related targets in the PSA for the Criminal Justice System):

(i) by a reduction in the time taken from arrest to sentence or other disposal;

(ii) by a reduction in the time taken from arrest to sentence for persistent young offenders from 142 days to 71 days;

(iii) by an improvement in the satisfaction level of victims and witnesses with their treatment in the Criminal Justice System.

Development of these measures and targets is being undertaken at the overarching level for the Criminal Justice System as a whole.

3. To reduce the number of terrorist incidents (Objective 3):

- (i) by securing effective well-coordinated and proportionate counter-terrorist policies;
- (ii) by preparing new UK-wide anti-terrorism legislation;
- (iii) by developing closer and more effective international cooperation to counter terrorism.

4. To increase the number of organised criminal enterprises disrupted (Objective 4):

by increasing the percentage of identified crime groups:

- under investigation;
- in respect of which arrests have been made;
- in respect of which prosecutions have been brought; and
- which have been dismantled.

Work is underway to collect data and to refine methodology and coverage, so as to introduce a target from 1 April 2001.

5. To reduce the levels of reconvictions for offenders (Objective 4). (There are related targets in the PSAs for the Criminal Justice System and Action against Illegal Drugs):

- (i) to conduct research and develop targets for introduction by 20012, including:
  - ensuring that the 2-year reconviction rate for those receiving community sentences remains below the rate predicted for those offenders;
  - reducing the reconviction rate for persistent young offenders. Work is underway to collect the baseline data and establish a target.
- (ii) to improve supervision programmes run by the probation service and prison regimes that require offenders to face up to their offending behaviour, and introduce a system of independent accreditation covering probation as well as prison programmes;
- (iii) to increase the number of completions of accredited offender behaviour programmes run by the Prison Service from 3000 to 6000 a year by 200102, including an increase from 680 to 1100 in those completing sex offender programmes;
- (iv) to reduce by 15% the proportion of prisoners discharged from their sentence who are at Level 1 or below for literacy and numeracy skills by April 2002;
- (v) to reduce the rate of positive results from random drug tests from a 20% target in 199899 to 16% in 200102; and to provide access to voluntary drug testing for all prisoners by April 2001;
- (vi) by piloting Drug Treatment and Testing Orders which allow the courts to place offenders quickly on treatment programmes and to review their progress; by providing treatment for problem drug users in prison which is then followed through under post-release supervision; and through more offenders entering treatment programmes as a result of arrest referral schemes and post-release supervision.

6. To maintain existing performance of no escapes by high risk (category A) prisoners; and the overall rate of escapes from prison to be no higher than 0.17% of average prison population; and to establish a baseline figure for the rate of escapes from prison escorts and set a target for contracted-out escorts by April 1999 (Objective 4).

7. To build a modernised constitution, and promote fairness and opportunity (Objective 5):

- (i) by promoting race equality and developing new indicators to measure improvement;
- (ii) by setting targets by June 1999 to increase the number of people from ethnic minorities in the Home Office and its services;
- (iii) by increasing the quantity and quality of people's involvement in their community and ensuring fulfilment of the vision of the Giving Age. Work to develop new methods of evaluating and measuring levels of activity will begin by December 1998;
- (iv) by incorporating the European Convention on Human Rights into UK law;
- (v) by improving the level of public confidence in the democratic process, through the introduction of proportional representation for European elections; by legislating for the registration of political parties; by introducing a new system of controls on political party funding; and by carrying out a review of electoral procedures and making recommendations during 1999;
- (vi) by introducing legislation providing for freedom of information.

8. To put in place firmer, faster, fairer immigration controls by 2001/2002, subject to the necessary legislation (Objective 6):

- (i) to reduce the time taken to final decision of asylum applications to 6 months (2 months for a Home Office decision and a further 4 months for determination of an appeal by an adjudicator) by April 2001.

9. To reduce the trend in the incidence of fire and related deaths (Objective 7):

- (i) by reducing fire-related deaths in the home by 20% by 31 March 2003, from an average starting point of 380 a year;
- (ii) by reducing the number of fires by 31 March 2002 to a level lower than those currently projected on long-term trends (projected levels: 608,100 pa 633,500 pa);
- (iii) by an improvement in fire service efficiency of 2% a year including through:
  - increased cooperation and collaboration between fire brigades, including sharing resources, and between them and other emergency services, and
  - the introduction of modern standards of fire cover (subject to the outcome of trials).

## 4 Increasing the productivity of operations

### Modernisation

The Home Office faces a demanding agenda of legislation and other initiatives, but is hindered in tackling it by poor working methods and infrastructure. It urgently needs to develop better management, personnel and IT systems. A Modernisation Programme has been launched to achieve these changes.

At the heart of the programme is a Private Finance Initiative (PFI) project for the provision of business transformation and IS/IT services. There are related projects in the Prison Service and Immigration and Nationality Directorate. Specific improvements already underway include:

- work to connect the Home Office internal network to the Government Secure Intranet during the first half of 1999; and
- a major review of personnel management processes which is nearing completion.

A second PFI project will see the replacement or refurbishment of the central London buildings with modern, mostly open-plan, accommodation that will help the Home Office to use space more efficiently.

### Efficiency

The changes described above will enable real efficiency improvements to be achieved both in terms of increased output and in cash savings. The Home Office has a target to achieve efficiency improvements of 3% a year; as well as targets for improvements against total spending on the police and the fire services of 2% a year, and on the probation service of 4% a year.

The aim is to deliver more efficient and modern public services and better value for money for the taxpayer.

The Home Office has a commitment to efficiency in all areas of the department, and will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities. The Home Office is also working with other criminal justice departments and agencies to develop by 31 March 2000 an aggregate measure of efficiency in the Criminal Justice System.

Specific efficiency targets have been set, or are being developed, in the following areas:

*1 Throughout the Home Office and its agencies:*

- i. to reply to 95% of correspondence within targets by October 1999 (15 days (20 for Prison Service) for Ministerial correspondence; 20 days for other correspondence);
- ii. to develop specific targets for improving telephone response times and the proportion of attempted calls answered in headquarters buildings; and to establish a baseline and targets in 1999/2000;
- iii. to develop targets for training throughput as part of a strategy to equip staff to use new working methods and IT by April 1999.

*2 In the Prison Service:*

- i. to achieve savings of £15.6 million over 3 years by opening 4 new DCMF prisons (privately designed, constructed, managed and financed prisons);
- ii. to achieve savings across the criminal justice system from lower reconviction rates, as a result of increased availability of education, sex offending and offending behaviour programmes and a better focus on juveniles;
- iii. to achieve savings from a complete overhaul of Prison Service procurement arrangements, including purchasing, electronic payment, supply, distribution and stores.

*3 In the Immigration & Nationality Directorate:*

- i. to reduce the unit cost of examining non-asylum arriving passengers at the ports. A baseline and target to be established during 1999;
- ii. to double the number of removals of failed asylum seekers who have no right to stay in the UK by 2001/02;
- iii. to reduce the cost of a weighted unit of output for asylum, after-entry, enforcement and nationality casework from an estimated £41 in 1998-99 to under £30 in 2001/02;
- iv. to make 59,000/65,000/65,000 asylum decisions over the next three years, from 33,700 in 1998/99;
- v. to complete 84,000/91,000/91,000 nationality applications over the next three years, from 44,500 in 1998/99;
- vi. to determine 200,000/205,000/210,000 after entry applications over the next three years, from 200,000 in 1998/99.

## Better quality services

The Home Office will take forward, within the context of the modernisation programme described above, a regular and systematic review of services and activities over a five-year period in line with government policy as set out in the handbook "Better Quality Services", and will develop its review programme by September 1999.

## Electronic government

The Home Office will also set a target by 31 March 1999 to increase the proportion of business undertaken electronically in

support of the Government's 25% target by 2002.

## Sickness absence

The Home Office will contribute to the Government initiative to reduce average sickness absence rates by 20% by 2001 and 30% by 2003. An audit of current performance will be completed by December 1998 and targets will be proposed by February 1999, to be agreed with Cabinet Office by June 1999.

Managing sickness absence in the police service is the day to day responsibility of the service's Chief Officers, but reducing sickness levels will be important for achieving the target which has already been set for efficiency in the police service.

## Fraud

The department is fully committed to the highest standards of propriety and professional integrity. The Departmental Audit Committee has endorsed a comprehensive strategy to support an anti-fraud culture and pursue vigorously any cases of fraud. An updated Fraud Response Plan to educate and guide line managers is being developed. The departmental fraud strategy covers the core Home Office as well as its executive agencies and non departmental public bodies (NDPBs). The Home Office Audit and Assurance Unit will be instituting a programme of risk-based anti-fraud reviews to detect and deter fraudulent activity in the department. In addition:

- i. measures to tackle document and other fraud in immigration cases will be taken by the expansion of the network of Airline Liaison Officers overseas;
- ii. Her Majesty's Inspectorate of Constabulary are conducting a review of police integrity which will report to the Home Secretary. The report will be published in spring 1999 and will produce framework guidance for police forces;
- iii. an Association of Chief Police Officers' Presidential task force is also looking at long-term prevention of corruption, and the results will be known during 1999.

## Procurement

The Home Office has put together a provisional implementation plan in response to the Cabinet Committee report which was part of the CSR. There are 42 recommendations to be addressed of which 33 would apply to the Home Office, which supports most of the recommendations and recognises that individual units, agencies and NDPBs will need to adopt a flexible approach in order to focus on those actions which best meet their business needs. Key targets are:

- i. introduction of the Government Procurement Card. This is already in use in the Forensic Science Service and is now being piloted in 3 sites in the Prison Service;
- ii. to commence a comprehensive roll-out of consolidated invoicing in the central Home Office by April 1999;
- iii. to determine extent of introduction of procurement performance measurement (the procurement excellence model) by June 1999; and
- iv. central Home Office procurement staff to have access to the Government Secure Internet and Internet by December 1999.

The efficiency planning guidance for the police service for 1999/2000 will suggest that forces adopt best practice for procurement, whilst proposals on related recommendations in the HM Inspectorate of Constabulary Thematic Report "What Price Policing?" will be worked up in consultation with the Association of Chief Police Officers.

The Home Office payment performance target is that 100% of payments are made within 30 days of the date of receipt of a valid invoice or receipt of goods and services, whichever is the later.

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# 8. Lord Chancellor's Departments

## Introduction

This PSA covers all the departments for which the Lord Chancellor is responsible: the Lord Chancellor's Department (LCD), including the Court Service and Public Trust Office executive agencies; the Northern Ireland Court Service (NICS); the Public Record Office (PRO); and HM Land Registry. The last two are also executive agencies in their own right, the Land Registry operating as a trading fund. The NICS, PRO and HM Land Registry are covered in separate annexed sections. The Lord Chancellor is responsible for delivering this PSA and the targets set out in the annexes.

## 1 Aim and objectives

### Aim

The aim of the Lord Chancellor's Department is justice.

### Objectives

1 To ensure that civil and family law is simple, clear and responsive to the needs of society; and to contribute to the development of the criminal law;

2 to enable the Lord Chancellor to appoint or recommend for appointment sufficient numbers of judges, magistrates and other judicial post-holders of the right quality and to safeguard their constitutional independence;

3 to facilitate the fair, speedy and effective resolution of disputes, ensuring that costs and procedures are proportionate to the issues at stake;

4 to enable criminal justice to be dispensed fairly, effectively and without undue delay, promoting confidence in the rule of law and contributing to the Government's aim of reducing crime and the fear of crime;

5 to support family relationships and enable disputes relating to their breakdown to be resolved with the least damage and stress to those concerned, especially children, and contribute to the Government's objective of helping to build strong families;

6 to ensure the availability of cost-effective, quality-assured legal services to those who need them within the resources available, and develop a Community Legal Service, contributing to the Government's aim of combating social exclusion.

In meeting these objectives the Lord Chancellor's departments will operate efficiently and effectively within the available resources.

The department's aims and objectives, and the performance measures against which success will be judged, are consistent with the unifying aims and objectives for the criminal justice system to which all criminal justice agencies will work.

The aims and objectives and key targets of the Northern Ireland Court Service, the Public Record Office and HM Land Registry are in the annex.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in reform" set out the results of the Government's Comprehensive Spending Review and a three year resources framework for the Lord Chancellor's departments. This reflects the improved value for money that legal aid will bring and that funds have been allocated to the courts to enable them to



deliver the Government's commitments to implement the Crime and Disorder Act in order to reduce delay and to help victims and witnesses. The figures are set out below:

### Departmental Expenditure Limit (DEL)

<b>£ million</b>	<b>19992000</b>	<b>200001</b>	<b>200102</b>
Total*	2,422	2,464	2,379
of which: Current Budget	2,355	2,397	2,312
<b>Capital Budget</b>	<b>67</b>	<b>67</b>	<b>67</b>

*\*Departmental Expenditure Limit includes Northern Ireland Court Service, Public Record Office, HM Land Registry*

### Gross Running Costs Provision

<b>£ million</b>	<b>19992000</b>	<b>200001</b>	<b>200102</b>
Total	558.9	586.7	569.9
of which: Lord Chancellor's Department	502.8	530.6	513.8
Northern Ireland Court Service	30.3	30.3	30.3
Public Record Office	25.8	25.8	25.8

## 3 Performance targets

The priority for the Lord Chancellor's Department is to contribute to the Government's commitment to fairness, growth and opportunity by introducing a programme of reforms to provide a modern, fair and efficient system of justice which operates in the public interest and ensures value for money for the taxpayer.

The department is committed to modernising the civil justice framework and to reducing the delay, cost, complexity, uncertainty and the scope for unfairness in the system. A clear legal framework with cost effective remedies helps both the public to resolve disputes and the wider economy by encouraging business confidence and lowering the costs of business. The department's reforms include raising the limits for the small claims court, introducing a fast track for cases, improving judicial management of cases, and reviewing enforcement of civil judgements. It will also implement the reforms to the law on divorce introduced in the Family Law Act 1996 so as to minimise the damaging effects of marriage breakdown.

The department will reform legal aid to improve access to, and raise the standards of, legal services while ensuring that best value is achieved from the use of public money. This will be achieved by: setting a firm budget for civil legal aid and contracting for quality assured services at agreed prices; directing legal aid resources to priority areas of social need and of public interest; making legal aid work in partnership with the private market; and establishing a Community Legal Service.

The key measures and targets for achieving this are set out below. In some areas, measures are not yet established and targets not quantified. Where this is the case, work is in hand to develop performance measures. A timetable will be published by 31 March 1999 providing detailed information on when measures and targets will be set. In a number of cases, intermediate targets and measures in hand to achieve the targets have been included. Measures (ii), (iii) and (iv) below are also included in the Law Officers', Home Office and Criminal Justice System PSAs.

# Performance targets

All targets will be achieved by 31 March 2002 unless otherwise stated:

- (i) to reduce the duration of civil cases; (Objective 3)
  - (a) to increase the proportion of administrative processes dealt with in target time from 92% to 95%;
  - (b) to reduce the waiting times for all asylum appeals from receipt at the Immigration Appellate Authorities to promulgation of the Adjudicator's determination from 36 weeks in 1999/2000 to 17 weeks;
- (ii) to halve the time from arrest to sentence for persistent young offenders from 142 days to 71 days; (Objective 4)
- (iii) to increase the proportion of victims, witnesses and jurors who regard their experience in the criminal justice system as acceptable; (Objective 4)
- (iv) to reduce the time taken from arrest to sentence or other disposal; (Objective 4)
  - (a) to reduce the average number of days taken for cases which proceed through the magistrates' courts from 31 to 29 days by March 2000;
  - (b) to maintain the rate of 78% of Crown Court cases commencing within 16 weeks in 1999/2000;
- (v) to achieve a greater alignment in the number and boundaries of Magistrates' Courts in relation to the Police and Crown Prosecution Service; (Objective 4)
  - (a) work is in hand to consult on the amalgamation of Magistrates Courts Committee (MCC) areas. The areas will be reduced from 96 to 84 from April 1999 with a further anticipated reduction to 73 expected from April 2000;
- (vi) to increase the proportion of mediated as against court-based divorce proceedings from 5% to 20% by 2001/02 for those areas where the Family Law Act is implemented (Objective 5).

Further measures and targets are being developed for objectives 1, 2 and 6. These will include measures of cost effectiveness for legal aid. Intermediate milestones are:

- (a) the introduction of the first phase of a programme of modernisation of the civil justice system in April 1999; subsequent phases will include revised enforcement law and procedure for phased implementation from November 2001 and revised Rules of Court and procedures for housing cases by March 2002; (Objectives 1 & 3)
- (b) contracting for civil and family legal aid solely with quality-assured providers; (Objective 6)
- (c) identification, by July 2000, of indicators which will enable the Legal Services Commission to assess and report to the Lord Chancellor on the impact of co-ordinated planning by Community Legal Services Partnerships on delivery of legal services to meet local priority needs. (Objective 6).

## 4 Increasing the productivity of operations

The Lord Chancellor's Department will meet a challenging target of 3% year-on-year gains in efficiency. The key targets for achieving this are set out below. In some areas, measures are not yet established and targets not quantified. Where this is the case, work is in hand to develop performance measures. A timetable will be published by 31 March 1999 providing detailed information on when measures and targets will be set. In a number of cases, intermediate targets and measures in hand to achieve the targets have been included. All targets will be achieved by 31 March 2002 unless otherwise stated:

- i. to reduce the unit cost of civil cases in real terms (Objective 3). The unit cost baseline for the civil court target cannot be established until the programme for the reform of civil justice is in place. Unit costs and volumes will be re-based from 1999/2000. In the interim the Court Service will work to the following intermediate targets:
  - a. to improve the level of service to court users based on an index of quantitative measures from 82% in 1998-

99 to 85% in 200102.

- b. to reduce in real terms the unit cost of an item of originating process in the civil courts by an average of 3% per annum.
- ii. To reduce in real terms the unit cost of an asylum appeal by an average of 3% per annum. (Objective 3)
- iii. To achieve stability in real terms in the cost of legally-aided criminal defence services by March 2002. (Objective 4)
- iv. To reduce in real terms the unit cost of cases in the Crown Court by an average of 3% per annum (Objective 4). The baseline for this unit cost will be rebalanced in 200001 to take account of the Human Rights Act and the Crime and Disorder Act.
- v. To reduce courtroom over-capacity; (Objectives 3 and 4).

Lord Chancellor's Department will use the following measures of departmental efficiency for which targets will be set by March 1999:

- vi. a reduction in support costs as a proportion of running costs;
- vii. an improvement in the proportion of training which contributes to improvements in job performance;
- viii. an increase in the proportion of Ministerial correspondence and other correspondence answered within target by 5% year-on-year;
- ix. an increase in the proportion of undisputed invoices paid within 30 days; and
- x. a reduction in real terms of the unit cost of the Legal Aid Board processing current legal aid business by an average of 3% per annum.

Each of the Lord Chancellor's departments will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities. The Lord Chancellor's Department is also similarly working with other criminal justice agencies to develop better measures of efficiency in the criminal justice system.

## Better quality services

The Lord Chancellor's Department will regularly and systematically review services and activities over a five year period in line with government policy as set out in the handbook "Better Quality Services". LCD will develop its review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

## Electronic government

The Lord Chancellor's Department will set a target by 31 March 1999, in co-operation with other interested departments, for an increase by 2002 in the proportion of service delivery transactions provided to the public by electronic means in order to demonstrate clearly more integrated, electronic service delivery across government. This is in support of the Prime Minister's 25% target.

## Sickness absence

All parts of the Lord Chancellor's Department are reviewing their procedures on the management of sickness absence in order to contribute to the reduction of public sector sickness absence rates by 20% by 2001 and 30% by 2003. The departments will review the actual level and patterns of absence by 31 December 1998 and make proposals to the Cabinet Office for targets for reduction by February 1999, to be agreed with Cabinet Office by June 1999.

## Fraud

The department is managing a major strategy for combatting fraud in the legal aid system. This includes measures to address fraud by both applicants for legal aid and suppliers. It will extend the Legal Aid Board's Special Investigation Unit to cover

the assessment of financial eligibility of applicants for criminal legal aid with complex financial affairs. The Board's new computer system (CIS) will provide better management information to enable the Board to identify potentially fraudulent behaviour by both applicants and suppliers. In the short to medium term, the move to providing legal aid exclusively through contracts between the Board and approved suppliers will be the key change that will enable the Board to deal effectively with fraud and abuse by suppliers, especially in the green form scheme where problems have occurred in the past.

## Procurement

The Lord Chancellor's Department seeks to improve efficiency and effectiveness through improved procurement, standardisation and aggregation of requirements. It has set a target of a 5% reduction each year in general procurement expenditure. Annual programmes identify major areas of expenditure for review and the scope for delivering savings. The Government Procurement Card will be introduced in one service area by April 1999, and the scope for its use elsewhere assessed in 1999/2000. Electronic commerce will be used where there are clear cost benefits, and its implementation is being taken forward through the development of systems required for the introduction of Resource Accounting and Budgeting. Similarly, by December 2000, all invoices will be paid by BACS where this achieves value for money. Procurement performance measurement will be introduced in 1999/2000.

# NORTHERN IRELAND COURT SERVICE

## Aim and objectives

### Aim

To facilitate the effective and efficient administration of justice in Northern Ireland.

### Objectives:

- 1 To provide timely and reliable processing of the business of the Courts.
- 2 To provide timely and reliable processing of the business of the Enforcement of Judgements Office.
- 3 To provide timely and reliable systems of Legal Aid administration and expenditure control.
- 4 To support the Lord Chancellor by providing qualitative and timely advice and by delivering an agreed legislative programme.

In achieving these objectives the NICS will:

- 1 facilitate the conduct of the business of the Supreme Court, County Courts, Magistrates' Courts, Coroners Courts and certain Tribunals;
- 2 give effect to judgements to which the Judgements Enforcement (Northern Ireland) Order 1981 applies; and
- 3 provide to the Lord Chancellor policy advice and legislative support pertaining to his Ministerial responsibilities in Northern Ireland.

# Performance targets

## *Civil and Family*

(i) To increase the proportion of administrative processes in civil and family courts dealt with in minimum target time from 85% in 1998/99 to 92% in 2001/2002;

## *Criminal*

### *Crown Courts*

(ii) To provide 85% of arraignment dates within 6 weeks from the date of committal by 31 March 2002;

(iii) to provide 85% of trial dates allowing cases to commence within 12 weeks from arraignment by 31 March 2002.

### *Magistrates*

(iv) to achieve the target date of 63 days for the average number of cases to proceed from first appearance to disposal by 31 March 2002;

### *Juvenile Courts*

(v) to reduce the number of days taken for the average number of cases to proceed from first appearance to disposal from 105 days to 84 days by 31 March 2002.

## Efficiency

The Northern Ireland Court Service is working with other criminal justice agencies to develop aggregate measures of efficiency in the criminal justice system by March 2000. It also has the following targets:

- i. to maintain the average unit cost per case constant in real terms;
- ii. to achieve a 2% reduction in expenditure on support services against total departmental costs.

The Northern Ireland Court Service is a government department responsible to the Lord Chancellor. It has its own targets for efficiency, sickness absence, asset management, fraud, procurement and investment which will feature in its Corporate Plan.

## **PUBLIC RECORD OFFICE**

### **Aim and objectives**

#### **Aim**

To assist and promote the study of the past through the public records in order to inform the present and the future.

#### **Objectives**

1 Selecting the public records to provide an information resource for our generation and for future generations in particular to record the principal policies and actions of the UK central executive and to document the state's interactions with its citizens.

2 Preserving the public records in particular to safeguard government electronic records and to apply new technologies to preserving conventional records.

3 Providing access to the public records and promoting their educational value and use as a national information and

educational resource in particular to increase the accessibility of the public records by electronic means, in the Office and around the world.

In achieving its aims and objectives the PRO will:

- promote the efficiency and cost effectiveness of the UK public record system;
- respond to the needs of government and the public in developing its services;
- develop its role as an expert institution in advising government and the public;
- work co-operatively nationally and internationally to develop record-keeping and record management;
- be a quality provider of educational materials and knowledge; and
- enable its staff to develop to their full potential.

## Targets

### *Performance*

- (i) To increase the proportion of records preserved to the British Standard for preservation and environmental conditions from 88% in 199798 to 100% in 200203. NB: this is dependent on the successful outcome of a proposed PFI project with the MOD to provide improved records storage;
- (ii) To increase the number of information transactions for users from 1,250,000 in 199798 to 1,650,000 in 200102;

### *Efficiency*

- (iii) to reduce the unit cost in real terms of providing information transactions for users by 10% by 200102;
- (iv) to contain the unit cost in real terms of selecting and preserving the public records to a target to be established in line with the outcome of the proposed PFI project described above;

The Public Record Office is a government department, as well as an executive agency responsible to the Lord Chancellor. It has its own targets for efficiency, sickness absence, asset management, fraud, procurement and investment which will feature in its Corporate Plan.

## HM LAND REGISTRY

### Aim and objectives

#### Aim

To maintain and develop a stable and effective land information systems for England and Wales.

#### Objectives

- 1 To maintain and develop a stable and effective land registration system throughout England and Wales as the cornerstone for the creation and free movement of interests in land.
- 2 On behalf of the Crown to guarantee title to registered estates and interests in land for the whole of England and Wales.
- 3 To provide ready access to up-to-date and guaranteed land information, so enabling confident dealings in property and security of title.
- 4 To provide Land Charges and Agriculture Credits Service.

In achieving these objectives, the Land Registry will:

- achieve progressively improving performance targets set by the Lord Chancellor so that high quality services are delivered promptly and at lower cost to users;
- develop plans to take forward the completion of the Land Register for England and Wales and the establishment of a National Land Information Service;
- observe the key principles of the "*Service First*" initiative, as embodied in the agency's "*Service First*" Standards;
- explore the possibility of securing better value for money through private sector partnerships in the computer mapping and filed plan/deed scanning programmes;
- facilitate the resolution of disputes and of claims under the State guarantee as economically and expeditiously as possible;
- ensure that staff have the knowledge, skills and motivation to achieve what is asked of them, and derive satisfaction from their jobs; and that they work in an environment in which personal development is encouraged and they can give of their best;
- develop and operate secure and resilient information technology systems and services; and
- make best use of physical resources.

## Targets

### *Performance*

- (i) To achieve 80% of all registrations processed in 25 working days each year;
- (ii) to achieve 98.5% of registrations handled free of error in each year;

### *Efficiency*

- (iii) to reduce the cost per unit in real terms, from £25.91 in 1998-99 to £25.13 in 1999-2000. The targets for 2000-01 and 2001-02 will be agreed following the PFI tendering process for computer mapping and related systems;

A target will also be set for return on capital employed by March 1999.

The Land Registry is a government department and a trading fund, as well as an executive agency responsible to the Lord Chancellor. It has objectives and targets, where appropriate, for fraud, sickness absence and procurement.

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# 9. Law Officers' Departments

## Introduction

The Law Officers' departments are the Crown Prosecution Service (CPS), The Treasury Solicitor's Department (TSD) (together with the Legal Secretariat to the Law Officers and the Government Property Lawyers) and the Serious Fraud Office (SFO). The Attorney General answers in Parliament for these departments and is responsible for them in the public expenditure negotiations. His relationship with the departments is however neither the same as that of a Minister in a conventional department nor is it the same in each case.<sup>1</sup> The Crown Prosecution Service plays a major part in the criminal justice system which has a separate PSA. The Attorney General is responsible for delivering this PSA.

## 1 Aim and objectives

### The Crown Prosecution Service

#### Aim

The Crown Prosecution Service's overall aim is:

To contribute to the reduction both of crime and the fear of crime and to increased public confidence in the criminal justice system by fair and independent review of cases and by firm, fair and effective prosecution at court.

The aim is consistent with the wider aims of the criminal justice system.

#### Objectives

Dealing with prosecution cases in a timely and efficient manner in partnership with other agencies:

1 To ensure that the charges proceeded with are appropriate to the evidence and to the seriousness of the offending,

*by the consistent, fair and independent review of cases in accordance with the Code for Crown Prosecutors;*

2 To enable the courts to reach just decisions,

*by fairly, thoroughly and firmly presenting prosecution cases, rigorously testing defence cases and scrupulously complying with duties of disclosure;*

3 To meet the needs of victims and witnesses within the criminal justice system, in cooperation with other criminal justice agencies.

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<sup>1</sup>The Attorney General appoints and "superintends" the Director of Public Prosecutions, head of the CPS and has a similar relationship with the Director of the SFO. The Treasury Solicitor is not appointed by the Attorney General but he has general oversight of the Government Legal Service as a whole.

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### The Treasury Solicitor's Department (TSD)

(Together with the Government Property Lawyers (GPL) and the Legal Secretariat to the Law Officers (LSLO)).



## Aim

To provide legal services to government departments and publicly funded bodies in England and Wales; and support the Law Officers.

## Objectives

- 1 To provide high quality and competitive litigation, property law and legal advisory services which meet the needs of clients (TSD and GPL);
- 2 Through high quality and expeditious casework to collect and manage Bona Vacantia on behalf of the Crown; and
- 3 To provide high quality support and advice to the Law Officers (LSLO).

## The Serious Fraud Office

### Aim

To contribute to the reduction of fraud and the cost of fraud; the delivery of justice and the rule of law; and the maintenance of confidence in the UK's business and financial institutions.

### Objectives

- 1 To take on appropriate cases and investigate them and bring them to a successful conclusion as quickly as individual circumstances allow.
- 2 When a decision to prosecute is made, prosecute fairly and in a way that enables the jury to understand the issues.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework for the Attorney General's departments. A further £100 million has been provided to enable the CPS to deliver the Government's commitments to implement the Crime and Disorder Act in order to reduce delay, to help victims and witnesses and to meet rising prosecution costs. The figures are set out below:

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
<b>Total*</b>	<b>336</b>	<b>341</b>	<b>338</b>
of which: Current Budget	332	336	333
Capital Budget	5	5	5

*\*Departmental Expenditure Limit includes Crown Prosecution Service, Serious Fraud Office and Treasury Solicitor's Department*

### Gross Running Costs Provision

£ million	19992000	200001	200102
<b>Total</b>	<b>268</b>	<b>269</b>	<b>264</b>
of which: Crown Prosecution Service	230	230	225
Serious Fraud Office	11	11	11

### 3 Performance targets

Improving the performance of the Crown Prosecution Service will enhance public confidence in criminal justice and contribute towards a more effective criminal justice system. Cutting crime will help to reduce the fear of crime and enhance opportunities and, by reducing the cost to others, contribute to improving productivity. Similarly, the work of the Serious Fraud Office, in deterring fraud, contributes to setting a business environment within which companies can operate successfully, and to reducing the risk of productivity losses through fraud.

Last year the Government announced that the **Crown Prosecution Service** (CPS) would reorganise its prosecution work so that there would be 42 new CPS Areas to match local police force boundaries and that there would be an independent review (the Glidewell Review)<sup>1</sup> of the CPS. The Glidewell Review was published in June 1998. It recommended a new decentralised national structure for the CPS as part of the restructuring to 42 new Areas. It also recommended far reaching changes in how the CPS manages and organises its work and in the CPS's relationships with the police and the courts. The CPS is planning to have the core requirements of a new 42 Area structure, as part of a decentralised national service, in place by April 1999. Further work thereafter will be required to implement the restructuring of the CPS suggested by the Glidewell Report and complete the transition to a new 42 Area structure by the end of 2000-2001. An interim response to the Glidewell recommendations was announced on 30 November 1998.

Together with the Home Office and the Lord Chancellor's Department, the CPS has agreed to adopt overarching performance measures which reflect the Government's commitments to improve the operation of the criminal justice system. The CPS also has additional measures to support its new aims and objectives. In a number of areas, measures are not yet established and targets are not yet quantified. Where this is the case, the CPS is committed to publishing in March 1999 a detailed timetable for developing and introducing the remaining measures and targets.

The CPS will work with the other criminal justice agencies to deliver the following measures which are included in the Criminal Justice System, the Home Office and Lord Chancellor's Departments' PSAs:

#### Performance targets

- (i) To halve the time taken from arrest to sentence for persistent young offenders from 142 days to 71 days by 31 March 2002; (Objectives 1 and 2)
- (ii) to reduce the time taken from arrest to sentence or other disposal; (Objectives 1 and 2)
- (iii) an improvement in the overall satisfaction level of victims, witnesses and jurors with their treatment in the criminal justice system; (Objective 3)

In addition the CPS will set targets:

- (iv) to reduce the proportion of cases dismissed on a submission of no case to answer which are attributable to failures in the review process; (Objective 1)
- (v) to reduce the proportion of cases resulting in a non-jury acquittal in the Crown Court which are attributable to failures in the review process; (Objective 1)
- (vi) to increase the proportion of advocacy which meets the CPS's advocacy standards. (Objective 2)

Treasury Solicitor's Department will:

- (vii) achieve a level of client satisfaction for advisory work of 95%100%, set against a level of 90% in previous years; (Objective 1)
- (viii) increase from 1,100 chargeable hours in 1997/98 to a minimum annual average of 1,150 chargeable hours per litigation caseholder from 1998/99 to 2000/01.

*A working group has been established in TSD to consider all aspects of performance measurement across the Agency. Further quantifiable targets will be agreed by April 1999.*

The Serious Fraud Office has set the following targets to be achieved by 200102.

(ix) to increase caseload from 73 cases per year in 199899 to 77 cases per year within resources provided; (Objective 1)

(x) to reduce average time from accepting a case and completing investigations from 18 months to 17.5 months; (Objective 1)

(xi) to reduce the average length of the prosecution stage between transfer/committal and verdict from 16.5 months to 16 months. (Objective 2)

The following measures have also been set:

(xii) the proportion of cases reaching prosecution phase following investigation; (Objective 1)

(xiii) the long run rate showing cases achieving a successful prosecution. (Objective 2)

## 4 Increasing the productivity of operations

The Law Officers' departments have set demanding efficiency and service delivery targets to produce the 3% year on year efficiency savings. They will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities.

**Crown Prosecution Service:** one of the new overarching criminal justice performance measures, which will be developed by March 2000, is to improve the efficiency of the whole system. As part of their contribution, the CPS, by using rights of audience and lay reviewers and presenters, will handle cases more efficiently. It will continue to bench-mark Area performance to help Areas improve their performance and reduce costs.

The Crown Prosecution Service, by 31 March 2002, will:

- i. reduce unit costs per case in real terms by 1.3%;
- ii. reduce accommodation cost per head in real terms by 10 per cent;
- iii. increase from 93% to 100% the proportion of prosecution witness expenses sent not later than 10 working days from receipt of a correctly completed claim form;
- iv. increase from 88% to 97% the proportion of complaints replied to within 10 working days of receipt;
- v. increase the proportion of undisputed invoices paid in accordance with terms or 30 days, from 96% in 199899 to 100%.

The Treasury Solicitor's Department, by 2001-02, will:

- i. improve the level of income recovery from clients within 30 days of their receipt of a validated invoice from 75% in 199899 to 100%;
- ii. increase the proportion of undisputed supplier invoices paid in accordance with terms or 30 days from 95% in 1998-99 to 100%;
- iii. recover the full operating costs for chargeable services;
- iv. reduce the average unit cost per chargeable hour in real terms by 2.5% a year;
- v. reduce the average unit cost per Bona Vacantia case in real terms by 2.5% a year.

Following a pilot study TSD is also considering whether to participate fully in the Agency Benchmarking Project involving self-assessment against the Business Excellence model and the development of action plans for taking forward business improvements based on the resultant assessments.

The Serious Fraud Office is committed to the efficient use of resources. It has identified the need for improved IT based case handling, investigation and office systems to contribute to more effective and efficient working throughout the Office. These are being delivered by the DOCMAN service through a public/private partnership. A seven-year service contract was signed with IBM in January 1998 for the development and provision of an image based document investigation and prosecution system, associated scanning and publication services and upgraded office automation.

To enable it to keep a careful watch over time on the efficiency with which resources are employed on its cases, the SFO will produce each year the long run median costs of investigating and prosecuting its cases.

Furthermore by 200102, the SFO will:

- i. reduce the proportion of indirect total costs;
- ii. increase the proportion of undisputed supplier invoices paid in accordance with terms or in their absence, 30 days, from 97.5% (199899) to 100%.

## Better quality services

The Law Officers' departments will regularly and systematically review services and activities over a five-year period in line with the government policy as set out in the handbook "Better Quality Services". They will develop programmes by September 1999 setting out those services that will be reviewed each year with the intention to review as least 60% of services by March 2003.

## Electronic government

The Attorney General's departments will set a target by 31 March 1999, in co-operation with other interested departments, for an increase in the proportion of service transactions provided to the public by electronic means, in support of the Prime Minister's 25% target by 2002 in order to demonstrate clearly more integrated, electronic service delivery across Government.

## Sickness absence

All departments are reviewing their management of sickness absence in the light of Cabinet Office guidance by 31 December 1998. They will make proposals to the Cabinet Office for targets for reduction, which relate to their existing sickness absence rates, by February 1999 with targets agreed by June 1999.

## Fraud

The Law Officers' departments are maintaining and developing appropriate controls to prevent fraud and to ensure that, if perpetrated, it is detected promptly. Staff are encouraged to report any incidence of suspected fraud which they may encounter and to put forward ideas which might strengthen procedures and controls for the prevention of fraud. Speedy and vigorous investigations are conducted into cases of suspected fraud. Within TSD advice on the risks of fraud and the measures necessary to reduce them is integral to the work of the newly established Internal Audit Team. The SFO is reviewing its internal fraud policies to see if they need to be strengthened, and will then remind staff of the current policies and the importance attached to them.

## Procurement

The Law Officers' departments will introduce the use of the Government Procurement Card during 1999 and will pay all invoices by BACS, where suppliers agree and this secures value for money, by December 2000.

## Training and Investors in People

The CPS intends to meet Investors in People (IiP) standards by September 1999. TSD aim to achieve accreditation to IiP by the summer of 1999 and the SFO by the end of 1999.

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<sup>1</sup>"The Review of the Crown Prosecution Service," Cm 3960, June 1998.



# 10. Action against Illegal Drugs

## Introduction

This PSA covers government activity against illegal drugs coordinated by the Minister for the Cabinet Office, and delivered principally by the Home Secretary, the Secretary of State for Health, the Secretary of State for Education and Employment, the Financial Secretary to the Treasury, the Foreign Secretary and the Secretary of State for International Development, all of whom are jointly responsible for its delivery. It should be read in conjunction with the PSAs for these Ministers' departments. It also relates closely to the PSA for the Criminal Justice System, which currently accounts for around two-thirds of anti-drugs resources in the public sector. Action against Illegal Drugs is also being taken by departments and agencies in Wales, Scotland and Northern Ireland, where detailed plans will be developed by February 1999.

## 1 Aim and objectives

The following aim and objectives were announced in the Government's White Paper "Tackling Drugs to Build a Better Britain"<sup>1</sup>.

### Aim

To create a healthy and confident society, increasingly free from the harm caused by the misuse of drugs.

### Objectives

- 1 To help young people resist drug misuse in order to achieve their full potential in society.
- 2 To protect communities from drug-related anti-social and criminal behaviour.
- 3 To enable people with drug problems to overcome them and live healthy and crime-free lives.
- 4 To stifle the availability of drugs on the streets.

All activity towards the aim and objectives will be guided by the following principles:

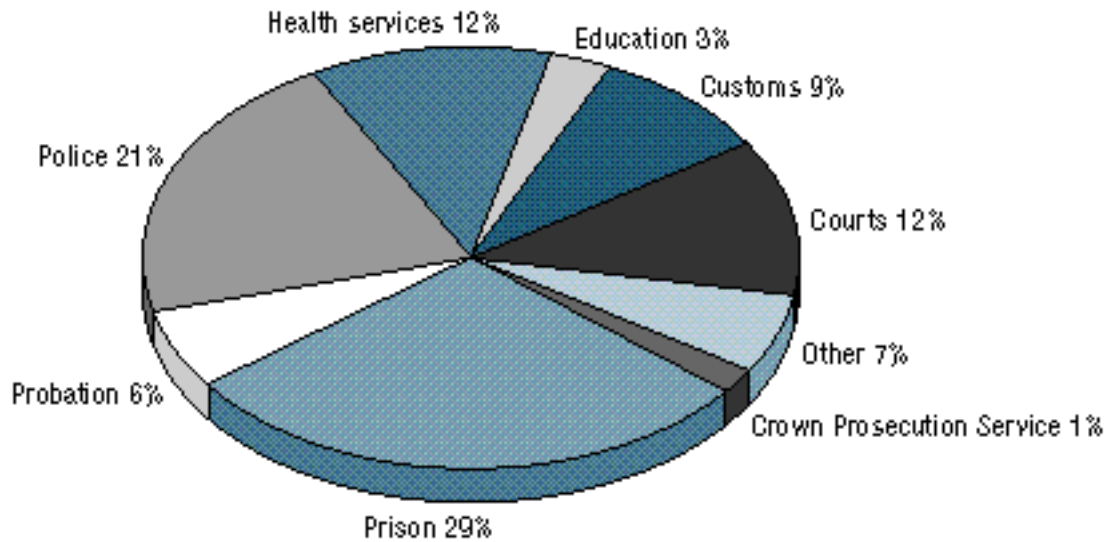
- integration of activity across government agencies through partnerships to deal with the social problems which lie at the root of drug misuse;
- evidence from pilot projects and evaluation on what works in tackling drugs;
- joint action coordinated locally through Drug Action Teams which can have a much greater impact on the complex drug problem than disparate activities;
- effective communication of a consistent message on the harmful effects of drugs, through schools and through local projects; and
- improved accountability through more transparent resourcing and performance measurement.

## 2 Resources

Resources for anti-drugs activities have been allocated to the Departmental Expenditure Limits of individual departments. A special exercise for the Comprehensive Spending Review estimated that a total of £1.4 billion was spent on anti-drugs work in

199798 (see chart below). More than two-thirds of this was spent on reacting to the consequences of illegal drugs, mainly through the criminal justice system. The aim is, over time, to shift resources away from reacting to the consequences towards investment in preventing problems.

**Chart: Breakdown of public spending on anti-drugs activity in England and Wales 199798 (Total estimated to be £1.4 billion)**



In addition to this, the Comprehensive Spending Review allocated £211 million to departments shown in the table below in the three years to 200102 to fund additional pro-active anti-drugs work. These resources are to be genuinely additional, not taking the place of existing funding.

£ million	19992000	200001	200102
Home Office	25.5	45.5	63.5
Department of Health	16.5	24.5	34.0
Department for Education and Employment	0.25	0.25	0.25
HM Customs and Excise	0.25	0.25	0.25

Extra resources for anti-drugs activities have also been allocated to the Welsh, Scottish and Northern Ireland Offices.

### 3 Performance targets

The social, economic, psychological, crime and health related costs of drug misuse are formidable. Estimated costs arising from the most serious drug misusers alone run at well over £4 billion a year. Good performance under the anti-drugs strategy will erode these costs, contributing to the Government's overarching objectives of raising the productivity and growth of the UK economy, by cutting drug-related crime and improving the chances of individuals with drug problems to be rehabilitated, to equip themselves for work and to realise their own capabilities. People with serious drug problems are among the most socially excluded: effective early intervention with young people at higher risk of developing serious problems will contribute to the objective of extending opportunity and fairness to all.

The Secretaries of State covered by this agreement are committed to achieving targets in the following areas by 31 March 2002. This will represent early progress in the Government's 10-year anti-drugs strategy. Most of the targets have yet to be quantified. A comprehensive set of measures is being developed against which achievement of these targets, and associated sub-targets, can be assessed. It will be in place from 1 April 1999. The Minister for the Cabinet Office will, with the UK Anti-Drugs Coordinator, scrutinise the plans and performance of departments and agencies against each target.

# Performance targets and related initiatives

The main measures being put in place to help to deliver each target are also shown below, as are relevant targets from other departments' PSAs:

(i) A reduction in the proportion of people under 25 misusing illegal drugs (Objective 1).

Supported by the Home Secretary and the Secretaries of State for Health and Education and Employment, more sustained and better drug education and prevention work will take place in schools and in the community. In relation to drug-related incidents in schools, DfEE have a sub-target to reduce exclusions from schools by one-third by 31 March 2002.

(ii) A reduction in the level of re-offending by drug-misusing offenders (Objective 2).

In pursuit of this target, Drug Treatment and Testing Orders are being piloted by the Home Secretary, allowing the Courts to offer offenders the chance to address their drug problems; treatment and aftercare for problem drug users will be provided throughout the prison system; and more offenders will enter treatment programmes as a result of arrest-referral schemes and post-release provision. The Home Office has a supporting sub-target to reduce the rate of positive results from random drug tests from 20% in 1998/99 to 16% in 2001/02; and to provide access to voluntary drug testing for all prisoners by April 2001.

(iii) An increase in participation of problem drug misusers, including prisoners, in drug treatment programmes which have a positive impact on health and in reducing crime (Objective 3).

The Secretary of State for Health will expand NHS and community care services for problem drug users to increase primary care services, vaccinations against hepatitis B and structured rehabilitation programmes. Drug treatment services for young people will be expanded and accessibility improved to make sure services are used by those who need them.

(iv) A reduction in the access to drugs for young people under 25 (Objective 4).

Targets for the police, HM Customs and Excise, the National Crime Squad and National Criminal Intelligence Services will be agreed annually, in consultation with the UK Anti-Drugs Coordinator to ensure action against drug suppliers is co-ordinated, efficient and effective. Action against supply sponsored by the Secretary of State for International Development and the Foreign Secretary will also be co-ordinated by the UK Anti-Drugs Coordinator.

## 4 Increasing the productivity of operations

Efficiency targets for the operations of the departments and agencies covered by this agreement are set out in the PSAs for individual departments.

New arrangements are being developed to assess the effectiveness and efficiency of the Government's anti-drugs activities. These will be put in place from 1 April 1999, and will show more transparently how resources are used to achieve the objectives of the strategy.

Better measurement goes hand in hand with better management. The Anti-Drugs Coordinator and local Drug Action Teams will lead in improving inter-agency collaboration. Drug Action Teams will be the principal mechanism for developing resource partnerships at local level to deliver the objectives and for making sure anti-drugs plans and targets of all relevant local agencies are aligned. The plans of Drug Action Teams will be fully integrated with local Health Improvement Programmes, Education Development Plans, Behaviour Support Plans, strategies drawn up by Statutory Crime and Disorder partnerships and Youth Justice Plans so that, by 31 March 2002, best use will be made of resources in anti-drugs work and duplication and wasteful activity avoided.

Activity will be based on evidence of what works and what is cost-effective to achieve specific outcomes. Pilot work will develop further evidence where it is needed, coordinated with research efforts on public health and crime.

A new annual reporting and planning cycle will ensure that the strategy makes the biggest impact on drug misuse for the money spent.

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*<sup>1</sup>"Tackling Drugs to Build a Better Britain," Cm 3945, April 1998.*

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# 11. Ministry of Defence

## Introduction

This PSA sets out the objectives, key targets and resources for the Ministry of Defence (MOD) and the Armed Forces for the period 1999/2000 to 2001/02, reflecting the outcome of the Strategic Defence Review (SDR).<sup>1</sup> The Secretary of State for Defence is responsible for delivering it. The MOD works closely with a number of other departments.

## 1 Aims and objectives

The objectives of the Ministry of Defence are to provide the defence capabilities needed:

A to ensure the security and defence of the United Kingdom and the Overseas Territories, including against terrorism;

B to support the Government's foreign policy objectives, particularly in promoting international peace and security.

Supporting objectives (grouped by outputs):

Department of State:

1 to produce a defence strategy, policy and programme matched to our security needs now and in the future;

2 to help dispel hostility and build and maintain trust through defence diplomacy, and play an effective and leading part in support of NATO, the Western European Union and the United Nations;

3 to provide clear and timely strategic direction on the participation of UK forces in conflict prevention, crisis management and operations;

4 to allocate available resources in a way which maximises military capability and other departmental outputs;

5 to encourage the competitive strengths of British defence suppliers and, within the framework of the Government's arms sales policy, support British defence exports.

Military capability:

6 to bring together maritime, ground and air components into coherent joint forces under unified command fully capable of achieving the Government's strategic objectives;

7 to deliver appropriately motivated, manned, trained and equipped force packages, at the required level of readiness, and with the necessary support, sustainability and deployability, to achieve the full range of agreed military tasks.

Equipment programme:

8 to procure equipment which most cost-effectively meets agreed military requirements.

Success in achieving these objectives depends upon:

- being a good, equal-opportunity employer offering a clear sense of purpose and able to attract recruits and retain well-trained personnel;
- seeking value for money in every activity of the MOD and the Services; and
- communicating effectively, internally and externally, why defence matters and the tasks of our forces and the civilian

personnel who work with them.

The MOD works with other government departments to achieve its objectives, for example with the Foreign and Commonwealth Office on foreign policy and security issues.

## 2 Resources

The agreed spending plans for defence for the next three financial years reflect the defence programme approved by the Government following the Strategic Defence Review. The plans set out in the Strategic Defence Review White Paper require substantial investment to improve inherited areas of weakness measured against future operational needs and to fund a continuing major equipment modernisation programme. The resources needed to achieve these priorities will in part be found from making savings from rationalisation in other areas, a continuing programme of efficiency improvements and smarter procurement. The defence expenditure plans for the next three years will be:

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
<b>Total</b>	<b>22,295</b>	<b>22,830</b>	<b>22,987</b>
of which: Current Budget	20,841	21,317	21,448
Capital Budget	1,469	1,529	1,549
Financial Transactions	16	17	10
<b>Annually Managed Expenditure (AME)</b>	<b>1,239</b>	<b>1,286</b>	<b>1,355</b>

*Capital spending is shown here in accordance with the ESA95 definition used by the ONS. This excludes spending on new military equipment, some £6 billion a year, which is counted as current. AME represents retired pay, pensions and other payments to retired service personnel and their dependents.*

### Operating Costs Limits

£ million	19992000	200001	200102
<b>Total</b>	<b>15,933</b>	<b>16,199</b>	<b>16,201</b>

## 3 Performance targets

The MOD and the Armed Forces meet both of the objectives set out in Section 1, and contribute to the Government's CSR objectives, through the provision of the Departmental Final Outputs of Military Capability, the forward equipment programme and the Department of State function. The department's supporting objectives, also set out in Section 1, have been grouped along these lines. Taking these outputs in more detail, key performance targets for the period of this PSA include:

# Performance targets

## *Joint Forces*

- (i) Establish the full capability of the Joint Rapid Reaction Forces by October 2001;
- (ii) establish the Joint Helicopter Command by 1 April 2000;

## *Strategic Lift*

- (iii) expand our ability to move troops and equipment with four more roll-on roll-off container ships and four large aircraft (ships available for use by 2000, aircraft by 2002);

## *Manning*

- (iv) make progress, by 1 April 2001, to ensure that the number of personnel in Armed Forces fully matches that required to carry out their tasks:
  - Royal Navy/Royal Marines at 98% of requirement;
  - Army at 95% of requirement;
  - Royal Air Force at 100% of requirement;

## *Logistics and Medical support*

- (v) achieve a major restructuring of logistic support area, with a Chief of Defence Logistics in charge by 1 April 1999;
- (vi) achieve substantial improvement in logistics and medical support, with the formation of 1st Joint Force Logistic Component HQ by April 2001, the establishment of a regular ambulance regiment, and the use of medical reserves to support Field Hospitals at medium scale;

## *Other Force structure changes*

- (vii) implement the post-SDR force structure to allow the UK Armed Forces to meet continuing commitments (such as in Northern Ireland), and be able either to respond to a major international crisis (involving a military effort similar in scale and duration to the Gulf War) or to undertake a smaller but more extended overseas deployment (as in Bosnia) while retaining the ability to mount a second, possibly war-fighting, deployment of a similar scale for a limited period. The department will also retain the ability, at much longer notice, to rebuild a bigger force as part of NATO's collective defence should a major threat re-emerge in Europe;

- (viii) establish, by 1 April 1999, the post-SDR readiness profile of the UK Armed Forces to meet the department's key objectives:

- destroyer/frigate fleet of 32 hulls; ships paid off by 1 August 1999;
- first Army unit relocated from Germany by 1 April 2002;
- new, restructured, Territorial Army to be operational from 1 April 2000;
- complete RAF withdrawal from Germany by 1 April 2002;
- in fast jet aircraft establishment by 36, by 1 April 1999;

## *Reform of the procurement organisation*

- (ix) ensure that the Procurement Executive (PE) is ready for Agency status by 1 April 1999;
- (x) achieve a reduction in PE operating costs of 20% by 200102;
- (xi) complete the DERA Public/Private Partnership by 1 April 2002;

## *PE performance Standards*

(xii) achieve improvements in project management performance by 200102:

- on average, no in-year increase in major project costs;
- on average, in-year slippage of In-Service Date of new major projects of less than 10 days;
- on average, in-year slippage of In-Service Date of existing major projects of less than 4 weeks;

## *Efficiency*

(xiii) achieve annual efficiency improvements of 3% (as a percentage of efficiency baseline) each year from 199899 to 200102;

## *Asset sales*

(xiv) realise gross receipts of more than £700 million from sale of defence estate (199899 to 200102);

## *Stockholdings*

(xv) achieve a reduction in book value of non-munitions stockholdings of £2.2 billion by April 2001;

## *Defence Diplomacy*

(xvi) implement enhanced Outreach and arms control programmes from 1 April 2000.

# **4 Increasing the productivity of operations**

Spending money wisely to ensure that the budget allocated to defence purchases the maximum capability for the Armed Forces is vital if the plans set out in the Strategic Defence Review are to be affordable. As noted in Section 3 above, the MOD is, therefore, committed to achieving efficiency savings of 3% a year (as a percentage of the operating costs efficiency baseline), which equates, in cash, to a total of some £3 billion over the CSR period. That is additional to efficiency gains of over £4 billion identified since the late 1980s. It will require a wide range of changes across the whole of the MOD and the Armed Forces, including front line commands.

The MOD is committed to improving working practices, identifying opportunities to reduce costs, and identifying and disseminating best practice. That will include the Services working together on a "Joint" basis wherever that is sensible, in both the front line and the support areas (eg the appointment from 1 April 1999 of a Chief of Defence Logistics followed by the creation, by 1 April 2000, of a unified organisation to provide logistic support to all three Services).

The pursuit of private sector involvement in MOD business where it provides best value for money has made a major contribution to previous efficiency gains. Over 80 Public/Private Partnership initiatives are currently being pursued, with a total value of £6 billion.

MOD will also be looking for continuous improvement and in-house efficiencies, such as the re-structuring of the Army's command structure, and encouraging managers at all levels to accept their responsibilities to manage efficiently and effectively. The agencies which have been created have a key role to play in this. MOD shall be looking for ways to improve their strategic management and in particular the process of setting their key targets. It shall also be looking at whether the agency process has produced lessons which are applicable to other areas of the MOD.

Overall, the MOD's efficiency strategy will be driven forward by a Ministerial Efficiency Steering Group, chaired by the Minister of State for the Armed Forces. An annual Efficiency Plan is embedded in the MOD's planning and budgeting processes. The MOD's 3% year on year efficiency target covers the full range of departmental activities. MOD is committed to developing better measures of efficiency.

In addition to the targets set out in Section 3 on reducing the book value of stockholdings and reducing the operating costs of the procurement organisation by forming a Defence Procurement Agency, examples of specific initiatives which will contribute to the programme include:

- i. SDR rationalisation of stock procurement, leading to new reductions of £130 million a year from 200102 onwards;

- ii. reorganising four existing agencies and other service units into three new defence wide agencies for Defence Aviation Repair, Defence Transport and Movements and Defence Storage and Distribution;
- iii. slimming down the central headquarters organisation of the MOD, which has already reduced by 30% since 1990; and reducing the planned number of office buildings to be occupied (which has already reduced from 24 to three since 1990) to two;
- iv. a staff suggestion scheme which is forecast to produce savings of at least £15 million a year; and
- v. developing a strategy for better management and utilisation of the overall MOD estate.

## Better quality services

The department will regularly and systematically review all services and activities over a five year period in line with government policy as set out in the handbook "Better Quality Services". It will develop a review programme by September 1999 setting out those services that will be reviewed each year up to and beyond 2002 in order to achieve the overall five year target.

## Electronic government

As part of the Government's target for increasing the proportion of business transactions available electronically, the MOD is working towards establishing systems across the department which will provide the capability for dealing with at least 25% of its business, with industry and the public, by wholly electronic means by 2002. It will set targets by 31 March 1999 to achieve this.

## Sickness absence

In recent years, the average number of days lost per year in the MOD through sickness absence has been around 8 days, some 20% lower than the average for the Civil Service as a whole. The MOD will continue to adopt a rigorous approach to the management of attendance. Subject to an audit of the actual level and pattern of absence in December 1998, the department propose targets for further reductions in the level of sickness absence by February 1999, agreeing final targets with the Cabinet Office by June 1999.

## Fraud

The MOD is committed to the effective deterrence and detection of fraud, whether by civilian or service personnel or by contractors, and to its prompt detection and investigation where it does occur. All suspected cases are rigorously investigated by the appropriate police authorities or by line management acting under delegated powers: a new Special Analysis Unit assists in the investigation of irregularities. Targets have been set for the Ministry of Defence Police to maintain standards of investigation while reducing the average length of time for fraud investigations to eight months and increasing the number of cases investigated annually. Work will be taken forward within our main budgetary areas to produce fraud policy statements and fraud response plans. A report of the level of fraud detected will be included in the MOD's annual Departmental Performance Report.

## Procurement

The MOD will continue to make improvements in its procurement techniques and processes. The bulk of the department's procurement expenditure relates to the defence specific acquisition of military and related equipment. The new Smart Procurement Initiative is intended to improve value for money for purchases of equipment, spares, commodities and related services from industry, and to reduce acquisition costs by some £2 billion over 10 years. There is much commonality of approach between the Smart Procurement Initiative and the approaches set out in the report on Efficiency in Civil Government procurement. Specific actions resulting from that initiative include the use of electronic commerce between MOD and its suppliers (where there is sufficient volume of business) and a pilot scheme, due to complete by February 1999, on the use of procurement cards under the Government Procurement Scheme.

It is MOD policy for the Defence Bills Agency to pay bills in accordance with agreed contractual conditions, or where no such conditions exist, within 30 days of receipt of goods and services.

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<sup>1</sup> "The Strategic Defence Review," Cm 3999, July 1998.

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# 12. Foreign and Commonwealth Office

## Introduction

This PSA sets out the objectives, key targets and resources for the Foreign and Commonwealth Office (FCO) and covers the grants in aid it makes to the British Council and the BBC World Service, for the period 1999/2000 to 2001/02. The Secretary of State for Foreign and Commonwealth Affairs is responsible for delivering it. The PSA on Action against Illegal Drugs also includes targets to which the FCO will contribute, and the FCO has linkages with the work and objectives of other government departments, as described below.

## 1 Aim and objectives

### Aim

The aim of the FCO is to promote internationally the interests of the United Kingdom and to contribute to a strong world community.

### Objectives

- 1 To ensure the security of the United Kingdom, and to promote international peace and stability;
- 2 to improve, through international action, economic opportunities for a prosperous United Kingdom;
- 3 to improve quality of life worldwide, and develop a strong international community;
- 4 to increase the impact of and respect for British foreign policy and values;
- 5 to ensure the United Kingdom plays a strong role in a strong Europe, responsive to people's needs;
- 6 to ensure the protection of British citizens abroad;
- 7 to apply United Kingdom immigration policy overseas;
- 8 to ensure the security of United Kingdom Overseas Territories, promote their prosperity, and uphold sustainable development and good government.

In pursuing all these objectives the FCO will seek maximum value for money in using the human and financial resources available to it, by applying the principles of efficiency, economy and effectiveness.

In delivering its objectives the FCO works in close co-operation with other government departments, for example: with MOD on security; with DTI on prosperity; with DFID on quality of life and Overseas Territories and with Home Office on immigration.

The FCO also contributes to the delivery of other departments' objectives where they have an international dimension. It is responsible for ensuring coherence and consistency in the conduct of foreign relations. Its diplomatic missions overseas promote the interests of the Government and the UK as a whole.

## 2 Resources

The resources allocated to the FCO for the period covered by the Comprehensive Spending Review are shown in the tables



below. They will enable a modernised and reformed FCO to ensure that Britain plays its full role in Europe and the wider world community, at the same time as improving the services it delivers to the public and UK business.

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
Current Budget*	1,007	1,026	1,045
Capital Budget	86	86	86
Financial Transactions	1	1	1
<b>Total</b>	<b>1,092</b>	<b>1,110</b>	<b>1,129</b>

\*includes grant-in-aid in respect of BBC World

Service broadcasting	176	174	178
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### Gross Running Costs Provision

£ million	19992000	200001	200102
FCO gross running cost ceiling	563	581	594

## 3 Performance targets

The FCO's contribution to the Comprehensive Spending Review's themes and the Government's objectives of promoting productivity, employment and growth is reflected in targets (ii), (iii), (vi) and (vii) below. Its network of over 200 commercial posts in 140 markets helps British companies succeed abroad and attracts investment to the UK. Through its global network the FCO contributes to maintaining a rules based trading environment and protection of UK investments overseas. Posts' monitoring, analysis and reporting of economic and financial activity worldwide provides an input to domestic policy-making, as well as a basis for government advice to firms operating in markets abroad.

### Performance targets

The key performance targets of the FCO, for achievement by March 2002 (and the objectives to which they relate) are:

- (i) building a modern NATO, adapted to the needs of the new millennium, with successful integration of the Czech Republic, Poland and Hungary; (Objective 1)
- (ii) to improve support for exporters, raise the quality of service, generate additional exports, and enhance the business image of the UK; (Objective 2) (Jointly with DTI target (ix))
- (iii) to maintain the United Kingdom as the prime location in Europe for foreign direct investment; (Objective 2) (Jointly with DTI target (x))
- (iv) obtaining commitments from 50 more countries to co-operating with the UK in combating drugs, crime, abuse of human rights, and environmental degradation; (Objective 3)
- (v) a ten-fold increase in use of FCO Internet web-sites worldwide; (Objective 4)
- (vi) a step change in the UK's relations with the rest of Europe, with increasing public support for EU activities; (Objective 5)
- (vii) securing agreement on entry terms for the first phase of EU enlargement, accompanied by reform of the CAP, Structural Funds and institutional arrangements reflecting UK interests, thereby strengthening the UK trade and political position in Central Europe; (Objectives 2, 3 and 5)
- (viii) delivering effective Consular protection overseas, with 98% of Posts meeting Citizens' Charter standards for hospital and prison visiting; (Objective 6)
- (ix) delivering an effective and faster visa service, taking decisions on 90% of non-residence visa applications within 24 hours; (Objective 7)

(x) securing alignment of financial legislation in the UK's Overseas Territories with international standards.  
(Objective 8)

## 4 Increasing the productivity of operations

Targets for delivering the FCO's services to the public in addition to those set out above are:

- i. 95% of overseas passports to be issued within 5 working days by 200102;
- ii. 90% of overseas Posts to meet target times for interviewing applicants for non-settlement visas.

The FCO has a series of measures for departmental efficiency. As one such measure of efficiency it aims to reduce headquarters running costs as a proportion of total FCO expenditure. It is committed to continuing development of better measures of efficiency and extending these to cover a wider range of departmental activities. Specific existing efficiency targets are to:

- i. reduce by half accommodation running costs in London by 200102;
- ii. make £12 million (6%) savings from re-targeted procurement procedures in the three years ending 200102; and
- iii. achieve full cost recovery by the Government Hospitality Fund by 200001.

The FCO has an ongoing programme of efficiency reviews at home and overseas and a department, one of whose roles is to spread best practice in a geographically diverse organisation. It is committed to devolving budgets for the full cost of accommodation and support services to the operational consumers of these services. The objective is better prioritisation and more effective resource management.

In parallel, the FCO has embarked on a programme to consolidate business units that supply services within the FCO into a Service Organisation. Together these are expected to yield efficiency gains of some £7 million by 200102.

In addition to spending on diplomatic representation and programmes the FCO provides significant grants-in-aid to the **British Council** and the **BBC World Service**. In view of the requirements of Resource Accounting and Budgeting the British Council will in future report on grant-in-aid expenditure by FCO objective as well as by geographical region, so providing a firmer basis for discussion of policy priorities. The Council's current Quinquennial Review will include examination of the efficiency with which the Council carries out its functions.

The FCO is working with a Cabinet Office group on how to put the relationship between the FCO and BBC World Service onto a more contractual footing. This will involve setting clearer objectives, whilst leaving the World Service greater managerial discretion on how to deliver those objectives. Editorial independence of the World Service is paramount and will be unaffected by these changes, which are intended to ensure the World Service remains the world's leading international broadcaster in a multimedia age.

The range of efficiency measures agreed by the FCO in respect of the British Council and the BBC World Service include:

- i. the British Council to maintain corporate overheads as a proportion of turnover below 5% over the period to 200102;
- ii. the BBC World Service to achieve efficiency savings of 7% (£25 million) during the three year period to 200102 following restructuring of the BBC supplier directorates.

## Better quality services

The department will regularly and systematically review services in line with government policy. It will develop a review programme, starting in 1999/2000, to cover 60% of FCO internal services under "Better Quality Services" guidelines over three years.

## Electronic government

The FCO expects to sign a Public Private Partnership for global telecommunications by spring 1999 to cover provision of voice and electronic data links between overseas Posts, and between Posts and the UK. Efficiency gains will include faster and

less labour intensive communication, access to on-line data, and remote diagnostics and maintenance. Linked with this is a radical programme to upgrade IT and establish the infrastructure for an FCO Intranet.

The FCO runs a successful Internet site in the UK, and 29 overseas Posts have to date established web-sites of their own, making material available in foreign languages as appropriate. Services provided electronically include consular advice to British travellers and guidance on overseas passport and visa applications. In the USA, 20% of visa application forms are downloaded from the Internet. The FCO aims to expand both coverage and capacity, with a target of 50 Posts running web-sites and incorporation of inter-active features to the maximum extent possible. Together with the phased introduction of electronic commerce (see below), this will contribute to the Government's objective of increasing the proportion of business undertaken electronically to at least 25% by 2002. Targets will be set by 31 March 1999.

## Sickness absence

The FCO will contribute towards meeting the government wide target to reduce Civil Service sickness absence rates by 20% by 2001 and 30% by 2003. Proposals for targets will be put forward by February 1999, to be agreed with Cabinet Office by June 1999, and an action plan drawn up for achieving them.

## Fraud

The FCO's aim is to prevent all fraud. Cases detected are reported to Treasury and published. The highest standards of propriety and integrity are expected from staff. A quick response Financial Compliance Unit (FCU) was set up in 1995 to investigate suspected cases of fraud, theft or corruption, and to conduct pro-active spot-checking. The FCO will increase by two-thirds the number of pro-active visits by FCU to Posts by March 2002. As a protection against fraud by contractors, the department will operate best practice processes in both the procurement and accounting functions. The FCO constantly reviews systems and security measures applying to visas and passports issued overseas, in cooperation with the Home Office.

## Procurement

The FCO has an agreed Purchasing Strategy setting out how it will manage its procurement over the next 510 years. Key commitments from the FCO Purchasing Strategy are:

- i. phased introduction of electronic commerce;
- ii. increased collaboration with other government departments.

The creation of business units in two key purchasing areas and development of improved performance measurement tools will allow the FCO to measure the reduction in transaction costs that will occur as it uses electronic commerce more effectively.

The FCO already meets the Government's increased target under the prompt payment code (ie payment within 30 days of receipt of goods or services, where there is no contractual provision). It is committed to maintaining this performance.

## Assets

The FCO is preparing a major overseas estate rationalisation programme over five years. This will involve disposal, relocation, co-location, construction and refurbishment affecting dozens of properties. By March 2002, the objective is to have released £90 million for more productive reinvestment to meet the FCO's requirements for the new millennium.

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# 13. Department for International Development

## Introduction

This PSA covers the work of the Department for International Development (DFID). The Secretary of State for International Development is responsible for delivering it.

UK international development policy's ultimate goal is the elimination of poverty. DFID have adopted as key objectives the agreed international development targets for sustainable development originating from UN Conventions and Resolutions.

DFID also contributes to targets in the PSA on Action against Illegal Drugs.

## 1 Aim and objectives

### Aim

The elimination of poverty in poorer countries.

### Objectives:

Promotion of sustainable development and in particular by:

- 1 building development partnerships with poorer and transition countries;
- 2 working more closely with the private and voluntary sectors, and the research community;
- 3 working with and influencing multilateral development organisations;
- 4 promoting consistent policies affecting poorer countries; and
- 5 using our knowledge and resources effectively and efficiently.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework for DFID. There are additional resources over the years 19992000 to 200102 of £1.6 billion. These resources form a firm three year settlement and will allow DFID to plan ahead on a stable funding base. The key figures are set out below:

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
<b>Total</b>	<b>2,442</b>	<b>2,908</b>	<b>3,217</b>
of which: Current Budget	2,141	2,592	2,886
Capital Budget	2	2	2
Financial Transactions	299	314	330
<b>Annually Managed Expenditure (AME)</b>			
<b>Total</b>	<b>16</b>	<b>17</b>	<b>17</b>

## Gross Running Costs Provision

£ million	19992000	200001	200102
Total	63	64	65

## 3 Performance targets

DFID will reduce poverty through a new aid strategy targeted on the poorest people in the poorest countries and underpinned by an additional £1.6 billion over the next three years, which will increase the overseas development assistance/GNP ratio to an estimated 0.3% by 2001. These policies will, by 2002, improve the effectiveness of multilateral and bilateral aid in contributing towards the international development strategy which has as its primary focus the reduction by half of the proportion of people living in extreme poverty by 2015. In moving towards its objectives DFID are committed to using their resources as efficiently and productively as possible.

### Performance targets

In particular DFID will ensure that:

(i) at least 75% of bilateral country resources are directed at low income countries by 2002, compared to 67% currently.

In the 30 largest recipients of British aid, DFID aims to make a major contribution to the achievement of:

(ii) an annual 1.5% increase in GDP per capita, from the current average of 1.0%; (Objectives 1 to 5)

(iii) a reduction of under 5 and maternal mortality rates from 74 to 70 per 1000 live births and from 324 to 240 per 100,000 live births respectively by 2002; (Objectives 1 to 5)

(iv) an increase from 61% to 91% of children in primary school by 2002. (Objectives 1 to 5)

## 4 Increasing the productivity of operations

DFID will actively pursue efficiency improvements through a programme of internal evaluations of the programme and administrative efficiency reviews. Programme and running costs resources will be allocated in accordance with policy priorities by rigorously assessing and reviewing past performances during the annual internal resource allocation round. The department will:

- i. reduce central administrative and support costs as a percentage of aid policy and administrative costs by 1% or approximately £0.5 million per year;
- ii. maintain and improve the performance of the bilateral aid programme by increasing the proportion of project objectives judged likely to be fully or largely fulfilled, based on scores allocated in rigorous project completion reports, from 64% to 75% by 2002. Introducing and testing a new system for scoring ongoing projects during 1999-2000;
- iii. each year, maintain the unit costs of administering overseas pensions at a level in line with or below the costs of inflation as defined by Treasury deflators;
- iv. pay at least 95% of undisputed bills within 30 days, or other agreed credit period;
- v. reply to 100% of ministerial correspondence within 20 days of receipt;
- vi. continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities.

High quality information systems are a pre-requisite to improved efficiency. Planned enhancements to the department's information system include:

- a. introducing Resource Accounting and Budgeting. This includes the introduction of activity based management techniques which should help us identify new areas for efficiency measures;

- b. a DFID Intranet which has been made available this year to staff in the UK and which will be made available to some staff overseas in the later part of this year in conjunction with providing them with on line access to the new accounting system;
- c. the development of a new Performance Reporting Information System for Management (PRISM), which will in particular enable us to take a clear view of the performance of our project portfolio; and
- d. access to the Internet to all staff in the course of the next 12 months to promote information sharing and lesson learning within DFID.

## Better quality services

DFID will regularly and systematically review services and their delivery over a 5 year period as required by the Government's "Better Quality Services" initiative. It will develop a review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

## Electronic government

The department will contribute to the Government's commitment to increase the proportion of business transactions undertaken electronically to at least 25% by 2002. Targets will be set by 31 March 1999.

## Sickness absence

DFID will also contribute to the reduction of sickness absence rates by 20% by 2001 and 30% by 2003, subject to the conclusions of an audit of the actual level and pattern of absence in the department. Proposals will be made by February 1999, to be agreed with Cabinet Office by June 1999

## Fraud

DFID will maintain a system of internal financial control to prevent fraud and to ensure that if it does occur it will be detected promptly. This is based on a framework of regular management information, financial regulations, administrative procedures including segregation of duties and a system of delegation and accountability. DFID aim to improve the system through the following actions:

- i. a review of administrative procedures and delegations of authority within the DFID Accounts Department to be completed by March 1999;
- ii. a review of procedures including separation of duties in 3 overseas offices by March 2000 in line with plans to introduce new local accounting systems;
- iii. providing an improved level of financial management information to all staff in the UK by April 1999;
- iv. by raising the awareness of fraud through the distribution of regular notices including Treasury case notes commencing on a regular basis from January 1999;
- v. an ongoing programme of internal audit review.

## Procurement

The department will update its procurement plan by January 1999 in response to the recommendation of the Government's review of procurement. Amongst other things the updated plan will set DFID and its procurement agents new targets for securing improvements in procurement practice to be achieved by April 2000. Targets already set comprise:

- i. all advertisements and application forms for contract appointments will be available on DFID's web-site by April 1999. Applications will also be accepted by electronic mail;
- ii. the introduction of procurement cards for all UK administrative expenditure by April 1999;

- iii. implementation of an overseas pilot exercise in the use of procurement cards by July 1999;
  - iv. strengthening local procurement capabilities in overseas offices by July 1999; and
  - v. initiating the electronic receipt of invoices by April 2000.
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# 14. Department of Trade and Industry

## Introduction

This PSA covers the work of the Department of Trade and Industry (DTI) (including the Office of Science and Technology) and the Secretary of State for Trade and Industry has the responsibility for delivering it. There is a separate PSAs for the Export Credit Guarantee Department and a separate PSA is also being developed for the Regulators (OFTEL, OFWAT, OFFER, OFGAS and OFT). This PSA shares joint targets with those of the Foreign and Commonwealth Office and the Treasury.

## 1 Aim and objectives

### Aim

To increase competitiveness and scientific excellence in order to generate higher levels of sustainable growth and productivity in a modern economy.

### Objectives

1 Promote enterprise, innovation and increased productivity;

*in particular by encouraging successful business start-ups, and by increasing the capacity of business, including small and medium enterprises SMEs, to grow, to invest, to develop skills, to adopt best practice, and to exploit opportunities abroad, recognising the development of the knowledge economy and taking account of regional differences.*

2 Make the most of the UK's Science, Engineering and Technology;

*in particular by achieving standards of international excellence and maximising the contribution of its outputs to economic development and the quality of life.*

3 Create strong and competitive markets;

*in particular by taking action to improve the openness, efficiency and effectiveness of markets at home, in Europe and across the world, and to ensure the provision of secure, diverse and sustainable supplies of energy at competitive prices.*

4 Develop a fair and effective legal and regulatory framework;

*in particular by improving and enforcing a framework for commercial activity which encourages enterprise and avoids unnecessary burdens on business, while providing a fair deal for consumers, and by developing a framework for employers and employees which promotes a skilled and flexible labour market founded on principles of partnership.*

In pursuit of these objectives, the department will:

- manage, train, develop and support its staff to improve their performance and increase their job satisfaction, and to achieve recognition as an Investor in People;
- work in partnership across government and with organisations and individuals outside government, particularly in the regions, to design and deliver effective policies;
- be enterprising and innovative, learning from other countries, in particular our partners in Europe, and exploiting the potential of technology;



- promote sustainable development;
- operate efficiently and effectively within available resources.

The department will also ensure the efficient management of liabilities for which it has responsibility.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework for the DTI. There are additional resources for a major modernisation of the science base. There is also to be a new approach to business support, more focused on SMEs enterprise and innovation and a strong emphasis on creating a positive business environment at home and abroad. Further details were set out in the Competitiveness White Paper. The Government will also make a major investment to deal responsibly with the overhang of liabilities inherited from the previous administration. The key figures are set out below:

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
Science	1,485	1,599	1,670
Non-science	1,830	2,084	2,029
<b>Total</b>	<b>3,315</b>	<b>3,683</b>	<b>3,699</b>
of which: Current Budget	2,958	3,248	3,213
Capital Budget	413	493	545
Financial Transactions	56	58	59
<b>Annually Managed Expenditure (AME)</b>	<b>182</b>	<b>238</b>	<b>320</b>

### Gross Running Costs Provision

£ million	19992000	200001	200102
<b>Total</b>	<b>378</b>	<b>387</b>	<b>396</b>

## 3 Performance targets

DTI has a crucial role to play in fostering growth and productivity. In order to fulfill this role, by the end of this Parliament, DTI targets are:

### Performance targets

- (i) To put in place policies to narrow the productivity gap relative to other industrialised countries over the cycle; (Objectives 14) (Joint with HM Treasury target (xiii))
- (ii) to secure improvements in performance against a set of competitiveness indicators to be developed and published annually from 1999; (Objectives 14)
- (iii) to increase the productivity and profitability of SMEs assisted by Business Links partnerships, and to show year by year improvements in the quality of services delivered under the Business Link brand. (Objective 1)
- (iv) to secure an increase in the number of successful high growth business start ups; (Objective 1) (Joint with HM Treasury target (xiv))
- (v) to improve the overall international ranking of the Science and Engineering Base in terms of quality, relevance and cost-effectiveness; (Objective 2)
- (vi) to increase by 50% the 1997-98 number of companies spun out by universities by 200102; (Objectives 1 and 2)
- (vii) to increase from 350,000 to 1 million the number of UK SMEs wired up to the digital market place by the end of this Parliament; (Objectives 1 and 3)

(viii) to make the UK the best place in the world to trade electronically by the end of the Parliament; (Objectives 1, 3 and 4)

(ix) to improve support for exporters, raise the quality of service, generate additional exports and enhance the business image of the UK; (Objective 1) (Joint with FCO target (ii))

(x) to maintain the UK as the prime location in the EU for foreign direct investment; (Objectives 13) (Joint with FCO target iii)

(xi) to maintain or improve levels of energy security, diversity sustainability and competitive energy prices; (Objective 3)

(xii) to improve UK performance in transposition of EU Single Market measures to enable 98% of measures to have been transposed into UK law by end 2000. (Objectives 3 and 4)

## 4 Improving the productivity of operations

DTI's strategic efficiency target is to achieve savings of 2.5% of its running costs each year over the period covered by the Comprehensive Spending Review. Savings of this level are required by the assumption within the Department's CSR running cost settlement of rising demand for a number of its services, and by the achievement of challenging policy targets like those above.

In addition agencies subject to net control and trading funds account for running costs of £127 million. Explicit efficiency measures, covering 37% of the department's running costs, are as follows:

- Companies House to maintain an annual unit cost reduction target of 3% (to be revised each year) in real terms on document registration the agency's main function;
- Insolvency Service to achieve a 5% reduction in real terms in case administration unit costs over the period 1999-2002. By the end of 1998 the service will have proposed a new target covering the cost of investigations over the period 1999-2000;
- National Weights and Measures Laboratory to reduce the real cost of a programme hour by 4% over the period 1997-2000;
- Patent Office to increase output in relation to current expenditure by an average of at least 2% per annum over the period 1998-99 to 2002-03;
- Employment Tribunals Service to achieve a 3% (to be revised each year) real terms reduction in administrative unit costs in the employment tribunals;
- Radio-communications Agency to achieve a gain in financial efficiency (comparing costs with income at constant fee levels) of 20% over the period 1998-99 to 2002-03;
- operational costs per capita of accommodation to be reduced by 3% in real terms over two years on a 1997-98 baseline.

DTI will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities, including complimentary efficiency targets for other areas of the Department's running costs. It will also consider the possibility of extending the target of containing the administration costs of the Research Councils within a ceiling of 4% of the science budget to other appropriate areas of programme.

## Better quality services

The department will regularly and systematically review services and activities over a five year period in line with government policy as set out in the handbook "Better Quality Services". It will develop a review programme by September 1999.

## Electronic government

DTI will set a target by 31 March 1999 in support of the Government commitment that, by 2002, at least 25% of government services will be accessible electronically. The work will be taken forward in partnership with UNITAS, the supplier of DTI's major IT contract ELGAR.

## Sickness absence

DTI will work towards meeting the government-wide target to reduce Civil Service sickness absence rates by 20% in 2001 and by 30% in 2003. Targets specific to the DTI will be set by February 1999, and an action plan drawn up for achieving them, and agreed with the Cabinet Office by June 1999.

## Fraud

DTI operates a zero tolerance policy towards fraud. Anti-fraud control systems will be reviewed in 1999.

## Procurement

The department is committed to the government-wide target that, by March 2001, 90% of routine procurement of goods will be conducted electronically. The Department has an agreed action plan to increase the efficiency of purchasing, focusing on the introduction of electronic commerce and the encouragement of collaborative purchasing initiatives.

The DTI is committed to paying all correctly presented bills within 30 days of receipt of goods and services or a valid invoice, whichever is later, or other agreed payment terms.

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# 15. Export Credits Guarantee Department

## Introduction

ECGD is a separate department responsible to the Secretary of State for Trade and Industry. It has different aims and objectives to the Department of Trade and Industry (DTI), although they are broadly related to those of DTI that relate to exports. It is also resourced separately. ECGD plans to work more closely with the export promotion services of DTI.

## 1 Aim and objectives

### Aim

To help exporters of UK goods and services to win business and UK firms to invest overseas, by providing guarantees, insurance and re-insurance against loss.

### Objectives

- 1 To help UK companies to win as much worthwhile export business as possible where there is benefit to the UK economy as a whole.
- 2 To seek to maintain the competitiveness of UK exports by ensuring as far as practicable a "level playing field" internationally in relation to government supported Export Credit Agencies (ECAs).
- 3 To recover the maximum amount of debt in respect of claims paid by ECGD in a manner consistent with the Government's policy on debt forgiveness.

ECGD will seek to meet these objectives at the lowest cost consistent with the department's accountability to the taxpayer.

## 2 Resources

ECGD is included in the Government's spending plans on an indicative basis only because of the nature of its business and the volatility of trading. An estimated level of provision for ECGD's future cashflow is built into the Government's overall spending plans. However, because of the year-on-year volatility of its operations, the department has resources set formally for only one year ahead.

ECGD's resources consist of the following elements:

- i. Current Budget: running costs are cash limited and set annually; they fall outside of Annually Managed Expenditure because ECGD charges for its services. The running costs baseline is £24.4 million for both 199899 and 19992000.
- ii. Capital Budget: ECGD's capital expenditure is within the Departmental Expenditure Limit (DEL). The gross capital allocation stands at £0.6 million, covering mostly IT procurement.

## 3 Performance targets

In its operations, ECGD aims to aid UK growth, employment and productivity themes of the Comprehensive Spending

Review (CSR) through helping exporters to compete successfully against overseas competitors. In doing so it will always bear in mind and limit the risks to the taxpayer. UK exporters need to be able to trade without the risk of not receiving payment for goods exported on credit terms, to obtain finance often not otherwise available, and to compete with overseas companies on a level playing field with regard to other ECAs' premium rates and potential official interventions. ECGD's involvement means that some large-scale, export contracts are won each year for the UK that would otherwise have been more difficult, or impossible, to achieve.

## Performance targets

Targets so far identified:

- (i) To maintain the Break-even Objective the Reserve Coverage Ratio (RCR) has been agreed by Ministers and is set at 1.5. The RCR is the ratio of Cumulative Trading Surpluses to Expected Loss, (ECGD's estimate of the irrecoverable element of future claims). A RCR of 1.5 implies a 65/70% likelihood of achieving long term break-even, and reflects the risk-reward balance which Ministers want to strike in relation to ECGD's insurance business.
- (ii) Contracts won to enable UK exporters to win contracts as a result of ECGD activity, support, or influence. A specific target will be set by June 1999 once 1998/99 baselines have been established.
- (iii) To maintain the New Contracts/New Guarantees Ratio the ratio of the total value of export contracts with ECGD cover in the year against the total risk taken on by ECGD in that year. Targets will be set by June 1999, once baselines have been established.

Further targets will be developed in the following areas:

- (a) ECGD premium rates measured against other Export Credit Agencies (ECAs) a measure showing the overall level of ECGD premium rates against those of the ECAs of other countries. Data will begin to be collected in January 1999, when the harmonised political premium rates regime begins.
- (b) A target for the Solvency Ratio the ratio of capital and reserves to expected claims will depend on the nature of the replacement to the current Portfolio Management System. It is currently expected that the new system will be in place by April 2000. The ratio would be underpinned by a confidence factor in a similar way to the break-even objective.

## Customer Charter

Additionally, ECGD's Customer Charter sets out its aim to provide a service meeting specific standards. The Charter is under review, with the aim of making the points covered more comprehensive. It is expected that the revised Charter will be published by April 1999. The current standards include:

- i. giving indications of the cost of cover within five working days of receipt of the request;
- ii. where there is no contractual provision or other understanding or accepted practice governing the timing of payment, the department will pay within 30 days of receipt of goods or services or the presentation of a valid invoice or similar demand for payment, whichever is the later;
- iii. replying to general correspondence within ten working days;
- iv. acknowledging claims forms within two working days;
- v. paying claims on time, according to the type; and
- vi. meeting visitors on time.

## 4 Increasing the productivity of operations

The department will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities.

A '**teeth to tail**' ratio of 5:1 is in place to ensure that no more than a set percentage of the staff work on back room activities. The ratio was determined by external consultants, who also specified the definition of each class. The proportion of running costs used on central services will be used as a measure of efficiency.

A **Business Change Programme**, currently consisting of a number of development projects all aimed at the objective of improving the competitiveness and quality of ECGD support, is underway. Customer surveys will be used to gauge whether the exporting community considers them to be a success. Projects are managed both individually, to monitor progress, and centrally to ensure delivery of the overall aims and objectives of the programme. The bulk of the projects within the current programme are due to be completed by the summer of 1999.

The nature of ECGD's activities, and the volatility of year-on-year business and claims levels, make the effective measurement of productivity very difficult for ECGD. Nevertheless, productivity is of prime concern to the department. ECGD is improving productivity by:

- i. improvement and simplification of products;
- ii. simplification and automation of premium calculation;
- iii. efforts to gauge the value of ECGD to exporters and banks, and to find out what assistance they need from the department. These include market surveys and seminars;
- iv. consultation with exporters and banks to establish whether a service can be provided for small and medium-sized exporters, for instance via new products that will appeal more to them, thus spreading effort over a wider customer base. Current plans are for this to be completed by April 1999;
- v. the personnel strategy, including the training strategy, is being reviewed in order to increase its flexibility and adaptability in support of the business strategy as a whole; the new strategy will be in place by May 1999;
- vi. improvement to the IT Strategy by looking at a wide range of productivity issues, such as flexible team working, better integrated and more accessible data, and automation of systems; and
- vii. finding ways to improve internal productivity by seeking to support innovation and flexibility in general by, for instance, improving ECGD's ability to draw upon skills and experience.

The current Business Change Programme projects are:

## Product Development

- i. developing new products for both existing and potential customers, matching their changing needs more closely;
- ii. simplifying existing products and their supporting systems;
- iii. a pro-active marketing approach, including targeting specific business sectors, and running seminars for exporters and banks;

## Risk Control and Premium Charging

- iv. making the appraisal and control of corporate and political risk more up to date and efficient;
- v. making premium calculation more in line with risk, (whilst taking into account international harmonisation initiatives);
- vi. automating premium calculation, both for staff and customers.

## Export Finance

- vii. reviewing the Fixed Rate Export Finance (FREF) scheme and other ways of providing finance to overseas buyers, with the aim of maximising UK competitive advantage whilst offering value for money to the taxpayer;

## Information Technology

- viii. continuing development of new and current IT systems, in order to be able to replace systems by ones with less manpower input, more usefulness through more comprehensive integration, and easier and quicker access to data.

## Better quality services

ECGD continually reviews its services, and is currently concentrating on improving services within a fundamental programme of change. As a result of this programme and other ongoing activities, the Department fully expects to meet the levels of review, together with their timings, specified in the "Better Quality Services" handbook.

## Electronic government

ECGD is confident that it can maximise the information and services which can effectively be provided by electronic means. It is already providing information via its World Wide Web site, and is developing an Extranet that will bring its customers into contact directly with the department by electronic means. This will contribute to the overall government target of 25% of services to be provided by electronic means by 2002. Targets will be set by 31 March 1999.

## Sickness absence

ECGD has in place a formal system for managing attendance, including the monitoring of sick absence. It is taking a pro-active approach to managing sick absence, consistently achieving lower rates of absence than the average in the public sector, but will be taking steps to contribute to the reduction in public sector sickness absence rates. It will audit actual levels and patterns of absence by 31 December 1998, and make proposals accordingly for targets in ECGD by February 1999, to be agreed with Cabinet Office by June 1999.

## Fraud

ECGD has a pro-active approach to management of fraud risks, including the preparation of a fraud policy, a fraud risk assessment, and membership of two fraud information networks. Both internal and external investigations are carried out, including examination of documentation of customers and banks in relation to business covered by ECGD. The incidence of fraud in relation to ECGD's activities is small, but the question of the setting of specific targets for the prevention and detection of fraud is kept under review.

## Procurement

Procurement by ECGD is on a very small scale compared with other departments. The department does not own buildings or land. The procurement process is carried out by a team of two specialised staff, who ensure best value for money by means of a competitive tendering process involving a minimum of three tenders. This ensures that competitive prices are obtained. Only where the value of goods or services is very low is procurement authority delegated to staff locally.

ECGD has accepted, and will act upon, the recommendations made in the government-wide study and is considering how best to proceed. The department is mindful of the report's comments on the limitations expected with respect to the contributions of departments with relatively small procurement operations.

The department is conducting a statistical analysis of its supplier base and associated payment profile, to assess the likely impact of the introduction of Government Purchasing Cards to ECGD. There will be movement towards payment by BACS as part of ECGD's next enhancement of its accounting software, during 1999/2000.

The contract for the supply and servicing of ECGD's IT function, is being replaced, via competitive tendering, with one designed to make best and most complete use of the winning company's expertise. The contract may involve:

- i. the hand-over of ownership of ECGD's IT infrastructure to the new IT service supplier, for the resulting financial and operational benefits;
  - ii. the new IT service provider playing a more pro-active role in the development of IT systems from the earliest stages, including project management.
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# 16. Ministry of Agriculture, Fisheries and Food

## Introduction

This PSA covers the Ministry of Agriculture, Fisheries and Food (MAFF), and the Intervention Board. The Minister for Agriculture is responsible for its delivery.

Separate sections for the Ministry and the Intervention Board are set out below.

## MAFF

### 1 Aim and objectives

#### Aim

To ensure that consumers benefit from competitively priced food, produced to high standards of safety, environmental care and animal welfare and from a sustainable, efficient food chain, and to contribute to the well-being of rural and coastal communities.

#### Objectives

- 1 To protect public health in relation to food and to animal diseases transmissible to humans.
- 2 To sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry.
- 3 To secure a more economically rational Common Agricultural Policy (CAP) which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment.
- 4 To assist the development of efficient markets in which internationally competitive food, fish and agricultural industries can thrive.
- 5 To enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer.
- 6 To administer payments under the CAP fairly and in full accordance with EU requirements.
- 7 To conserve fish stocks for future generations and secure a sustainable future for the sea fishing industry.
- 8 To ensure that farmed animals and fish are protected by high welfare standards and do not suffer unnecessary pain or distress.
- 9 To reduce risks to people and the developed and natural environment from flooding and coastal erosion.
- 10 To safeguard the continuing availability to the consumer of adequate supplies of wholesome, varied and reasonably priced food and drink.

In delivering these objects the Ministry will:

- exercise vigilance over the expenditure of taxpayers' money through a continuing pursuit of improvements in service delivery, value for money, efficiency and effectiveness;
- ensure that policy is informed by high quality scientific research and development;
- have regard to the principles of sustainable development;
- seek in appropriate cases to recover the costs of providing our services from those who benefit;
- be open and accountable, making information readily available to the public in an accessible form; and
- recognise that staff are crucial to all its activities and take action to ensure that they are well managed, motivated and equipped with the skills they need.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework for the Ministry. There are additional resources for the Ministry's domestic programmes in England over the years 1999/2000 to 2001/02 of over £150 million, which are offset by a reduction in Bovine Spongiform Encephalopathy (BSE) support over the same period. These resources form a firm three year settlement and will allow MAFF to plan ahead on a stable funding base. The key figures are set out below:

### Departmental Expenditure Limits (DEL)

£ million	1999/2000	2000/01	2001/02
<b>MAFF (Domestic Programme)</b>	<b>744</b>	<b>711</b>	<b>751</b>
of which: Current Budget	588	590	571
Capital Budget	156	121	180
<b>BSE (MAFF and IBEA)</b>	<b>495</b>	<b>466</b>	<b>459</b>
of which IB: Current Budget	397	385	380
Capital Budget	61	54	54
of which MAFF: Current	37	27	25
<b>IBEA (CAP Administration)</b>	<b>44</b>	<b>46</b>	<b>46</b>
of which: Current Budget	43	44	44
Capital Budget	2	2	2
<b>Total</b>	<b>1,283</b>	<b>1,223</b>	<b>1,256</b>
of which: Current	1,065	1,046	1,021
Capital	219	177	235

### Gross running cost provision

The Ministry's gross running cost provision for the next three years is £360.4/358.7/349.6 million. The Intervention Board's gross running cost provision is £66.1/66.1/66.1 million.

### Annually Managed Expenditure (AME)

Payments under the Common Agricultural Policy (but not the running costs or administrative capital of the Intervention Board) will be treated as Annually Managed Expenditure (AME). The planned expenditure is set out in the following table:

£ million	1999/2000	2000/01	2001/02
<b>CAP (UK Total, incl Forestry, non-BSE)</b>	<b>2,503</b>	<b>2,458</b>	<b>2,658</b>
of which: Current Budget	2,422	2,369	2,569

### 3 Performance targets

The Ministry will pursue a radical reform of the Common Agricultural Policy in order to protect the interests of the consumer and taxpayer, bring environmental benefits, further the development of a sustainable and effective food chain, improve the allocation of resources in the wider economy and refocus existing subsidies to contribute towards wider environmental and economic objectives.

The Ministry will contribute to economic efficiency and growth by seeking a reformed Common Agricultural Policy which results in a less wasteful use of resources and an industry less reliant on subsidy. It will further the development of sustainable and efficient food, farming and fishing industries through:

- research and development;
- action against animal and plant diseases and pests;
- targeted programmes to encourage economic development in rural areas; and
- ensuring that British interests can compete on fair terms within open and competitive international and domestic markets.

The Ministry's work on flood defence will help combat the risk of significant damage to the country's economic and social fabric.

## Performance Targets

By 31 March 2002, the Ministry will:

### *Food safety*

- (i) achieve an increase in public confidence in the Government's arrangements for handling food safety (as measured by public opinion surveys); (Objective 1)
- (ii) establish an independent Food Standards Agency within six months of the date of Royal Assent to an Act of Parliament; (Objective 1)
- (iii) agree and put in place a system for measuring the performance of the Food Standards Agency in achieving improvements in standards which contribute to food safety; (Objective 1)

### *Animal and plant health*

- (iv) reduce the incidence of Bovine Spongiform Encephalopathy (BSE) by 85 per cent in 2001, compared with 1997 when there were 4,311 cases; (Objective 1)
- (v) secure the progressive lifting of the ban on UK beef exports with a goal of achieving total exports in 2001 equivalent to more than 10 per cent of the pre-ban level (227,000 tonnes on average over the period 1991-95); (Objective 1)
- (vi) prevent outbreaks of serious animal, fish and plant diseases and pests; (Objective 4)

### *Countryside*

- (vii) contribute to a more attractive and accessible countryside by increasing the area protected and enhanced under the major agri-environment schemes (which at 31 March 1997 stood at 600,000 hectares); (Objective 2)
- (viii) work with the Department of the Environment, Transport and the Regions to develop: (a) by spring 1999 arrangements for the joint planning of countryside and rural policies and programmes, including publication of joint countryside objectives, a description of the programmes to achieve those objectives and plans for measuring performance against the objectives; and (b) by the

end of 1999, a joint Countryside PSA; (Objective 2)

### *CAP reform*

(ix) cut the overall cost of the CAP to EU consumers and taxpayers from its current level of 88 billion ecus (£62 billion) a year; (Objectives 3 and 4)

### *Fisheries*

(x) improve the balance between fishing effort and marine fish stocks by reducing effort by 20 per cent in those sectors of the UK fleet with most over-capacity; (Objective 7)

### *Animal welfare*

(xi) reduce the incidence of unnecessary pain or distress among animals on the farm; (Objective 8)

### *Flood and coastal defence*

(xii) by March 2000, publish targets for flood and coastal defence operational authorities which will ensure the effective delivery of sustainable flood defence and coastal protection policies and prevent loss of life through flooding (including by timely and effective warning systems). (Objective 9)

The Ministry's ability to achieve its targets will be dependent to a significant degree upon EU decisions, which it can influence but not control, and on actions taken in Scotland, Wales and Northern Ireland.

## **4 Increasing the productivity of operations**

In return for its running cost provision for the next three years the Ministry will seek to achieve the following standards in delivering its key services.

### **CAP Administration**

- ensure that 98% of claims are paid by the deadline specified by the EU;
- develop, test and implement an integrated IT system for administering CAP schemes by March 2002, including the procurement, testing and implementation of a geographical information system (GIS) for the Integrated Administration and Control System (IACS) by October 2001, subject to a proof of concept prototype study to be completed by January 1999;

### **Animal Health**

- issue all cattle passports, through the agency of the British Cattle Movement Service, within 10 working days of receiving the application;
- visit all notified suspect BSE cases no later than the next working day, and inspect all plants rendering SRM material at least once each week;
- investigate all reports of adverse animal welfare within one working day;

### **Inspectorates**

- ensure that the quality of marketed plants and seeds, eggs and horticultural produce meets statutory obligations;

### **General**

- reduce central overhead costs of the Ministry as a percentage of total running cost provision.

The Ministry will pursue efficiency gains, and will continue to develop better measures of efficiency and extend these to cover

a wider range of departmental activities.

## Better quality services

The Ministry will regularly and systematically review services and activities over a five year period in line with Government policy as set out in the handbook "Better Quality Services". It will develop a review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

## Electronic government

The Ministry will exploit opportunities for electronic communications:

- to increase the proportion of business undertaken electronically and to set a target by 31 March 1999, to enable it to contribute to the Government's commitment to a target of at least 25% for electronic dealings with the public by 2002;
- to enable farmers to submit CAP scheme application forms electronically; and
- to take forward electronic commerce and procurement card initiatives in conjunction with the development of the Ministry's financial management system.

## Sickness absence

In line with the central initiative to improve attendance, the Ministry will complete an audit of sickness absence monitoring systems by 31 December 1998 to allow targets to be set by February 1999 and agreed with the Cabinet Office by June 1999.

## Fraud

The Ministry will continue to apply controls to detect and prevent fraud and other irregularities under the CAP farm-based schemes. These include in-office manual and computerised checks and on the spot inspections. A management information system collects key data and enables performance to be assessed against EU requirements.

Risks of fraud exist in other areas, including fraud by suppliers, unauthorised access to and use of computer systems and fraudulent travel and subsistence claims by staff, and the Ministry has designated a fraud contact officer to promulgate ministry policy and to give specific advice to managers. The arrangements will meet central reporting requirements.

## Procurement

The Ministry will:

- combine central responsibility for the management of procurement with devolution of operational procurement where appropriate;
- develop strategies for delivering best whole life cost solutions, optimising operational savings and minimising the administrative costs of procurement;
- improve information and procedures, and education and training; and
- undertake benchmarking using maturity profile analysis techniques.

Where there is no contractual provision or other understanding or accepted practice governing the timing of payment, the Ministry will pay within 30 days of receipt of goods or services or the presentation of a valid invoice or similar demand for payment, whichever is the later.

## Assets

The Ministry will dispose of most of its surplus land and buildings by April 2000.

# B INTERVENTION BOARD

## 1 Aim and objectives

### Aim

To operate the Common Agricultural Policy (CAP) Guarantee Section within the United Kingdom as economically, efficiently and effectively as possible in accordance with the policies laid down by the Agriculture Ministers.

### Objectives

- 1 To operate all Intervention Board schemes in accordance with the regulations.
- 2 To account accurately and in good time to the European Commission, European Court of Auditors, UK Parliament and Exchequer for CAP expenditure.
- 3 To detect and deter fraud, irregularities and abuse and to operate a range of controls and checks compliant with regulations.
- 4 To co-ordinate effectively the operations and funding in respect of the UK paying agencies.

In delivering these objectives, the Intervention Board will:

- achieve standards of service based upon "*Service First*";<sup>1</sup>
- strive to provide best value for money;
- deliver effective financial management and accountability;
- enable customers to make full use of available CAP schemes;
- meet the reasonable needs and expectations of customers and stakeholders;
- be at the forefront of the Better Government initiative;
- manage and develop staff effectively and fairly within Investors in People standards; and
- enable staff to develop their potential through increasing their knowledge, skills and experience.<sup>1</sup>"Service First: The New Charter Programme, Cabinet Office, July 1998.

## 2 Resources

The Intervention Board's Departmental Expenditure Limit, gross running costs provision and Annually Managed Expenditure are set out in section 2 of part A above.

## 3 Performance targets

# Performance targets

By 31 March 2002, the Intervention Board will:

- (i) deliver all key targets for service delivery, accounting, public sector productivity, procurement and anti-fraud activities; (Objectives 1 to 4)
- (ii) implement the changes necessary to offer traders the option of receiving payments in euros by Autumn 2000; (Objective 4)
- (iii) ensure that annual CAP disallowance is no greater than 0.4% of total CAP funds paid by the Intervention Board; (Objectives 1 to 4)
- (iv) incinerate at least 60% of the Over Thirty Months Scheme and Selective Cull Scheme meat and bone meal produced up to 31 March 2002. (Objective 1)

## 4 Increasing the productivity of operations

In return for its running costs and capital provision for the next three years, the Intervention Board will seek to achieve the following standards in delivering its key services:

- process not less than 99% of all outputs within agreed deadlines;
- process accurately not less than 98.5% of all outputs;
- submit all appropriation, agency and European Union Accounts within statutory or regulatory deadlines;
- deliver savings of 7% in procurement of goods and services;
- achieve full year 2000 compliance on IT systems and infrastructures by mid 1999;
- develop appropriate accounting and management information systems to facilitate the introduction of Resource Accounting and Budgeting; and
- where there is no contractual provision or other understanding or accepted practice governing the timing of payment, the Intervention Board will pay within 30 days of receipt of goods or services or the presentation of a valid invoice or similar demand for payment, whichever is the later.

The Intervention Board will continue to develop better measures of efficiency and extend these to cover a wider range of its activities.

## Better quality services

The Intervention Board will develop a five year rolling review programme by April 1999 covering the delivery of services and activities on the basis of the principles laid down in the handbook "Better Quality Services".

## Electronic government

The Intervention Board will exploit opportunities for electronic communications and set targets by 31 March 1999 to make possible the delivery of 25% of its business electronically by 2002.

## Sickness absence

The Intervention Board will build on the improvements it has achieved in recent years and is committed to delivering further reductions in its sickness absence levels. It will take steps to contribute to the reduction of public sector rates of average sickness absence, by 20% by 2001 and 30% by 2003. After completion of a review of its current practices, it will propose targets for the reduction of its sickness absence rates by February 1999 and agree them with the Cabinet Office by June 1999.

# Fraud

The Intervention Board will strengthen its defences against fraud by:

- employing an intelligence-led approach and the extended use of risk analysis in all appropriate areas;
- effective use of the Anti-Fraud Unit's resources in the area of fraud prevention and detection;
- increased activity on BSE and Milk Quota work;
- fully meeting the UK's Scrutiny obligations by mid 2000;
- more actively seeking, recording and analysing information, in order to improve early assessment of suspected irregularities and make better use of its investigative capacity;
- a systematic process of review of ongoing investigations, with improved feedback and communication between investigating officer, scheme manager and legal advisers; and
- closer mutual assistance with other Member States, particularly where there is risk of organised fraud across the Community.

# Procurement

The Intervention Board will meet its savings target for the procurement of goods and services by:

- implementing the recommendations of the CSR Review of Civil Procurement Efficiency, in so far as they relate to the Intervention Board, through an action plan drawn up by an inter-disciplinary project team;
  - improving and attuning the efficient and economic strategy for the Intervention Board's intervention storage requirements to market changes;
  - completing a study of the options for delivery of technical and field services in 1999 and pursuing further opportunities for market testing and strategic contracting out; and
  - pursuing opportunities for PFI solutions, collaborative procurement and the wider use of call-off contracts and framework agreements.
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# 17. Forestry Commission

## Introduction

This PSA is for the Forestry Commission. The Secretary of State for Scotland, the Minister for Agriculture, Fisheries and Food and the Secretary of State for Wales are jointly responsible for its delivery.

The agreement will remain in place until devolution. Thereafter, the Scottish Parliament and the Welsh Assembly will have the power to amend the agreement in as much as it applies to Scotland and Wales respectively.

## 1 Aim and objectives

### Aim

The sustainable management of our existing woods and forests, and a steady expansion of tree cover to increase the many, diverse benefits that forests provide to meet the needs of present and future generations.

### Objectives

- 1 To protect Britain's forests and woodlands.
- 2 To expand Britain's forest area.
- 3 To enhance the economic value of our forest resource.
- 4 To conserve and improve biodiversity, landscape and cultural heritage of our forests and woodlands.
- 5 To develop opportunities for woodland recreation.
- 6 To increase public understanding and community participation in forestry.

In delivering these objectives the Commission will:

- exercise vigilance over the expenditure of taxpayers' money through a continuing pursuit of improvements in service delivery, value for money, efficiency and effectiveness;
- ensure that policy is informed by high quality scientific research and development;
- have regard to the principles of sustainable development;
- seek, in appropriate cases, to recover the costs of providing services from those who benefit;
- be open and accountable, making information readily available to the public in an accessible form, and
- recognise that staff are crucial to all its activities and take action to ensure that they are well managed, motivated and equipped with the skills they need.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's

Comprehensive Spending Review and a three year resource framework for the Forestry Commission. There are additional resources for the Commission over the years 19992000 to 200102 of over £94 million. These resources form a firm three year settlement and will allow the Commission to plan ahead on a stable funding base. The key figures are set out below:

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
<b>Total</b>	<b>79</b>	<b>74</b>	<b>84</b>
of which: Current Budget	102	102	100
Capital Budget	22	27	16
<b>Annually Managed Expenditure* (AME)</b>	<b>0</b>	<b>0</b>	<b>0</b>

*\*The Commission's EU funded payments under CAP have been included in MAFF's AME.*

## Gross running costs provision

Since both current and capital expenditure include running cost elements, and the Commission's funding is controlled at the net aggregate level, no separate running cost limit is applied.

## Devolution

Forestry is to be devolved to the Scottish Parliament and the Secretary of State's powers to direct the Forestry Commission in Wales will be transferred to the Welsh Assembly. Funding for each of these will be based on the block vote and formula rules. Concordats will be developed to set out the distribution of net timber receipts and income from asset sales between the administrations.

## 3 Performance targets

The Commission has a statutory duty to promote and balance the commercial benefits of timber production from Britain's forests and woodlands with public benefits such as recreation, conservation and landscape. Over the next three years, the Commission will improve and optimise the effective delivery of both commercial and non-commercial benefits through management of the public forest estate (which at 844,000 hectares makes it Britain's largest landowner) and by means of regulation and incentives for forests and woodlands in private ownership (1,579,000 hectares). It will produce these outputs in accordance with the principles of sustainability published in the UK Forestry Standard in January 1998.

### Performance targets

By 31 March 2002, the Commission will:

- (i) ensure that 1.1 million hectares of woodlands have sustainable management plans and that 50,000 hectares of felled woodlands are restocked. In 199899 818,000 hectares of woodlands had sustainable management plans and 15,000 hectares of felled woodland were being restocked; (Objectives 1 and 4)
- (ii) guard against possible future land-slips in its forests in the Welsh valleys by establishing priorities with £2.5 million of remedial work being completed each year in 19992000, 20002001 and 20012002 respectively; (Objective 1)
- (iii) provide incentives to have 57,000 hectares of new woodlands planted and increase the use of challenge funds and tenders to buy better value public benefits without increasing generally available tariff grants. For new planting, this will be 12% by area and 35% by monetary value. In 199899 18,400 hectares of new planting was carried out. The area created by Challenge Funds and tendering was 6% by area and 17% by monetary value; (Objectives 2 and 4)
- (iv) develop methods to benchmark the return from commercial forestry on the FC estate against equivalent private sector forests and set an increased rate of return thereafter; (Objective 3)
- (v) conduct a trial sale of future timber cutting rights (to bring forward income whilst protecting public access) with

the public tender process to be completed by 31 March 2000 and any sale completed by 31 March 2001; (Objective 3)

(vi) submit proposals to Ministers by 31 March 2001 for a more transparent system to improve accountability for public policy decisions on environmental outputs; (Objective 4)

(vii) improve the facilities provided by Forest Holidays through a public/private partnership to refurbish the four existing cabin sites by 31 March 2000 and build two new sites by 31 March 2002. (Objective 5)

## 4 Increasing the productivity of operations

The Commission will continue actively to pursue efficiency gains and is developing better measures of efficiency and will extend these to cover a wider range of departmental activities.

The Commission remains vigilant in delivering better value for money by appropriate use of private partners and contractors, better procurement and innovating change to deliver better public services. In the core areas the following will be delivered by the end of this agreement:

- i. grant administration for each £ of grant given will be reduced from 19p in 1998/1999 to 18p by 2001/2002;
- ii. timber production costs per m<sup>3</sup> will be reduced from £16.42 in 1998/1999 to £16.23 by 2001/2002.

## Better quality services

The Commission has partnerships to deliver significant volumes of work. In line with its efficiency strategy, the department will regularly and systematically review services and activities over a five year period in line with government policy as set out in the handbook "Better Quality Services". It will develop a review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

## Electronic government

The Commission is already improving services by taking grant applications electronically and using the Commission web site to provide technical information and to carry out public consultation on grant applications. By March 2002, timber sales, which are a significant part of the Commission's business, will be offered electronically through advertising timber lots on the world wide web and making use of electronic invoicing and payment. Although the Commission can offer services electronically, it cannot enforce their use without the danger of removing services from those without access to technology. Since uptake is customer driven, it is not possible to set definitive targets, but the Commission will do its utmost to contribute to the Government's overall commitment to increase the proportion of business undertaken electronically to at least 25% by 2002.

## Sickness absence

In line with the central initiative on 'Managing Attendance', the Commission is reviewing current practice to allow targets for reducing sick absence to be set by February 1999 and to be agreed with Cabinet Office by June 1999.

## Fraud

The Commission has strengthened its defence against fraud by reviewing its fraud policy and also examining working practices. The revised policy has been promulgated and procedures strengthened. The Commission will:

- i. continue to monitor control systems to reduce the risk of fraud and change processes where necessary; and
- ii. pursue all cases of fraud through the courts where there is sufficient evidence to prosecute and seek legal recovery of loss wherever possible.

## Procurement

The Commission will:

- i. where there is no contractual provision or other understanding or accepted practice governing the timing of payment, pay within 30 days of receipt of goods or services or the presentation of a valid invoice or similar demand for payment, whichever is the later;
- ii. identify and procure centrally all goods and services where economies of scale in procurement offer value for money, using call-off contracts to minimise bureaucracy and ensure management accountability for consumption; and
- iii. delegate other purchases to local budget holders who will be accountable for the expenditure.

## Assets

To optimise investment in the assets it holds the Commission will:

- i. dispose of the £5 million of assets during 1999/2000 which are not required to meet its objectives;
  - ii. continue to review assets, against the background of the Government decision to cease large scale forest land disposals, and identify and report annually any which no longer contribute to objectives and can be capitalised - particularly those which offer significant value due to development potential.
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# 18. Department for Culture, Media and Sport

## Introduction

This PSA is for the Department for Culture, Media and Sport (DCMS). The Secretary of State for Culture, Media and Sport is responsible for delivering it.

## 1 Aim and objectives

### Aim

To improve the quality of life for all through cultural and sporting activities, and to strengthen the creative industries.

The department will:

- work to bring quality and excellence in the fields of culture, media and sport;
- make those available to the many, not just the few;
- raise standards of cultural education and training;
- help to develop the jobs of the future in the creative industries.

## Objectives

The department, in partnership with others, works to:

1 create an efficient and competitive market by removing obstacles to growth and unnecessary regulation so as to promote Britain's success in the fields of culture, media, sport and tourism at home and abroad;

2 broaden access for this and future generations to a rich and varied cultural and sporting life and to our distinctive built environment;

3 raise the standards of cultural education and training;

4 ensure that everyone has the opportunity to achieve excellence in the areas of culture, media and sport and to develop talent, innovation and good design;

5 maintain public support for the National Lottery and ensure that the objective of the Lottery Fund supports DCMS' and other national priorities; and

6 promote the role of the department's sectors in urban and rural regeneration, in pursuing sustainability and in combatting social exclusion.

In carrying out these objectives the department will seek maximum value for money in using its human and financial resources, through applying the principles of efficiency and effectiveness in its sectors and in encouraging partnership with others.

## 2 Resources

The White Paper "Modern Public Services for Britain, Investing in Reform" set out the results of the Government's

Comprehensive Spending Review. An additional £290 million was allocated to the DCMS Departmental Expenditure Limit over the years 19992000 to 200102.

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
<b>Total</b>	<b>990</b>	<b>998</b>	<b>1,038</b>
of which: Current Budget	908	924	961
Capital Budget	81	74	77
<b>Annually Managed Expenditure (AME)</b>			
National Lottery	2,600	2,700	2,800

### Gross Running Costs provision

£ million	19992000	200001	200102
<b>Total</b>	<b>33</b>	<b>33</b>	<b>33</b>
of which: Department	25	25	25
Royal Parks Agency	8	8	8

## 3 Performance targets

All areas for which the department is responsible have a role in delivering the Government's wider social, educational and economic objectives. The department plays a leading role in developing the quality of life of the nation; funding cultural organisations; regulating broadcasting and the new media; fostering sporting activity. All these activities are important to the economy whether tourism or the creative industries. They are sectors in which employment opportunities are expanding and are central to improving the quality of life and tackling social exclusion. Targets are set out below:

### Performance targets

#### *To increase national productivity (Objective 1)*

- (i) facilitate and promote our competitiveness, both at home and abroad, of the creative industries;
- (ii) promotion of quality tourism development which is economically, environmentally and socially sustainable and supports the Government's employment objectives (plans to be detailed in the new Tourism Strategy to be published later in 199899);
- (iii) develop proposals for a future regulatory system for broadcasting which recognises market and technological developments;
- (iv) facilitate and generally promote the competitiveness of UK broadcast-related industries and in particular the early take up of digital broadcast services;
- (v) ensure public service broadcasters sustain quality and range of output. In particular review the BBC licence fee and publish review conclusions for consultation by July 1999;
- (vi) work with the British film industry to implement a new joint-funded strategy for the development of the industry by April 2000, as envisaged by the Film Policy Review;

#### *To widen access (Objectives 2 and 3)*

- (vii) visitor numbers in major national museums to increase substantially in line with the removal of entry charges for children from 19992000, for pensioners from 200101 and for others in 2001 if trustees decide to remove charges, while maintaining the quality of exhibitions;
- (viii) access to the performing arts will increase by attracting new audiences over the next three years, with 300,000 new opportunities to experience the arts. New companies, new work and new venues will be funded and the New Audiences programme will continue to widen access to the arts;

(ix) raise standards of collections care and public access by establishing a £15 million Challenge Fund by 1999 to fund new investment in the 43 Designated Museums;

(x) extend social inclusiveness by increasing the involvement of identified priority groups in each of the sectors the department has responsibility for;

(xi) maintain standards and diversity of broadcasting output, and ensure that content is socially inclusive; to secure wide access to broadcast material.

*To harness the educational potential of DCMS funded-institutions (Objectives 2 and 3)*

(xii) 200,000 new educational sessions undertaken by arts organisations;

(xiii) make the most of the potential of libraries by doubling the number of Internet connections by the year 2000; and by ensuring that at least 75% of public libraries have Internet connections by 2002;

*To agree new standards of effectiveness with the department's funded bodies (all objectives)*

(xiv) funding of non departmental public bodies (NDPBs) will be conditional on quantified improvements in outputs, efficiency, access, promoting quality, and income generation/private sector funding, monitored by a new independent watchdog. Targets for each NDPB will be announced in funding agreements by March 1999;

(xv) improve efficiency by completing efficiency review of national museums and galleries by end October 1999 (subject to confirmation when consultants are appointed);

*To streamline policy delivery mechanisms (all objectives)*

(xvi) subject to the outcome of a consultation exercise establish new funding councils for the Performing and Visual Arts and for Film and create a new national strategic body for museums, libraries and archives in place of existing structures and exchange existing frameworks of support for heritage, sport and tourism to achieve a long term saving of £23 million;

(xvii) establish the new Film Council by April 2000 with clear objectives aimed at helping to develop film culture and a sustainable domestic film industry;

(xviii) in streamlining support for the built heritage sector transfer the department's responsibilities for operating the Heritage Grant Fund to English Heritage by 1 April 2000 and responsibility for underwater archaeology by the same date subject to legislation being passed in the 1999/2000 Parliamentary session;

(xix) establish a new National Lottery Commission and transfer functions from the Director General of the Office for National Lottery to the Commission (effective from 1 April 1999);

(xx) distributing bodies to develop new strategic plans for Lottery funding as required by the 1998 Act by 1 April 1999 designed to achieve a proper balance between capital and revenue schemes and between different regions of the country;

(xxi) devolution of decision making to the regions, where possible, eg decisions on Lottery grants up to a certain level, and strengthened regional bodies.

## **4 Increasing the productivity of operations**

The department is committed to the efficient use of resources, and since its formation has contracted out most of its central and support services to the private sector.

There will be further reforms to enable the department and NDPBs to do their job efficiently and effectively:

- i. resources will be redirected to put more effort into policy development and strategic leadership while improving the day to day management of sponsored bodies;

- ii. a new group structure has been put in place which gives greater emphasis to the department's key policy aims;
- iii. new streamlined structures will be introduced in the arts, in film, museums and libraries, the built heritage, tourism and sport;
- iv. a new watchdog will be created to enable the department to improve efficiency and effectiveness and to monitor standards and quality assurance in its sponsored bodies;
- v. clearer lines of accountability between the department and its sponsored bodies are also to be established by improving planning arrangements, building on the new public expenditure control regime. Three year funding settlements will be introduced for the majority of the department's sponsored bodies; funding agreements will place a clear responsibility on bodies in return for the allocation of grant, to deliver improvements in efficiency, access and private sector sponsorship, through tangible output and outcome based targets and will achieve an expected annual efficiency gain of £7million (1.5% of NDPB running costs).

In addition, the department has agreed the following service delivery targets as part of the three year running cost deal:

- all invoices not in dispute to be paid within 30 days or the agreed contractual terms if otherwise specified;
- to answer all external correspondence including complaints within 18 working days;
- to reduce running costs as a proportion of the Departmental Expenditure Limit;
- to achieve Investors in People accreditation by December 1999;
- to develop and introduce library element of new "New Opportunities Fund" Lottery funding stream for lifelong learning;
- to ensure that the UK's millennium celebrations are a success and that they leave a tangible legacy for the future; and that the Government's contribution to the celebrations is delivered effectively; and
- to use the department's estate effectively.

The department will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities.

## Better quality services

DCMS will regularly and systematically review services and activities over a five year period in line with government policy as set out in the handbook "Better Quality Services". It will develop a review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

## Electronic government

DCMS will develop a target by 31 March 1999 to increase the proportion of business transactions completed electronically in line with the Government's commitment to increase such business to at least 25% of the total by 2002.

## Sickness absence

The department agrees to implement measures to reduce average public service sickness absence rates by 20% by 2001 and 30% by 2003, subject to the conclusions of the audit of the actual level and pattern of absence in the department, which will be completed by December 1998. A sickness absence target will be proposed by February 1999, to be agreed with Cabinet Office by June 1999.

## Fraud

The department is committed to improving its strategic mechanisms for influencing anti-fraud standard in sponsored bodies. These are:

- the development of a standard framework for financial memoranda to include compulsory paragraphs on a range of



issues directly related to fraud; and

- the implementation of a programme of Financial Management and Policy Reviews.

The department has also developed a checklist of key controls which the Department and its sponsored bodies should have in place to prevent, detect, and investigate fraud and deal with the consequences. These include a fraud policy, code of practice for Board Members, Code of Conduct for Staff, an Audit Committee and a personnel handbook. The department is committed to producing an annual fraud return to the Treasury timetable each year.

## Procurement

A detailed procurement strategy was approved in July and became operative on 1 October 1998. This draws on the best practices outlined in public procurement guidance notes and experience from other departments. A detailed Procurement Manual is being supplemented with awareness training for senior staff and detailed training, on a modular basis, for staff with a heavy involvement in procurement. Responsibilities for procurement over a certain threshold (initially £5,000) is being retained by a specialist central team, staffed by CIPS qualified personnel. In addition, a business case is being prepared for the adoption of the Government Procurement Card (by December 1998 with a view to adoption by April 1999) and a purchase order module for the department's accounting system is currently being trialed (with a view to implementation throughout most of the department by April 1999).

## Assets

DCMS is a small policy making body with direct ownership of a limited number of assets. Many assets that are under departmental or agency ownership are held by the Secretary of State in right of Crown or in the case of Apsley House, through the Wellington Museum Act 1947 and cannot be disposed of without Parliamentary legislation. However, the department plans to dispose of surplus properties at Burlington Gardens and St. Pancras at the appropriate time.

The department will encourage its agencies and NDPBs to make efficient and effective use of its assets. It does not have the power to force NDPBs or other public bodies that it supports to sell the assets they own. The department will, however, continue its policy of encouragement where bodies own assets which could be disposed of and where proceeds, at least until 2001, could be available for reinvestment to further the body's (and the department's) objectives.

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# 19. Her Majesty's Treasury

## Introduction

This PSA covers the work of HM Treasury and the Chancellor of the Exchequer is responsible for delivering it. In some cases the Treasury has joint targets with the DTI, DSS, DfEE, Inland Revenue and Customs and Excise as indicated in section 3 below. There are separate PSAs for the other Chancellor's departments.

## 1 Aim and objectives

### Aim

To raise the rate of sustainable growth, and achieve rising prosperity, through creating economic and employment opportunities for all.

### Objectives

- 1 Maintaining a stable macroeconomic framework with low inflation.
- 2 Maintaining sound public finances in accordance with the Code for Fiscal Stability.
- 3 Improving the quality and cost effectiveness of public services.
- 4 Increasing the productivity of the economy and expanding economic and employment opportunities for all, through productive investment, competition, innovation, enterprise, better regulation and increased employability.
- 5 Promoting a fair and efficient tax and benefit system with incentives to work, save and invest.
- 6 Maintaining an effective accounting and budgetary framework and promoting high standards of regularity, propriety and accountability.
- 7 Securing an efficient market in financial services and banking with fair and effective supervision.
- 8 Arranging for cost effective management of the government's debt and foreign currency reserves and the supply of notes and coins.
- 9 Promoting international financial stability and the UK's economic interests and ideas through international cooperation as a way of increasing global prosperity including seeking to protect the most vulnerable groups.

In pursuing these objectives the Treasury will:

- 10 Maintain a professional, well motivated and outward looking organisation committed to open and accountable conduct of policy both here and abroad.
- 11 Manage its running costs efficiently, economically and effectively.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and set out firm three year plans for the years 1999/2000 to 2001/02. The figures are set out below:

## Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
<b>Total</b>	<b>140.9</b>	<b>140.0</b>	<b>137.0</b>
of which: Current Budget	130.1	131.0	129.4
Capital Budget	10.8	9.0	7.6

£ million	19992000	200001	200102
<b>Total</b>	<b>63.5</b>	<b>59.1</b>	<b>59.1</b>

The difference between these figures and those shown in the CSR settlement is due to two factors. First, Bank of England expenditure in respect of the Note Issue (£51.5 million/£51 million/£50.5 million in the three CSR years) has been reclassified to the central bank sector and thus is now outside DEL. Second, adjustments under the new ESA95 definition of capital expenditure has increased the capital expenditure line by £500/£250/£250 thousand and decreased the current expenditure line by £500/£250/£250 thousand.

## 3 Performance targets

The Treasury's aim, supported by its objectives and the targets set out below, is to raise the rate of sustainable growth, and achieve rising prosperity, through creating economic and employment opportunities for all.

### Performance targets

The Treasury is therefore committed to:

- (i) maintain effective arrangements for keeping inflation at the target level set for the Monetary Policy Committee of the Bank of England of 2<sup>1/2</sup>%; (Objective 1)
- (ii) reduce the differential between yields on German and British long term government debt; (Objective 1)
- (iii) reduce the variability of output and employment compared with previous cycles; (Objective 1)
- (iv) ensure current receipts at least match current spending on average over the cycle; (Objective 2)
- (v) ensure net public sector debt as a percentage of GDP falls towards 40% or below over the cycle; (Objective 2)
- (vi) ensure the Control Total for 199798 and 199899 and the Departmental Expenditure Limits over the three years of the CSR period are adhered to; (Objective 2)
- (vii) ensure that all departments are set testing output and efficiency targets by the end of 1998 and work with them to ensure that they meet their targets by their deadlines; (Objective 3)
- (viii) improve the productivity of the public services year by year; (Objective 3)
- (ix) use the Departmental Investment Strategies to be produced by spring 1999 and the Capital Modernisation Fund to double net public investment and improve the public capital stock by 2002; (Objective 3)
- (x) gain acceptance for the standard framework for public private partnership contracts by the end of 1999; (Objective 3)
- (xi) improve value for money in public procurement year on year; (Objective 3)
- (xii) put in place policies to raise the rate of growth of potential output above the current estimate of 2<sup>1/4</sup>%; (Objective 4)
- (xiii) put in place policies to narrow the productivity gap relative to other industrialised countries over the cycle; (Objective 4) (Joint DTI target (x))

- (xiv) secure an increase in the number of successful high growth business start ups; (Objective 4) (Joint DTI target (iv))
- (xv) put in place policies to reduce structural unemployment over the cycle; (Objective 4)
- (xvi) put in place policies to allocate all proceeds of the windfall tax so that, by May 2002, 250,000 under 25 year olds move off benefit and into work; (Objective 4) (shared with DfEE, target (ix))
- (xvii) maintain a minimum income guarantee for pensioners and severely disabled people; (Objective 5) (Joint DSS target (iii))
- (xviii) reduce the number of households facing marginal deduction rates over 70% by 200102; (Objective 5)
- (xix) provide an income guarantee of at least £190 a week for working families by October 1999; (Objective 5)
- (xx) continue to develop the tax system so that it underpins the strategy on sustainable development and delivers environmental objectives; (Objective 5) (shared with Inland Revenue, target (vi); and Customs and Excise, target (vii))
- (xxi) introduce departmental resource accounts in 19992000; (Objective 6)
- (xxii) get Parliamentary approval to place Estimates and Appropriation accounts on same basis; (Objective 6)
- (xxiii) move to a resource based budgeting system in 2000; (Objective 6)
- (xxiv) publish whole of government accounts, subject to the results of the current study, for 200102; (Objective 6)
- (xxv) complete the new regime for financial regulation under a single regulator by 2000; (Objective 7)
- (xxvi) minimise the cost of holding the Government's foreign currency reserves, while reducing risk; (Objective 8)
- (xxvii) minimise the cost and risk of financing the Government's borrowing; (Objective 8)
- (xxviii) make the International Finance Institutions (IFIs) more effective, transparent and accountable; (Objective 9)
- (xxix) improve the quality of surveillance of international economies; (Objective 9)
- (xxx) maintain discipline on the EU budget, tackle waste and fraud, and maintain the UK abatement; (Objective 9)
- (xxxi) pave the way for successful and affordable enlargement of the EU; (Objective 9)
- (xxxii) ensure that the UK is ready for the introduction of the euro from 1999 and make proper preparations so as to create a genuine option of joining the single currency should Government, Parliament and the people so decide; (Objective 9)
- (xxxiii) raise the number of highly indebted poor countries receiving debt relief, as set out in the Mauritius Mandate. (Objective 9)

## 4 Increasing the productivity of operations

To help meet objectives 10 and 11, the Treasury will:

- achieve Investors in People accreditation by 2000; (Objective 10)
- deliver 2.5% annual efficiency gains; (Objective 11)
- introduce a robust system by early 1999 for recording sickness absence. (Objective 11)

The Treasury will also aim to:

- secure at least 2<sup>1/2</sup>% savings of running costs in real terms each financial year from 199798;

- achieve a declining trend in excessive hours worked over the years 1999, 2000 and 2001;
- meet targets for correspondence and Parliamentary questions response times;
- complete an information strategy review by spring 1999 which will examine internal business processes and recommend best working practices, and adopt recommendations on better inter departmental coordination;
- move to electronic publishing of material hitherto published on paper; and
- reduce the number of unfilled vacancies by 10% by October 2000, and achieve a reduction of two weeks in the length of unfilled vacancies by December 2000 against 1999 benchmarks.

The department will continue to develop better measures of efficiency and extend these to cover a wider range of activities.

## Better quality services

The Treasury will regularly and systematically review services and activities over a five year period in line with Government policy as set out in the handbook "Better Quality Services". It will develop a review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

## Electronic government

The Treasury is also committed to increasing the proportion of business undertaken electronically, in accordance with Government targets, to more than 25% of external communications by 2002 and will set a target by 31 March 1999.

## Sickness absence

In line with the initiative to improve attendance management across the Civil Service the Treasury will:

- audit its sickness absence monitoring system by 31 December 1998; and
- propose departmental targets for reducing sickness absence by February 1999, to be agreed with Cabinet Office by June 1999.

## Fraud

The Treasury requires all its staff to act, and be seen to act, with the highest standards of honesty, integrity and propriety, and to safeguard the public resources for which they are responsible.

- i. A fraud policy statement will be issued for the department by March 1999; and
- ii. rules on access to market sensitive information will be reviewed, and measures to update existing controls and guidelines will be implemented by December 1999.

## Procurement

The Treasury will comply fully with all central initiatives to enhance efficiency and realise better value for money in public procurement, where practicable. In particular it will:

- review the application of procurement techniques to all expenditure;
- transact 90% of procurement of standard goods by volume to be purchased electronically by 2000;
- make all payments to all suppliers by electronic transfer, by December 2000;
- collaborate in joint procurement projects whenever they offer better value; and
- aim to pay all valid invoices within contractual conditions, or within 30 days of receipt of the invoice or delivery of the goods or service, whichever is the later.



# 20. Office for National Statistics

## Introduction

This PSA covers the work of the Office for National Statistics (ONS). It is ultimately responsible to the Chancellor of the Exchequer, although day to day responsibility is handled by the Economic Secretary to the Treasury (EST).

## 1 Aim and objectives

### Aim

To provide world class statistical and registration services.

### Objectives

1 To provide a trusted and authoritative statistical service in accordance with UK, EU and international requirements to improve decision making, stimulate research and inform debate within government and the wider community.

2 To ensure the registration of key life events in order to protect and help individuals.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework for the ONS. There are additional resources for the ONS over the years 1999/2000 to 2001/02 of £141 million (including provision for the 2001 Census). These resources form a firm three year settlement and will allow the ONS to plan ahead on a stable funding base. The key figures are set out below:

### Departmental Expenditure Limit (DEL)

£ million	1999/2000	2000/01	2001/02
<b>Total</b>	<b>109.5</b>	<b>137.5</b>	<b>186.5</b>
of which: Current Budget	99.8	116.8	178.8
Capital Budget	9.7	20.7	7.7

### Gross Running Costs Provision

£ million	1999/2000	2000/2001	2001/2002
<b>Total</b>	<b>112.3</b>	<b>129.3</b>	<b>191.3</b>

## 3 Performance targets

In order to deliver agreed outputs within the CSR settlement the department will achieve challenging standards of performance in key areas of its business. In particular, the department will meet all its high level targets and deliver a package of statistical improvements, financed by efficiency savings (see Section 4).

# Performance targets

In detail the department will:

(i) by 31 March 2000 have implemented the outcome of the Green Paper (Statistics: a Matter of Trust).<sup>1</sup> This will improve the quality and integrity of official statistics and be measured by reference to agreed quality and performance standards contained in concordat/service level agreements (SLAs) with major clients and independent measures of public confidence in official statistics; (Objective 1)

(ii) by 31 March 2002 have conducted a good value for money Census within the budget provided, and working in partnership with the private sector; (Objective 1)

The following intermediate targets show the major milestone dates:

1999 November Census Order laid before parliament;

2000 spring Dress Rehearsal (Processing); make Census Regulations; finalise Census validation arrangements;

2001 April Census Day (29 April);

2002 summer programme evaluation begins to compare value for money with the 1991 Census

(iii) ensure the required standards for registration of key life events:

- registration of 99.9% of all births
- percentage of births and deaths registered within the timescale required under the legislation. (Objective 2)

## 4 Increasing the productivity of operations

The department will continue to modernise its service delivery in order to operate efficiently and effectively, providing better and more cost effective services. In particular the department:

- i. will meet targets for limiting the compliance costs to business, agreed annually with the Minister;
- ii. will, by 31 March 2002, have improved the aggregated efficiency index by at least 15 per cent, compared to the outturn for 1998/99. This index provides a time series to compare year on year efficiency savings;
- iii. will have reduced year on year the percentage of running costs expended on overhead activity;
- iv. will meet targets for quality, accuracy and timeliness agreed each year with major customers, in line with negotiated concordat/SLAs; and
- v. will by 30 September 1999 have ensured its business critical IT systems, embedded chips and procedures will not be adversely affected by the millennium date change. A risk assessment of any known non compliances will have been completed, Business Continuity Plans assessed and full procedures for managing the millennium change-over will be in place.

## Better quality services

The department intends to have achieved efficiency savings of at least £30 million by 31 March 2002, which are to be reinvested in the improvement of statistics, particularly economic. This will be achieved, in part, by implementing the recommendations from the efficiency review, to be completed by January 1999.

## Electronic government

ONS will, by 31 March 2002, have contributed towards the general improvements in UK productivity by increasing the availability of electronic communications for the transmission of information between other organisations and the department. This will be achieved in part by further innovative use of telephone data entry and the Internet to collect data from business,



increasing from 2.3% now to 25%.

## Sickness absence

The department will take steps to contribute to the reduction of public sector sickness rates by 20% by 2001 and by 30% by 2003. An audit of the actual level and pattern of absence in the Department will be completed by 31 December 1998, and proposals for target reductions will be made by February 1999, to be agreed with Cabinet Office by June 1999.

## Fraud

The department will contribute to the cross departmental work on minimising the fraudulent use of birth certificates at both a policy and operational level. This will concentrate on a consistent approach to checking identity.

## Procurement

ONS has drawn up a draft action plan to take forward the recommendations of the CSR review on Efficiency in Civil Government Procurement Expenditure. Of the 22 recommendations applying to departments, ONS has already implemented 9. Action on the remaining 13 will be taken during the CSR period.

ONS complies with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890). The payment policy is to pay bills in accordance with agreed contractual conditions, or where no such conditions exist, within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. The Office aims to raise its payment performance percentage from the current level of 93%, to 95% by 1999/2000 and to 98% by 2000/01.

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<sup>1</sup>"Statistics: a Matter of Trust," Cm 3882, February 1998.

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# 21. Government Actuary's Department

## Introduction

This PSA covers the work of the Government Actuary's Department (GAD). It is ultimately responsible to the Chancellor of the Exchequer, although day to day responsibility is handled by the Economic Secretary to the Treasury.

## 1 Aim and objectives

### Aim

To provide independent, professional, actuarial advice of the highest quality to clients in the public sector at a reasonable cost.

### Objectives

1 To provide the actuarial advice to government departments and other GAD clients in respect of employer-sponsored pension arrangements (particularly the main public service schemes) and other employee benefits.

2 To provide the social security projections, demographic analyses and actuarial advice necessary to underpin Ministerial decision making in social security and pensions policy.

3 To provide the actuarial advice necessary for the regulation and supervision of financial institutions.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework for the GAD. These resources form a firm three year settlement and will allow the GAD to plan ahead on a stable funding base. The key figures are set out below:

### Departmental Expenditure Limit<sup>1</sup> (DEL)

£ Thousands	19992000	200001	200102
<b>Total</b>	<b>636</b>	<b>652</b>	<b>669</b>
of which: Current Budget	402	412	423
Capital Budget	234	240	246

*Note 1. GAD operates on a full cost charging basis for almost all its work (with the exception of work of a "public good nature", the cost of which is shown). GAD has a gross annual budget of around £7 million.*

## 3 Performance targets

In order to deliver agreed outputs within the CSR settlement the department will achieve challenging standards of performance in key areas of its business. In particular the department will meet all its high level targets. For most of its services the department operates on a full cost recovery basis for which it is subject to open competition. This ensures that the department remains competitive and efficient by reducing costs and improving quality.

# Performance targets

In detail the Department will:

- (i) agree each year detailed work programmes and evaluation requirements as part of the service level agreements (SLAs). Client satisfaction with the service will be evaluated by means of an annual client survey. By the end of the CSR period the department will aim to have achieved an increase of 5% points in the client satisfaction score for work in this area; (Objective 1)
- (ii) Agree each year SLAs detailing the work programme and requirements for the provision of advice in connection with the National Insurance Fund, population projections, advice on pensions policy and the regulation of Occupational Pension Schemes; (Objective 2)
- (iii) Agree each year with the Financial Services Authority the key targets for quality and performance for the provision of actuarial advice necessary for the regulation and supervision of financial institutions. (Objective 3)

## 4 Increasing the productivity of operations

The department will continue to modernise its service delivery in order to operate efficiently and effectively, providing better and more cost effective services. In particular it is setting the following targets:

- i. by 31 March 2000 to have fully implemented the Management of Business Progress computer system to enable the mean time overrun of cases to be monitored and thereby reduced; (Targets to be agreed by June 1999)
- ii. by 31 March 2002 to have developed and introduced a competence based appraisal system;
- iii. by 31 March 2002 achieve a reduction in overhead recovery rates of 3% (1% per year) in real terms;
- iv. by 31 March 2002 to have increased the average number of projects completed per member of GAD's staff (including support staff) by 1.5% each year;
- v. by 31 March 2002 to have steadily reduced the proportion of time recorded as chargeable, which is subsequently written off as non chargeable before billing or through invoices not being paid, by a target of 1% each year to achieve a 3% overall reduction; and
- vi. by 31 December 1999 to ensure that all its IT systems are Year 2000 compliant.

## Better quality services

The department will keep its support services and activities under regular review. (The majority of these are already contracted out to the private sector.)

## Sickness absence

GAD will take steps to contribute to the reduction of public sector sickness rates by 20% by 2001, and by 30% by 2003. An audit of the actual level and pattern of absence in the Department will be completed by 31 December 1998 and proposals for target reductions will be made by February 1999, to be agreed with Cabinet Office by June 1999.

## Procurement

GAD will submit a procurement improvement plan to the Treasury to take forward the recommendations of the CSR review on Efficiency in Civil Government Procurement Expenditure. Action on the recommendations will be taken during the CSR period.

GAD complies with both the CBI Prompt Payment Code and the British Standard for Achieving Good Payment Performance in Commercial Transactions. New contracts are being set up in accordance with the "Late Payment of Commercial Debts (Interest) Act 1998". The department's policy is to pay bills in accordance with contractual conditions, or within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the latter, where no such conditions exist.

GAD's record for clearing bills within the contractual time scales is currently high (99.4% cleared within 30 days) with the very small percentage late due to queries. By March 2002 the department will aim to clear 99.85% within the 30 day deadline (0.15% improvement each year).

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# 22. National Savings

## Introduction

This PSA covers the work of the Department for National Savings (NS). National Savings is one of the Chancellor of the Exchequer's departments, but responsibility for its operations has been delegated to the Economic Secretary to the Treasury.

## 1 Aim and objectives

### Aim

To add value by helping to reduce the costs to the taxpayer of government borrowing and by supporting government savings policies.

### Objectives

1 To market government debt to retail investors so as to help to minimise the combined cost and risk of the total National Debt and to contribute to the Government's funding needs.

2 To promote government savings policies amongst personal investors.

In meeting these objectives the agency will operate cost effectively and in a competitive and commercial manner that does not distort the savings market.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework for National Savings. NS is strongly committed to the delivery of improved efficiency and there were no extra resources required. This three year settlement will allow NS to plan ahead from a stable funding base. The figures are as set out below:

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
<b>Total</b>	<b>172.7</b>	<b>172.7</b>	<b>172.7</b>
of which: Current Budget	169.1	169.1	169.1
Capital Budget	3.6	3.6	3.6

### Gross Running Costs Provision

£ thousands	19992000	200001	200102
<b>Total</b>	<b>171.9</b>	<b>171.9</b>	<b>171.9</b>

The major items of National Savings running costs are pay (43%) and payments to the Post Office and other selling agents (30%).

## 3 Performance targets

National Savings assists the Government to minimise the total cost of debt management. Over the last two years NS has

embarked on a far reaching programme of modernisation designed to improve competitiveness, capability and flexibility, so as to maximise its future service to customers and value to the taxpayer.

The funding task for the agency is set a year at a time in the form of a Remit agreed with the Treasury. The formal target contained within the Remit is the cost of funds raised by National Savings compared with the cost of raising the same amount through the wholesale market (gilts). The details of this measure and NS performance against it has always been treated as commercial in confidence and have only been used in discussion with HMT and Ministers. In assessing National Savings' performance, account is also taken of the cost of NS products compared to similar competitive products in the market.

## Performance targets

The published Remit each year does set the broad cost and volume limits, against which National Savings will report performance:

- (i) The average cost of NS products should lie within a reasonable range of the yield on equivalent gilts.

National Savings is working with the Treasury with the aim of clarifying the position surrounding what government savings policy may mean for National Savings. Currently this includes:

- (ii) preparing and operating a mini cash Individual Savings Account that meets the government standards.

In support of the above indicators National Savings uses a range of measures to assess the quality of operational performance. The ones that provide the best overall picture are the measures of:

- (iii) accuracy and timeliness of customer transactions these can be divided into three types: sales, after sales and payments;
- (iv) overall Agency efficiency.

As an executive agency National Savings agrees targets each year for the quality of service it delivers. The service targets that National Savings is working towards are to improve, over three years:

- (v) accuracy targets from 97% to 99.5%;
- (vi) transaction times from the existing 10 day average to 24 hours.

These targets which are a minimum in the current negotiation about private sector involvement may need to be adjusted and modified.

## 4 Increasing the productivity of operations

National Savings competes for savings business in a very fast changing and increasingly demanding market. To succeed, the agency must design and deliver services to customers and the taxpayer as efficiently and effectively as comparable private sector retail savings suppliers.

To achieve this goal a comprehensive programme is in place to modernise the business. The key features of this programme are:

- i. **Funding:** becoming a better and more intelligent supplier of finance to the Treasury.
- ii. **Commercial:** better use and definition of the brand value of National Savings by a combination of changes designed to provide more attractive and efficient products, channels and service to its customers.
- iii. **Sourcing:** procuring the best services to deliver customer value at the lowest feasible cost. This is a major aim of the current negotiations for outsourcing operations and to refresh the contract with Post Office Counters Limited.
- iv. **Operations:** modernisation of existing systems to secure lower running costs, improve flexibility and to gain the capability to match private sector speed and quality of customer service.

An aim of the sourcing and operations strategies is to invest in the operations business to reduce costs and build flexibility.

Profit sharing, gainsharing and benchmarking are additional features. Another aspect, which supports government policy, will be the significant development of electronic and other direct transactions over the current paper based ones.

## Efficiency

Negotiations with the private sector for outsourcing operations is a key element of these plans. Until they are completed the overall savings are impossible to quantify, although a significant saving to running costs is likely. NS will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities.

However, underpinning the overall programme is the aim to equip the agency so that it can offer customer service and efficiency in line with retail savings market leaders. The agency therefore envisage that future targets for customer service will be frequently benchmarked against market leaders to ensure they continually track improvements.

In support of cross government initiatives NS has achieved a range of service improvements. They are summarised below.

## Better quality services

National Savings will regularly and systematically review services over a five year period as set out in the handbook "Better Quality Services" and will develop its review programme by September 1999.

## Electronic government

National Savings will set a target by 31 March 1999 to increase the proportion of services provided to the public by electronic means in support of the Prime Minister's 25% target by 2002, to clearly demonstrate more integrated, electronic service delivery across government.

## Sickness absence

Building on initiatives already undertaken which have led to sickness absence falling by over 30% between 1996 and 1998, National Savings will take steps to contribute to the reduction of public sector sickness absence rates by 20% by 2001, and 30% by 2003. It will continue to monitor the actual level and pattern of absence in the agency and make proposals by February 1999 for appropriate targets for continued improvement, to be agreed with Cabinet Office by June 1999.

## Fraud

National Savings has an anti-fraud policy, endorsed by the agency's Board, which has been communicated to all staff; and an awareness booklet which gives staff instructions on how to deal with suspected fraud and money laundering. NS have a wide range of financial and procedural controls aimed at preventing both internal and external fraud; an active internal audit function; a contract with Post Office Security and Investigation Services (POSIS) to investigate fraud which does take place; and a policy of prosecuting offenders.

## Procurement

National Savings continually seeks to improve the value for money of its procurement activities. An Implementation Plan has been drawn up to address the recommendations stemming from the recent Comprehensive Spending Review on Efficiency in Civil Government Procurement. These recommendations are wide-ranging and cover the broad spectrum of procurement: many of which have already progressed (eg computerised procurement system, purchasing cards, payment by BACS). The others will be taken forward in the light of private sector involvement.

Where there is no contractual provision or other understanding or accepted practice governing the timing of payment, NS will pay within 30 days of receipt of goods or services or the presentation of a valid invoice or similar demand for payment, whichever is the later.

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# 23. Her Majesty's Customs and Excise

## Introduction

This PSA covers the work of HM Customs and Excise. The department is managed by a Board of Commissioners, whose Chairman is accountable to the Chancellor of the Exchequer. Under the Chancellor, a nominated Minister the Financial Secretary to the Treasury (FST) has delegated responsibility for the department's affairs. The FST is responsible for delivering the PSA. In addition to the performance targets set out here, the department will also achieve targets, which will be set in consultation with the Anti-Drugs Co-ordinator, for reducing the availability of drugs in the UK for the next year.

## 1 Aim and objectives

### Aim

To provide a world class tax and customs service in accordance with government objectives.

### Objectives

1 To secure the UK revenue yield from indirect taxes while minimising cost to businesses, as a key component of the Government's policy of ensuring sound public finances.

2 To detect and deter the smuggling of drugs and other prohibited goods as a major contribution to the Government's aim of minimising illicit activity, such as drug misuse.

3 To secure compliance with statutory, EU and international customs obligations in ways which facilitate global trade and help the single market work thereby supporting the Government's aim to make the UK an attractive place to do business.

4 To supply to time and right quality trade statistics which support the development of UK and EC economic and trade policy, while keeping to a minimum inconvenience and cost to businesses.

5 To promote the development of efficient tax, customs and related agencies around the world in support of the Government's aims on global trading, good governance and combating international crime.

6 To provide Ministers with policy advice to a high standard; in so doing to initiate, develop, maintain and present policies which reflect the Government's priorities.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework for Customs and Excise. There are additional resources for Customs and Excise over the years 19992000 to 200102 of £106 million. The key figures are set out below:

£ million	19992000	200001	200102
Departmental Expenditure Limit (DEL)	899	836	879
Annually Managed Expenditure (AME)	0	0	0
<b>Total</b>	<b>899</b>	<b>836</b>	<b>879</b>

### Gross Running Costs Provision



£ million	19992000	200001	200102
<b>Total</b>	<b>801</b>	<b>802</b>	<b>792</b>

### 3 Performance targets

Customs and Excise will continue to play a key role in delivering the government's priorities across the range of its responsibilities. The UK economy relies upon an efficient and fair tax system and by exploiting electronic communication advances and building closer links with the Inland Revenue, the department will provide business and the taxpayer with a more efficient and responsive service. Over the next three years there will be no let up on fraud and in particular there will be a strong focus on alcohol and tobacco smuggling. By collecting tax due on alcohol and tobacco Customs will contribute to the achievement of the Government's policies on health while also continuing to provide tax advice which reflects the government's priorities, underpinning the strategy on sustainable development and the environment.

The department will contribute to the success of a range of governmental social, health, environmental and economic policies and commitments, including the national anti-drugs strategy, by enforcing import and export prohibitions on a variety of goods. The government and other users also rely on the accuracy of the trade statistics captured and processed by the department; Customs will continue to set high standards in this important area. Wider government aims will also be served by the Department's continuing international work to support and develop the expertise of other agencies around the world.

In order to deliver agreed outputs within the CSR settlement the department will achieve stretching standards of performance. In particular, the department will meet all its high level targets and, to live within DEL, it will deliver efficiency savings and productivity gains of at least £202 million over the CSR period.

#### Performance targets

- (i) The Department will collect each year the amount of forecast UK Revenue yield from indirect taxes, subject to external factors outside the department's control. The actual amount will be agreed annually with the Minister by April each year; (Objective 1)
- (ii) by 31 March 2002 the department will achieve an increase of at least £80 million in the revenue value of detected alcohol and tobacco fraud, including from smuggling. This will be measured against the baseline of £76m revenue value of excise goods detections in 199798; (Objective 1)
- (iii) the department will achieve targets set in consultation with the UK anti-drugs co-ordinator, for reducing the availability of drugs in the UK; (Objective 2)
- (iv) the department aims to go on improving its customer service performance in key areas which will be the principle focus of its modernisation programme. The department's performance against this target will be measured by surveys at the start and at the end of the CSR period. By the end of the CSR period, the Department will aim to have achieved increased satisfaction of 6 percentage points in the areas of VAT, customs freight and excise, which are to benefit from the investment under the modernisation programme; (Objective 3)
- (v) the department will meet each year the quality and timetable requirements agreed with the Office of National Statistics and Eurostat for production of statistics for the monthly Balance of Payments and OTS (Overseas Trade Statistics) publication while taking into account customers' requirements; (Objective 4)
- (vi) in the course of each year the department will assess requests for international technical assistance against its overall objectives and strategic priorities. For the assistance which it delivers it will provide a first class service to sponsors and recipients to achieve the goals agreed for each programme; (Objective 5)
- (vii) continue to advise on the development of the tax system so that it underpins the Government's priorities, including the strategy on sustainable development and environmental objectives. (Objective 6) (shared with HM Treasury, target (xx) and Inland Revenue, target (vi))

### 4 Increasing the productivity of operations

The department will modernise its service delivery in order to become more efficient and provide the public and businesses

with better and more cost effective services. A central aim will be to help business comply with its obligations in the least burdensome way, thus aiding productivity. In particular:

- i. by April 1999 the department will have completed trials for the introduction of call centres. Subject to successful evaluation, the department will aim to set up a virtual call centre structure to support the introduction of a national one number help line for VAT, excise and customs freight. This to be introduced by 31 March 2002 and will include stretching targets for answer times;
- ii. by 31 March 2002 the department will have identified annual savings of at least £5 million on estate spending;
- iii. by September 1999 the department will have ensured its business critical IT systems, embedded chips and procedures will not be adversely affected by the millennium date change. A risk assessment of any known non compliances will have been completed, Business Continuity Plans assessed and full procedures for managing the millennium change-over will be in place;
- iv. Inland Revenue and Customs and Excise will further extend the scope of closer working. For example, a coordinated approach will be developed to provide advice and assistance for businesses in areas such as enquiries; taxpayer education; presence at events such as major business fairs and exhibitions, and links with business organisations. Under the direction of a joint steering group, chaired by Deputy Chairmen from both departments, a Closer Working Programme Director will be appointed to deliver a major new programme intended to increase the effectiveness of both departments and improve the service they provide to the public and to Ministers. As part of this programme, a Joint Policy Steering Group, also chaired jointly at Board level is being created to ensure policy development and communication is coordinated where there is a shared and aligned interest. By 30 September 1999 the department will have established, in conjunction with Inland Revenue, a clear programme for taking forward joint working;
- v. the department will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities.

## Better quality services

The department will regularly and systematically review services and activities over a five year period in line with government policy as set out in the handbook "Better Quality Service". The department will develop its review programme by September 1999 setting out those services and activities that will be reviewed each year, with the intention of reviewing at least 60% (by value) of services by March 2002.

## Electronic government

The department will also contribute towards the general improvement in UK productivity by increasing the availability of electronic communications for the transmission of information between traders and the department from 29% to 58% of potential formal dealings. This will be achieved in part by making available VAT declarations for completion on the Internet (subject to completion of successful pilots by 31 March 2000, including the evaluation of fraud risk) and making available one other business process, such as VAT registrations, by 31 March 2002.

## Sickness absence

Customs will take steps to contribute to the reduction of public sector sickness rates by 20% by 2001 and by 30% by 2003. An audit of the actual level and pattern of absence in the department will be completed by 31 December 1998, and proposals for target reductions will be made by February 1999, to be agreed with Cabinet Office by June 1999.

## Fraud

The department will agree targets for UK revenue evasion prevented by April each year, which will cover the prevention of civil and criminal fraud in both VAT and excise. The target for 1998/99 is £920 million. Improved intelligence capabilities will enable the department to focus on criminals who seek to attack its systems. Special exercises, such as Operation Mistletoe, will assist the department in targeting revenue evaders. The department's performance against this target will be reported annually in its OPA.

# Procurement

The department will implement the procurement review by 31 March 2002. This will include improved deployment of purchasing staff, provision of better training, and collaboration with other government departments and agencies. In particular the department will:

- pilot the corporate procurement card during 1998/99 and implement by 31 March 2000;
  - implement the Procurement Excellence Model by 1 April 1999;
  - by 31 March 2000, 75% of the members of the Government Procurement Service in key designated posts will have, or be working towards, a graduate level procurement qualification; and
  - where there is no contractual provision, or other understanding or accepted practice governing the timing of payments the department will pay within 30 days of receipt of goods or services, or the presentation of a valid invoice or similar demand for payment, whichever is the later.
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# 24. Inland Revenue

## Introduction

This PSA covers both the Inland Revenue and the Valuation Office Agency. The Inland Revenue is a Chancellor's department, although day to day responsibility is handled by the Financial Secretary to the Treasury (FST). The FST is responsible for delivering this PSA.

## 1 Aim and objectives

### Aim

To provide the best possible tax and valuation services.

### Objectives

To meet this aim by providing fair, efficient and effective tax and valuation services through meeting the following objectives.

- 1 Bringing into the Exchequer the taxes, national insurance contributions and other receipts, and disbursing tax reliefs and credits, for which the Revenue are responsible.
- 2 Providing Ministers with high quality analysis and advice on direct tax and national insurance contribution policy reflecting the government's tax objectives.
- 3 Providing high quality valuation services for rating council tax and other public sector purposes.
- 4 Collecting the contributions in lieu of rates paid by government departments and others.

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework for Inland Revenue. There are additional resources for Inland Revenue over the years 19992000 to 200102 of £316 million. Also included in the table below is £314 million for the transfer of the Contributions Agency and Family Credits Unit from the DSS. The key figures are set out below:

£ million	19992000	200001	200102
Departmental Expenditure Limit* (DEL)	1,860	1,752	1,896
Annually Managed Expenditure (AME)	1,329	4,150	4,518
<b>Total Managed Expenditure</b>	<b>3,190</b>	<b>5,902</b>	<b>6,414</b>

*\*Departmental Expenditure Limit includes Valuation Office*

### Gross Running Cost Provision

£ million	19992000	200001	200102
<b>Total</b>	<b>2,308</b>	<b>2,351</b>	<b>2,337</b>

of which: Administration	2,165	2,208	2,194
Valuation Office	143	143	143

### 3 Performance targets

In order to deliver agreed outputs within the CSR settlement, and to meet the objectives in Section 2, the department will achieve challenging standards of performance in key areas of its business. In particular, the department will achieve its high level targets set out below and deliver cumulative efficiency savings of at least 10 per cent of the 200102 Departmental Expenditure Limit by 31 March 2002 (ie £190 million).

The Inland Revenue will continue to maintain and develop a fair and efficient tax system, with incentives to work and invest. This contributes to raising productivity and the Comprehensive Spending Review objectives of raising the sustainable rate of growth and employment and ensuring fairness and opportunity.

#### Performance targets

In detail, the department will:

- (i) collect the amount of forecast UK Revenue yield from the direct taxes and from National Insurance Contributions, subject to factors outside the department's control. The actual amount will be agreed annually with the Minister by April each year; (Objective 1)
- (ii) as part of the Government's plans to increase incentives to work, introduce the new Working Families Tax Credit and Disabled Person's Tax Credit from 5 October 1999. To achieve this the department will ensure the effective transfer of staff from the Benefits Agency to deal with the extra claims for tax credits; (Objective 1)
- (iii) by 31 March 2002 the department aims to achieve increased satisfaction of 5 points (to 70%) in the index of customer service performance, measured by the current year; (Objective 1)
- (iv) implement Corporation Tax Self Assessment and Corporation Tax reform from 1 July 1999 to improve compliance and encourage enterprise; (Objective 1)
- (v) implement the Construction Industry Scheme from August 1999 to improve compliance; (Objective 1)
- (vi) continue to develop the tax system so that it underpins the Government's strategy on sustainable investment, on encouraging work and enterprise and promoting fairness; and delivers environmental objectives (shared with HM Treasury, target (xx) and Customs and Excise, target (vii)); (Objective 2)
- (vii) by 31 March 2000 to have ensured revaluation of some 1.7 million non-domestic properties for the new rating lists coming into force on 1 April 2000; (Objective 3)
- (viii) by 31 March 2000 to have collected at least 98% of contributions in lieu of rates (CILOR) due from government departments to ensure the smooth transfer to conventional rating. (Objective 4)

### 4 Increasing the productivity of operations

The department will continue to modernise its service delivery in order to operate efficiently and effectively, providing businesses with better and more cost effective services. A central aim will be to benefit business by keeping compliance costs to a minimum. In particular, the department will:

- i. by March each year agree with Ministers detailed targets covering the accuracy, timeliness and efficiency of the administration of taxes, where possible demonstrating improvements in the cost receipt ratios for taxes and duties;
- ii. by 1 April 1999 ensure the smooth merger with the Contributions Agency. The introduction of a "one-stop shop" for tax and NICs will further reduce regulatory burdens on businesses;
- iii. by April 2000 ensure necessary computer support for PAYE, the operation of Working Family Tax Credits and the collection of student loans;

- iv. by 31 March 2002, subject to the outcome of the Call Centre pilot and implementation of the necessary IT infrastructure changes, achieve roll out of at least 50% of the Call Centre strategy contained in the overall agreed programmes as a contribution to improved customer service;
- v. by 31 March 2002 have identified annual savings of at least £5 million per year on estate spending;
- vi. by 30 September 1999 the department will have ensured that its key IT systems, embedded chips and procedures will not be adversely affected by the millennium date change. A risk assessment of any known non-compliances will have been completed, business continuity plans assessed and full procedures for managing the millennium change over will be in place;
- vii. Inland Revenue and Customs and Excise will further extend the scope of closer working. For example, a coordinated approach will be developed to provide advice and assistance for businesses in areas such as enquiries; taxpayer education; presence at events such as major business fairs and exhibitions, and links with business organisations. Under the direction of a joint steering group, chaired by Deputy Chairmen from both Departments, a Closer Working Programme Director will be appointed to deliver a major new programme intended to increase the effectiveness of both departments and improve the service they provide to the public and to Ministers. As part of this programme, a Joint Policy Steering Group, also chaired jointly at Board level is being created to ensure policy development and communication is coordinated where there is a shared and aligned interest. By 30 September 1999 the department will have established, in conjunction with Customs & Excise, a clear programme for taking forward joint working.
- viii. the department will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities.

## Better quality services

Inland Revenue will regularly and systematically review services and activities over a five year period in line with government policy as set out in the handbook "Better Quality Service". The Department will develop its review programme by September 1999 setting out those services and activities that will be reviewed each year, with the intention to review at least 60% by value of services by March 2002.

## Electronic government

The department will also contribute by 31 March 2002 towards the general improvement in UK productivity by increasing the availability of electronic communications between taxpayers and the department to at least 30% of potential dealings.

## Sickness absence

The department will take steps to contribute to the reduction of public sector rates of average sickness absence by 20% by 2001 and by 30% by 2003. Proposed targets for reductions in the departmental sickness absences will be made by February 1999, following an audit of the actual pattern of absences in the department, to be agreed with Cabinet Office by June 1999.

## Fraud

The department will continue to improve compliance work to encourage greater voluntary compliance, and detect and deter non-compliance and fraud through:

- i. creating clear and simple systems and procedures;
- ii. minimising compliance costs;
- iii. helping the public and their advisers to fulfil their obligations by setting up a network of advice teams providing specialist support and assistance and creating a new Call Centre to pursue outstanding tax quickly.

A programme of enquiry and audit work, with key targets, will be agreed in March each year.

## Procurement

Some 810% of purchases are currently made electronically, and the department is committed to a further electronic procurement programme. This will include a pilot for the Government Purchase Card (GPC) starting in January 1999 with 250 users, which, if implemented, should significantly reduce procurement processing costs. The department will increase to 75% by 30 September 1999 the proportion of key designated procurement post holders who have, or are working towards, a graduate level procurement qualification.

Where there is no contractual provision or other understanding or accepted practice governing the timing of payment, the department will pay within 30 days of receipt of goods or services or the presentation of a valid invoice or similar demand for payment, whichever is the later.

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# 25. Cabinet Office

## Introduction

This is the PSA for the Cabinet Office. The PSA for the Central Office of Information is included separately as an annex. The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster is responsible for their delivery.

The Cabinet Office is at the corporate centre of Government. The Prime Minister announced the broad outcome of a review of the department in July 1998 which is due to be largely implemented by April 1999. The review integrated the Office of Public Service with the Cabinet Office so that proper weight could be given to the importance of service delivery across government and the public sector and of the good management of the Civil Service as well as collective policy formulation. The department is in the lead in cross-departmental work to deliver the Government's strategy for Action against Illegal Drugs, which is covered in a separate PSA.

## 1 Aim and objectives

Following the Prime Minister's announcement on 28 July that the Cabinet Office and the Office of Public Service would be merged, the aim and objectives for the integrated Cabinet Office are as follows:

### Aim

To help the Prime Minister and Ministers collectively to reach well informed and timely decisions on policy and its presentation, and to drive forward its implementation, together with their agenda for modernising government, for improving the quality, coherence and responsiveness of public services, and for promoting a strong and well managed Civil Service.

### Objectives

- 1 To provide efficient arrangements for collective decision making, including analysis of policy and performance that cut across more than one part of government and systems which promote co-ordinated action and presentation.
- 2 To support the Prime Minister effectively and efficiently in his role as Head of Government and to provide similar support to Ministers in the Cabinet Office and Office of the Government Whips on matters for which they are responsible.
- 3 To develop public services, programmes and regulation across the public sector which meet the needs of users and which are of a high quality, modern and well co-ordinated.
- 4 To provide corporate management for the unified Civil Service, and to ensure that the Government and the devolved administration in Scotland and Wales are supported by staff with the skills and abilities needed to formulate and implement their policies with professionalism and in accordance with the core values and policies of the Service.
- 5 To ensure that the services provided by the Cabinet Office, whether through its agencies, the Parliamentary Counsel Office, or by other means, contribute to the efficient and effective operation of government.

## 2 Resources

The resources allocated to the Cabinet Office (excluding the security and intelligence agencies) are:

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
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<b>Total</b>	<b>287.3</b>	<b>272.1</b>	<b>228.7</b>
of which: Current Budget	251.1	234.9	214.7
Capital Budget	36.2	37.2	14.0
<b>Gross Running Costs Provision</b>			
<b>£ million</b>	<b>19992000</b>	<b>200001</b>	<b>200102</b>
<b>Total</b>	<b>150.2</b>	<b>146.5</b>	<b>146.2</b>

### 3 Performance targets

The Cabinet Office plays a central role in promoting the Government's objectives, including modernising public services, fairness and productivity, for example through the role of the Performance and Innovation Unit, the Social Exclusion Unit, the Women's Unit and the Better Regulation Unit, as reflected in the targets below.

#### Performance targets

These are:

- (i) by 1 April 1999, the Performance and Innovation Unit will be established and will complete reports commissioned by the Prime Minister each year; (Objective 1)
- (ii) by December 1999, the Social Exclusion Unit will have completed and published its reports on teenage pregnancy and 1618 year olds not in education, training or work; and have kept to timetable for follow up action to its first three reports (Truancy and School Exclusion, Rough Sleeping and a National Strategy for Neighbourhood Renewal). Beyond that the Unit will complete reports commissioned by the Prime Minister each year; (Objective 1)
- (iii) by December 1999, the Women's Unit will have developed arrangements in line with the published guidelines, to ensure that women's interests are taken into account in the development and delivery of policies by all government departments; (Objective 1)
- (iv) the Women's Unit will have completed the work commissioned by the Minister for Women on cross-cutting policy issues; including by the end of 1999/2000 reports on teenage girls, women's incomes, and the safety and protection of women; (Objective 1)
- (v) the percentage of Ministerial correspondence replied to within 15 days will be: 96% in 1999/2000; 97% in 2000-01; 98% in 2001/02; (Objective 2)
- (vi) A White Paper on modernising government will be published by spring 1999; (Objective 3)
- (vii) to pursue continuing improvement in government regulation, including by spring 1999 the Better Regulation Unit, in consultation with departments, will introduce arrangements for the audit and evaluation of better government practice, including the preparation of Regulatory Impact Assessments; (Objective 3)
- (viii) by 1 April 1999, the Centre for Management and Policy Studies will be established; and the Centre will deliver its first tranche of new programmes by June 1999 and will meet all its initial targets by April 2001; (Objective 4)
- (xi) by April 2001, a full review of all corporate Human Resource systems will be completed, to ensure that they support the programme for modernising the Civil Service; (Objective 4)
- (x) by May 1999, revised versions of the Civil Service Code, Civil Service Management Code and Civil Service Appointments Procedures will be produced and promulgated, together with draft Concordats which will be agreed with the newly formed Scottish and Welsh Administrations, all governing the way the unified Civil Service will operate under a devolved system. A review of the operation of these new arrangements will be completed by April 2001; (Objective 4)
- (xi) the number of surplus buildings on the Government Estate (384 at 1 April 1996) will be reduced by 67% by April 1999 and 80% by April 2000; (Objective 5)

(xii) the Security Facilities Division's (SAFE's) essential functions will be transferred to other government departments and its remaining services will be run down by 31 March 2001;

(xiii) the Cabinet Office's agencies will meet their break even and other targets as appropriate each year. (Objective 5)

In addition to the above targets, the Cabinet Office as part of the corporate centre of government contributes to the setting and delivery of targets in other departments' PSAs, such as DfEE's target on a reduction by one third in school truancies and exclusions by 2002 and DETR's target to reduce the number of people sleeping rough by two-thirds from the current level by 2002. The Cabinet Office will continue to look at ways of making its targets more outcome based.

## 4 Increasing the productivity of operations

Most of the Cabinet Office's activities contribute to the wider CSR themes and to enhancing public sector productivity and effectiveness (eg CITU's work on electronic government; training and development of the Civil Service etc.) Efficiency planning is also an integral part of the department's operational planning system as part of the continuing need to meet changing priorities within fixed resources at the centre of government. The department will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities.

The bulk of the Cabinet Office's financial resources are committed to:

- i. reducing the size of the government's surplus estate;
- ii. meeting the cost of the, now closed, civil service wide early retirement scheme; while also
- iii. relocating to a second main building in Whitehall, which will deliver operational efficiency gains.

Running costs of the central department continue to fall:

- inflation will be partially met by further efficiency gains and pressures on staff numbers;
- the Charter Mark assessment process is subject to a possible public/private partnership and recharging;
- the Next Steps team has been fully integrated into the Efficiency Unit so promoting efficiency in the department and across the service.

Efficiency reviews are underway in the Cabinet Office's agencies:

- the future of the Civil Service College estate at Sunningdale is subject to PFI proposals;
- Property Advisers to the Civil Estate (PACE) is being reviewed to see if it can move to a repayment regime;
- within the Government Car Service working practices are being reviewed which should lead to the more efficient provision of services; and
- the Buying Agency is being subject to a quinquennial review.

The department will promote productivity across government and the wider public sector:

- by the work undertaken on cross-cutting issues including the work of the new Centre for Management and Policy Studies;
- the Performance and Innovation Unit, the Efficiency and Effectiveness Unit and the Better Regulation Unit;
- the programme to modernise government which will culminate in a White Paper in the spring; and
- the department, through the Central IT Unit is also promoting the best use of IT in the service and as an access tool for its customers.

## Better quality services

The department will regularly and systematically review services and activities over a five year period in line with government policy as set out in the handbook "Better Quality Services". It will develop a review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

## Electronic government

Although it has only a small number of transactions directly with the citizen, the Cabinet Office is committed to developing the opportunities for these to be completed electronically in line with the Prime Minister's target of 25% of all government transactions to be possible electronically by 2002. The department is working with the Central IT Unit on the process and monitoring system and will have these fixed by 31 March 1999.

## Sickness absence

Cabinet Office staff average 6.4 days sick leave each per annum. Downward pressure will continue to be exerted and personnel policies have been reviewed to ensure absences are recorded properly. The department has also agreed to implement the measures to reduce average public sector sickness absence rates by 20% by 2001 and 30% by 2003, subject to the conclusions of the audit of the actual level and pattern of absence in the Cabinet Office. All departments and agencies have been asked to complete their audits by December 1998. A target for sickness absence will be proposed by February 1999, to be agreed by June 1999.

## Fraud

The Cabinet Office has prepared a guide for managers on "Fraud and Negligence", which is available on the department's Internet CabWeb. This includes a facility for fraud cases to be reported. The department promotes prevention of fraud by:

- encouraging separation of duties;
- good security measures; and
- the use of a fixed assets register.

## Procurement

The department is promoting action on procurement across the service and manages three of the main central procurement agencies Central Office of Information, Central Computer and Telecommunications Agency and The Buying Agency which assist the service to deliver value for money. The agencies will be reviewing their contribution to ensure that their services add most value.

The Cabinet Office has prepared an action plan following the report on "Efficiency in Civil Government Procurement" and all the relevant recommendations have been accepted. The department is working closely with the Treasury to ensure delivery across the service and with its own domestic procurement agencies to ensure their contribution.

The department has also set a performance target to increase the proportion of procurement transactions (including payments made electronically) to 40% in 1999/2000, 55% in 2000/01 and 65% in 2001/02.

Where there is no contractual provision or other understanding or accepted practice governing the timing of payment, the Cabinet Office will pay within 30 days of receipt of goods or services or the presentation of a valid invoice or similar demand for payment, whichever is the later.

# THE CENTRAL OFFICE OF INFORMATION

## Introduction

The Central Office of Information (COI) became an executive agency in April 1990 and has been a trading fund since 1 April

1991. Since 1984, the cost of COI services has been recovered from client departments (who are under no obligation to route their publicity business through COI). The exceptions are the payment of Grant in Aid to the Royal Household for the procurement of publicity services, and services, mainly advisory, for the Government centrally, which are provided without charge.

## 1 Aim and objectives

### Aim

To enable central government to secure its policy objectives through achieving maximum communication effectiveness and best value for money.

### Objectives

1 To meet the information and communications requirements of the Royal Household.

2 To meet the needs of government centrally for advice on publicity matters.

## 2 Resources

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
<b>Total</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>

The resources are provided in support of the Royal Household Grant in Aid and central advisory services. There are no running cost or capital provisions.

## 3 Performance targets

### Performance Targets

- (i) Achieve full cost recovery;
- (ii) reduce unit cost of all output by 2% in real terms; and
- (iii) achieve a customer satisfaction index score of 8.25 or better.

The bulk of COI activity is carried out through the COI Trading Fund which produces and publishes an annual report and accounts. Services provided on a vote funded basis are carried out on behalf of the department by the Trading Fund and are subsequently charged to the department by the Fund on a repayment basis. The performance measures set out above are those which are applied to the Trading Fund and which, by virtue of the above arrangements, also apply to the department's activities.

## 4 Increasing the productivity of operations

COI is committed to continuing improvements in the efficient use of resources. A year on year target for improving efficiency (reduction of 2% in unit cost in real terms) is set for the COI Trading Fund. The target is cumulative and represents a steady improvement in the level of COI efficiency from year to year. This also serves as a measure of COI's aggregate efficiency.

In addition to measuring the efficiency with which public information is delivered, COI also carries out research into major campaigns to gauge the effectiveness of the publicity. This information helps to improve the effectiveness of future campaigns. This approach works well for major campaigns but is prohibitively expensive for projects of relatively low cost. To address this issue COI is carrying out research into the effectiveness of low cost publicity campaigns and has appointed an effectiveness manager to coordinate and exploit this effort.

## Better quality services

The department will regularly and systematically review services and activities over a five year period in line with government policy as set out in the handbook "Better Quality Services". It will develop a review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

## Electronic government

The COI will contribute to the Government's commitment to increase to at least 25% by 2002 the proportion of business undertaken electronically. It will set targets by 31 March 1999.

## Sickness absence

COI staff annually average 7.3 days sick leave each. COI will continue to exert downward pressure on this level by means of "return to work" interviews. COI has agreed to implement measures to reduce average public sector sickness absentee rates by 20% by 2001 and by 30% by 2003, subject to the conclusions of the audit of the actual level and pattern of absence in COI. Proposals will be submitted by February 1999, to be agreed by Cabinet Office by June 1999.

## Fraud

COI's systems are reviewed over a 2<sup>1/2</sup> year cycle to ensure their soundness against fraud.

## Procurement

As a central procurement agency COI has an obvious role in improving efficiency in the procurement of publicity by government. Its existing systems meet most of the requirements of the report on "Efficiency in Civil Government Procurement". COI will actively seek to improve awareness amongst departments of the benefits of COI's services.

Where there is no contractual provision or other understanding or accepted practice governing the timing of payment, the department will pay within 30 days of receipt of goods or services or the presentation of a valid invoice or similar demand for payment, whichever is the later.

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# 26. Department of Social Security (Interim PSA)

## Introduction

This PSA covers the work of the Department of Social Security (DSS). The Secretary of State for Social Security is responsible for its delivery. This interim PSA will be revised and re-published in March 1999, taking into account further developments in the Government's welfare reform programme.

Some of the activities contained in this PSA support the work of the DfEE or are joint targets with the Treasury.

## 1 Aim and objectives

### Aim

As part of the Government's determination to reform the welfare state, to modernise the social security system, to encourage work for those who can and provide security for those who cannot, the modern social security system will provide clear and enforceable gateways to enable people to meet their responsibilities and to take the opportunities available to them. The system will be reformed to ensure that benefits go to those for whom they were intended by:

- reducing error and preventing fraud;
- providing a system that is efficient and effective and easy for people to use; and
- by making the best use of the resources available.

### Objectives

1 To reduce the cost of economic failure by actively helping people without a job into work, and providing them with financial support while they are unable to support themselves through work, ensuring that rights are matched with responsibilities.

2 To support families with the costs of raising children whilst recognising that the primary responsibility rests with parents.

3 To provide disabled people with the support and financial security they need to lead a fulfilling life with dignity.

4 To promote financial security in retirement, encourage provision of funded pensions and own savings, establish clearly the responsibilities of individuals, employees and the state, strike a fair and clear balance between generations, secure a more efficient and equitable distribution of public support for pension provision, and take into account the manifesto aims that pensioners should have an adequate income in retirement, that they should share fairly in the increasing prosperity of the nation, and that public finances should be both sustainable and affordable.

## 2 Resources

The Government set out its principles for welfare reform in the Green Paper "New ambitions for our country"<sup>1</sup>. It has since announced proposals for reforming child support, incapacity and disability benefits, bereavement benefits, an anti-fraud strategy and has published a pensions Green Paper. It has also announced its proposals for introducing a Single Work Focused Gateway to the benefit system. The figures below are consistent with the latest forecasts of social security expenditure as set out in the 1998 Pre-Budget Report.

£ million

19992000

200001

200102

<b>Departmental Expenditure Limit (DEL)</b>	<b>3,257</b>	<b>3,302</b>	<b>3,375</b>
<b>Annually Managed Expenditure (AME)</b>	<b>95,490</b>	<b>97,174</b>	<b>102,274</b>
<b>Gross Running Costs Provision</b>			
<b>£ million</b>	<b>19992000</b>	<b>200001</b>	<b>200102</b>
<b>Total</b>	<b>2,862</b>	<b>2,904</b>	<b>2,977</b>

**NB: these figures may change to reflect welfare reform/modernisation.**

### 3 Performance targets

The department's programme of work takes forward the Government's welfare reform programme. The central objective is to provide work for those who can and security for those who cannot. Welfare reform will promote opportunity and work instead of dependence. It will support investment, economic growth and productivity by making sure that effort is rewarded and that work pays, and that barriers to work are removed from the system. Reform will be based on fairness, give greater help to those with the greatest needs, and ensure that benefits go only to those who are entitled to them.

The department is pursuing a programme of welfare reform and modernisation designed to ensure progress is made towards meeting the overarching aims and objectives.

#### Performance targets

The following targets set out the first stages of this process and how the department is working across Government in delivering many of these initiatives:

##### *Welfare Reform Policy Measures*

- (i) DfEE and DSS will test the case for the Single Work Focused Gateway as a means of increasing the proportion of people of working age in work and not dependent on benefit by piloting. Four pilots will be introduced in June 1999, and eight more in November 1999, with a view to implementing a national scheme thereafter; (Objective 1)
- (ii) to legislate to improve financial security in retirement, in particular for stakeholder pensions and pension sharing on divorce after the publication of the Green Paper; (Objective 4)
- (iii) to maintain a minimum income guarantee for pensioners and severely disabled people; (Objectives 3 and 4) (joint with HM Treasury target xvii)
- (iv) to legislate to reform the system of Child Support after development and announcement of our proposals in a white paper; (Objective 2)
- (v) by 1999 to legislate for the introduction of a reformed system of bereavement benefit; (Objective 2)
- (vi) to legislate and introduce by April 2001 reforms to benefits for incapacitated and disabled people; (Objective 3)

##### *Welfare Reform Service Delivery*

- (vii) to deliver the first tranche of new systems to modernise Income Support and Child Support processing; (Objectives 2 and 3)
- (viii) all DSS agencies to achieve 90% of charter standards by 2002; (Aim)
- (ix) to reduce by at least 10% benefit losses from fraud and errors in Income Support and Jobseekers Allowance, by 31 March 2002; (Aim)
- (x) to ensure that delivery of benefits and services is improved by making the best use of technology and other systems. (Aim)

### 4 Increasing the productivity of operations



The Government has embarked on a major programme of welfare reform. Improving the efficiency and effectiveness of the huge sums spent on welfare lies at its heart. £100 billion a third of total public expenditure goes on welfare: it is essential that every pound should be well spent, to meet the needs and priorities of the nation. Reforming welfare will be a continuing process over the life of this Parliament and beyond.

## Efficiency targets

Wherever possible, the department aims to contain funding pressures within its agreed resources. The department will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities.

A key element is achieving a better alignment of resources with services delivered, through more systematic use of output prices, and the wider disciplines of Resource Accounting and Budgeting.

At the heart of the department's welfare reform programme is the need to transform delivery from a passive to an active modern service promoting opportunity as well as paying benefit and exercising far better control over programme costs. The department will seek to achieve this by the introduction of a mixture of administrative and legislative measures.

## Better quality services

DSS is reviewing benefit services and activities over a five year period in line with government policy as set out in the handbook 'Better Quality Services'. DSS will develop its review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

## Electronic government

The department is committed to setting a target by 31 March 1999 to contribute towards the Prime Minister's overall target that 25% of all business transactions should be capable of being carried out electronically by 2002.

## Sickness absence

The DSS will take steps to contribute to the reduction of public sector sickness absence rates by 20% by 2001 and 30% by 2003. The department will audit the level and pattern of absence in the department by 31 December 1998 and make proposals accordingly for targets for reduction by February 1999, to be agreed with Cabinet Office by June 1999.

## Fraud

A major plank of welfare reform is the need to tackle abuse of the system from fraud, from over and under payments and from failure to recover money owed.

In order to combat fraud and eliminate errors (currently running at around one in five income support cases) the need to improve the integrity of the welfare system is critical.

The July 1998 Green Paper, "Beating Fraud is Everyone's Business: Securing the Future" Cm 4012, set out the Government's strategy for attacking fraud. It set out four aims:

- i. to develop an anti-fraud culture to deter fraud;
- ii. to design and operate policies and systems which minimise fraud, secure the gateways into benefits by requiring greater evidence to support claims, and improve the correctness of benefit decisions;
- iii. to create an environment in which the work against fraud can flourish; and
- iv. to develop a highly skilled anti-fraud profession.

Work is underway to bring forward the other elements of the strategy by developing an integrated approach across the department, and those other bodies with whom it works.

## Procurement



- i. DSS spends some 44% of its total operating costs on goods and services. In 1997/98 this amounted to about £1.5 billion;
- ii. DSS has adopted a strategic approach which looks at all supply options to identify who does it best. A Supply Strategy Steering Group (SSSG) with senior cross Business Unit representation has been established to create a supply strategy and implement the approach. Vendor Relationship Managers (VRMs) have been introduced to develop strategic relationships with key suppliers and improve longer term value;
- iii. past exercises to test DSS supply requirements against the market have led to a significant proportion of DSS support services now being provided by external suppliers significant areas of business currently provided in this way are:
  - o estate management, accommodation and office services;
  - o Information Systems/Information Technology operations; and
  - o medical services;
- iv. in partnership with the private sector the department is seeking to support modern service delivery. For example, replacement of Information Systems/Information Technology systems through the ACCORD project. The Director of Supply Strategy and SSSG will work closely with the appropriate Business Units through chosen suppliers to ensure delivery via clear, enforceable contracts, and focus on value for money;
- v. the department will continue to work with colleagues in the Treasury and other government departments to deliver further procurement efficiencies, building on the recommendations in the CSR;
- vi. the department is committed to the Government Procurement Card (GPC). The DSS will run a competition between banks in the Treasury's GPC Master Framework. Transfer to the GPC will take place in early 1999;
- vii. 57% of designated procurement staff in DSS are qualified to at least Chartered Institute of Purchasing and Supply (CIPS) foundation level. An additional 28% are currently training and DSS would expect these staff to qualify by 2000;
- viii. the department is working with external partners to develop a process to benchmark contract management activity and measure value for money performance. It aims to set performance baselines and share best practice to achieve continuous improvement. Formal arrangements to assess and report on supplier performance for key contracts are in place;
- ix. the department is working with other government departments and the Treasury's Procurement Practice and Development group to learn and coordinate activity on supplier management. DSS is a leading player in the Inter-Departmental Supplier Management Group which is conducting a pilot on cross-government supplier management;
- x. where there is no contractual provision or other understanding or accepted practice governing the timing of payment, the DSS will pay within 30 days of receipt of goods or services and presentation of a valid invoice or similar demand for payment, whichever is the later.

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<sup>1</sup> "New ambitions for our country: A new contract for welfare," Cm 3805, March 1998.

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# 27. Sure Start (Interim PSA)

## Introduction

Sure Start is an innovative cross departmental and pioneering programme which fulfills the Government's commitment to improve support for families and children from birth. Sure Start aims to transform the life chances of younger children through better access to family support, advice on nurturing, health services and early education. It will focus on areas of disadvantage and be open to all families in Sure Start areas.

Central government departments will work together to develop Sure Start in partnership with local community groups, local education authorities, social services, health services and statutory, voluntary and private sector bodies, concerned with services for parents and children under 4. Local Sure Start programmes will add value and reshape existing services and fill gaps in provision to improve support for families in ensuring their children get the best start in life. The first trailblazers for Sure Start will be up and running from early summer 1999.

All key departments concerned are represented on the group which steers the work. The Ministers responsible for this agreement are the Minister of State for Public Health, as Chair of the Steering Group, and the Secretary of State for Education and Employment as the responsible Cabinet Minister, reporting to the Prime Minister.

Work in developing policy on Sure Start is still ongoing. This PSA will be amended in the light of this work by March 1999.

## 1 Aim and objectives

### Aim

To work with parents and children to promote the physical, intellectual and social development of pre-school children - particularly those who are disadvantaged - to ensure they are ready to thrive when they get to school.

### Objectives

Sure Start programmes will work efficiently and effectively to achieve this in areas of significant unmet need by:

#### 1 Improving social and emotional development

*In particular, by supporting bonding between parents and children, family functioning and through early identification and support of children with emotional and behavioural difficulties.*

#### 2 Improving health

*In particular by supporting parents in caring for their children and promoting healthy development.*

#### 3 Improving the ability to learn

*In particular by encouraging stimulating and enjoyable play, improving language skills and through early identification and support of children with learning difficulties.*

Specific outputs which Sure Start will deliver are discussed in Section 3.

## 2 Resources

The White Paper "Modern Public Services for Britain, Investing in Reform" set out the results of the Government's Comprehensive Spending Review. Following the cross departmental review of provision for young children, an additional £540 million was allocated to a new programme. Provision for England of £452 million has been added to the DfEE Departmental Expenditure Limit over the years 19992000 to 200102. Extra resources have also been allocated to the Welsh, Scottish and Northern Ireland Offices for Sure Start.

### Departmental Expenditure Limit (DEL)

£ million	19992000	200001	200102
<b>Total</b>	<b>83</b>	<b>184</b>	<b>184</b>
of which: Current Budget	31	109	125
Capital Budget	52	76	59

Running costs for the Sure Start Unit will be set within the DfEE gross running costs limit and found from the current budget for Sure Start in the Departmental Expenditure Limit.

Once the necessary Parliamentary authority has been obtained, the Department for Education and Employment will account for the expenditure. The Secretary of State for Education and Employment is the responsible Cabinet Minister reporting to the Prime Minister. A steering group will oversee the programme, chaired by the Minister of State for Public Health and involving Ministers from the Department of Education and Employment, the Department for Environment, Transport and the Regions, the Home Office, the Department for Social Security, the Economic Secretary to the Treasury, and senior officials from these and other key departments attending as necessary. A new cross departmental team, the Sure Start Unit, has been created to implement the programme. It is located in the Department for Education and Employment and staffed by officials drawn from the departments involved and secondees from the voluntary sector and local Government. A permanent Head of Unit will shortly be appointed to direct the team.

## 3 Performance targets

By countering disadvantage the programme contributes to the Government's fairness agenda, and by enhancing employability, to the growth agenda. In the longer term, the programme should tackle the causes of poor social, emotional and educational development, ill health, and anti social behaviour including criminality, drug abuse, and school age pregnancies. Such outcomes will only be measurable over many years.

Sure Start is firmly based on evidence taken in the Young Children's Review of what works for families and young children to give them the best start in life. It also aims to make existing services more accessible and adaptable to local families. Sure Start should improve the readiness for school of children in Sure Start areas.

### Performance targets

Intermediate measures and indicators of the way the programme is working and the effect it is having are being developed, and will be published by March 1999. These will cover the impact of Sure Start on families, the readiness for school of children in Sure Start areas, and the effectiveness of local services. However, as a minimum there will be:

- 250 local Sure Start programmes in England;

and in each Sure Start area:

- measurable improvements in the early development of children;
- a home visit to each family with a new born baby within three months of the birth to give them details of the services and support available;
- local services which work together in the interests of families and children;
- better access to a range of early support, toddler groups, toy libraries, family nurturing and volunteer support schemes.

A major evaluation programme is being planned to assess the effects of the programme on families and their children in the medium and longer term.

## Contribution to other departments' objectives

The results of the Sure Start programme will therefore have a long term impact on the success of the departments involved in achieving their objectives. Extracts from the relevant aims and objectives of the key departments are set out below:

Department	Aim	Objective
Education and Employment	Working with others to meet the challenge of creating an inclusive society, to give everyone the chance, through education, training and work, to realise their full potential . . .	Ensuring that all young people reach 16 with the skills, attitudes and personal qualities that will give them a secure foundation for life long learning, work and citizenship in a rapidly changing world
Environment, Transport and Regions	To improve the quality of life by promoting sustainable development at home and abroad, fostering economic prosperity and supporting local democracy	Enhance economic development and social cohesion throughout England through effective regional action and integrated local regeneration programmes
Health	To improve the health and well being of the people of England . . .	<ul style="list-style-type: none"> <li>- Securing responsive social care and child protection for those who lack the support they need</li> <li>- working across government and with a range of agencies to improve the health of the public.</li> </ul>
Home Office	To build a safe just and tolerant society in which the rights and responsibilities of individuals, families and communities are properly balanced and the protection and security of the public are maintained	Reduction in crime, particularly youth crime, and in the fear of crime, and the maintenance of public safety and good order
Social Security	To modernise the Social Security system to offer support to those in need while encouraging people to meet their responsibilities . . .	To provide a contribution to the cost of raising children in a way which recognises that the primary responsibility rests with parents

## 4 Increasing the productivity of operations

An aim of the programme is to improve use of existing resources. As a first stage the local programmes will need to develop a strategy to measure and assess existing services directed to young children and their families. Each proposal will be judged by the extent to which the programme proposed will increase the efficiency and effectiveness of the way these resources are used and, over the longer term, by the effect on the need for services which deal with severe family problems and those caused by poor early development.

### Fraud

The accounting standards for local programmes will be set to guard against abuse and fraud of all kinds.

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# 28. Scotland

## ANNEX

### Introduction

This PSA covers public expenditure by Scottish departments which are the responsibility of the Secretary of State for Scotland. When the new Scottish Parliament and Executive assume their full powers in July 1999 they will become responsible for establishing aims and objectives for devolved services. This will cover the departments included here plus the Crown Office and the Forestry Commission's Scottish activities. This document sets out the Government's aims, objectives and public expenditure plans for Scotland under the existing constitutional arrangements. From July 1999, the new institutions will take over this responsibility.

### 1 Aims and objectives

The Scottish Office will pursue these aims and objectives with maximum efficiency and effectiveness in the use of the resources available by targeting areas of social need and involving the private sector where appropriate. When the new Scottish Parliament is set up in summer 1999 it will become responsible for establishing aims and objectives for devolved services. The separate annex to this PSA sets out the aims and objectives of the Secretary of State's other departments.

### Overarching aim

To create an environment in which the public and private sector work together to improve the economic, social and environmental conditions in which people in Scotland live and work.

### Key supporting aims and objectives:

#### **1 To achieve sustained economic growth and improve competitiveness in Scotland's economy through education, training, employment and investment.**

*To secure the provision of, and widen access to, high quality education and lifelong learning opportunities, which meet the needs of individuals and employers.*

*To enhance economic opportunity and social development in all Scottish regions.*

*To equip individuals with vocational skills and knowledge required in the labour market.*

#### **2 To improve the health and quality of life of people in Scotland.**

*To reduce the incidence of avoidable illness, disease and injury.*

*To meet all reasonable demands for treatment of the appropriate quality.*

*To ensure that there is support and protection both for those members of society who need assistance in living ordinary lives and for children.*

#### **3 To develop and implement policies which promote quality of service and value for money in the protection services and the wider criminal justice system.**

*To maintain public order and safety.*

*To provide an accessible, speedy and fair criminal justice system.*

*To maintain a secure and humane prison service and reduce the risk of re-offending.*

#### **4 To achieve a physical and social infrastructure and built environment which contributes to sustainable growth, improved health and social inclusion.**

*To secure an integrated sustainable transport network.*

*To improve the quality of housing in Scotland and extend choice.*

*To provide a sound financial framework for local government.*

*To protect Scotland's built heritage and present it to the public.*

#### **5 To prepare for the creation of a Scottish Parliament.**

*To provide the infrastructure needed in order to allow the Scottish Parliament to become operational by autumn 1999.*

#### **6 To help the people in Scotland to secure a life of quality and prosperity through sensitive stewardship and sustainable development of the natural resources of Scotland.**

*To enhance economic opportunity and sustainable development in rural communities.*

*To ensure that the Scottish agricultural industry becomes economically and environmentally sustainable.*

*To protect and enhance the natural heritage of Scotland.*

*To ensure the provision of a clean and safe environment.*

## **2 Resources**

The White Paper "Modern Public Services for Britain, Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework. An additional £4.1 billion was allocated to invest in modern public services in Scotland over the years 1999/2000 to 2001/02. The figures are set out below:

<b>£ million</b>	<b>1999/2000</b>	<b>2000/01</b>	<b>2001/02</b>
<b>Departmental Expenditure Limit (DEL)</b>	<b>13,717</b>	<b>14,380</b>	<b>14,995</b>
<b>Annually Managed Expenditure (AME)</b>	<b>312</b>	<b>294</b>	<b>321</b>
<b>Non Domestic Rates</b>	<b>1,441</b>	<b>1,473</b>	<b>1,510</b>

*Note: excludes Crown Office*

## **3 Performance targets**

The objectives set out above apply across the major expenditure programmes. The investment in some services, of which education is the prime example, contributes to several objectives. Overall, the Comprehensive Spending Review (CSR) has yielded a coherent strategy for achieving these objectives. This strategy is reflected in the particular commitments set out below. The key CSR themes of sustainable growth and employment; promoting fairness and opportunity; and providing efficient and modern public services are closely aligned with the Aims and Objectives of the Scottish Office, and underlie the expenditure plans for the CSR period. These expenditure plans will directly increase productivity in the public sector and include a range of measures which will contribute to the competitiveness of the private sector in Scotland.

# Performance targets

The targets agreed following the CSR were:

## *Modernising Scottish Government*

- (i) establish a Scottish Parliament;

## *Education, skills and lifelong learning*

- (ii) providing by 2002 pre-school education places for all children aged three and over whose parents believe the children would benefit;
- (iii) reducing class sizes to 30 or under in the first 3 years of primary school by August 2001;
- (iv) recruiting up to 5,000 classroom assistants, properly trained to support primary teachers, so that by 2001/02 there will be a ratio of one adult to every 15 children in primary schools;
- (v) 100,000 more children having access to an After School club by 2002;
- (vi) connecting all schools, colleges, universities and libraries to the National Grid for Learning and giving every Scottish child an e-mail address by 2002;
- (vii) reducing by half the number of 16/17 year olds who do not go on to further or higher education training or employment;
- (viii) building 30 new schools by the end of 2001/02;
- (ix) putting 100,000 individual learning accounts in place by the end of 2001/02;
- (x) establishing a Scottish University for Industry;
- (xi) providing 42,000 extra student places in Further or Higher Education by 2001/02;
- (xii) providing 750,000 places in Scottish colleges and universities by 2002;

## *Enterprise promotion and helping people into jobs*

- (xiii) establishing a new Business Growth Unit and Business Growth Fund to assist the formation of new businesses;
- (xiv) setting up a Scottish New Futures Fund to provide a "pre-Gateway" course for the most vulnerable young people to help them take full advantage of the opportunities of the New Deal; and
- (xv) raising to one in four the number of Scots participating in some form of education or training;

## *Health*

- (xvi) reducing NHS waiting lists down from the 84,649 the Government inherited to 75,000 or less by 2002 and reducing the time patients have to wait to be treated;
- (xvii) establishing Scotland's first new "walk-in, walk-out" treatment centre in Glasgow by 2001;
- (xviii) operating a series of new one-stop clinics across Scotland with at least 2 more operational by April 1999;
- (xix) developing an electronic booking system by 2002 which will allow patients to know the date and time of any hospital appointment before leaving their GP's surgery;
- (xx) increasing by almost half the annual number of coronary artery bypass operations;
- (xxi) providing 8 new hospital building facilities as part of the largest ever hospital building programme in Scotland;



## *Social work*

- (xxii) modernising community care services so that people receive the services they need when they need them;
- (xxiii) pursuing a significant reduction in the number of children in residential care by funding local authorities to increase foster care placement and providing higher standards for those who remain in residential care;
- (xxiv) promoting innovation in family support services for families with young children;
- (xxv) establishing an integrated IT system for Scottish Children's Reporter's Administration and Children's panels, to speed up throughput of cases;

## *Housing*

- (xxvi) investing £300 million to set up New Housing Partnerships to promote community ownership and to attract new investment into social rented housing;
- (xxvii) transferring 25% of council houses to community controlled organisations by 2002 (subject to tenants' approval);
- (xxviii) providing 17,000 extra new and improved houses for social renting or low cost home owner-occupation by the end of the 200102;

## *Transport*

- (xxix) stabilising the condition of the Trunk Road and Motorway network at the currently published standard;
- (xxx) establishing a Public Transport Funding Package with resources of £90 million for the period up to 200102 and a Rural Community Grant Scheme;
- (xxxi) replace two Caledonian MacBrayne ferries the Pioneer and the Lochmor- to provide improved services and meet higher safety standards;

## *Crime*

- (xxxii) improving the range and quality of non-custodial disposals available to the Courts;
- (xxxiii) extending the number of drug free areas and drug addiction programmes in prisons;
- (xxxiv) continuing IT investment in support of front line policing;
- (xxxv) expanding the fire safety work of the Scottish Fire Brigades to tackle the high numbers of fire deaths in Scotland;

## *The Environment*

- (xxxvi) meeting EC standards for sewage treatment;
- (xxxvii) achieving full cost recovery on existing environmental control schemes of the Scottish Environment Protection Agency by 200001;
- (xxxviii) implementing a new contaminated land regime by July 1999;
- (xxxix) completing notification to the EC of Habitat Directive sites and substantially completing classification of Birds Directive terrestrial sites by the end of 2000;

## *Agriculture*

- (xl) maintenance of the capability of the Scottish agricultural and biological research base to undertake internationally recognised research;

## *Arts, Culture and Sport*

- (xli) under our Public Service Agreement we are committed to scrapping admission charges to the National



## **4 Increasing the productivity of operations**

It will be for the Scottish Parliament to decide, after devolution, how it wishes to control administration costs in both the Scottish Administration and non-departmental public bodies. It will inherit efficiency targets in the various agencies such as for cost per place in the Scottish Prison Service and cost per sitting day in the Scottish Court Service. Specific efficiency targets set in the CSR are:

- i. 1% per annum savings in unit costs in Further and Higher Education;
- ii. running cost efficiency savings at least as great as pay and price increases;
- iii. 2% a year efficiency savings in most other public services.

## **Better quality services**

The Government is committed to a programme in which, over the next five years, at least 60% of services will be reviewed in line with the policies set out in the handbook "Better Quality Services". The Scottish Executive will want to consider whether it should adopt a similar programme.

## **Electronic government**

The Scottish Parliament has, and is expected to seize, an opportunity to embrace the best of modern technology to ensure that it is open, accessible and responsive to the people of Scotland. The Scottish Office is presently working towards the target of at least 25% of business being undertaken electronically by 2002. No doubt the Scottish Parliament will want to consider setting a challenging target for the delivery of services by electronic means in all areas of government for which it has responsibility.

## **Sickness absence**

The Scottish Office has agreed the broad thrust of the recommendations made by the Cabinet Office in its report on absence management in the public sector. An absence management policy, taking account of the recommendations and targets set out in the report, is under development. Proposals will be made by February 1999, and targets set by June 1999. Also the Scottish Prison Service has key performance targets for reducing average working days lost per year due to sick absence. Significant reductions have already been achieved and the present target is to reduce average absence by a further day.

## **Fraud**

In addition to normal measures to combat fraud, the Scottish Office has a Fraud Response Group to co-ordinate the prevention and response to fraud. The Fraud Response Group reports annually to the Scottish Office Management Group.

## **Procurement**

The Scottish Office already meets most of the recommendations of the cross departmental report "Efficiency in Government Procurement". The Government Procurement Card is being piloted in the core department and some executive agencies. An action plan covering the remaining recommendations was produced on 30 September.

## **Aims and objectives of Scottish Office Departments**

### **Scottish Courts Administration (including the Scottish Court Service Agency)**

#### **Aim**

To secure ready access to justice for the people of Scotland by providing the administrative, organisational and technical services required to support the judiciary in the Supreme and Sheriff Courts.

## Objectives

- 1 To provide timely and reliable processing of the business of the courts.
- 2 To ensure that sufficient well qualified Judges and Sheriffs are available to meet the demands of the Supreme and Sheriff Courts.
- 3 To contribute to the development of Scottish law, civil procedure and the law of evidence.
- 4 To administer the system of personal bankruptcy timeously and cost-effectively.
- 5 To ensure proper functioning, conduct and constitution of certain tribunals and related bodies in Scotland.

In carrying out these objectives the Administration will work with other agencies as appropriate; and make the most efficient use of resources.

## General Register Office for Scotland

### Aim

To contribute to the effective administration of Scotland by recording individual registration information and statistical aggregates for the population and by making them available in accordance with its statutory and other functions.

## Objectives

- 1 To administer civil registration of vital events such as births and deaths and statutes relating to the formalities of marriage and the conduct of civil marriage.
- 2 To make arrangements for taking periodic censuses of Scotland's population.
- 3 To prepare and publish demographic and other statistics.
- 4 To make available public records about individuals to customers.
- 5 To maintain the National Health Service Central Register of patients.

In meeting these objectives the Office will operate efficiently and effectively within available resources.

## Scottish Record Office

### Aim

To select, preserve and make available the records of Scotland.

## Objectives

- 1 To provide an effective archive service to government, the law courts and the people of Scotland.
- 2 To secure the growth and maintenance of proper archive provision in Scotland.

In meeting these objectives the Scottish Record Office will operate efficiently and effectively within available resources.

## Registers of Scotland

# Aim

To maintain and develop effective land information systems for Scotland.

## Objectives

1 To provide ready access to up to date and error-free land information thereby ensuring that those dealing in property transactions can be confident they have security of title.

2 To complete the extension of the Land Register to the whole of Scotland.

In meeting these objectives the Registers of Scotland will:

- complete the extension of the Land Register to the whole of Scotland by 2003 or an earlier date if resources permit;
  - keep registration and recording turnaround times to the minimum;
  - adhere to the principles of public service delivery as set out in Service First: the new Charter Programme;
  - meet fully the current needs of customers and anticipate and satisfy their future needs through developing innovative new products and services;
  - lead in promoting and developing the establishment of the Scottish Land Information Services (ScotLIS);
  - identify opportunities for efficiency and quality improvements through a programme of reviews set out in the agency's annual corporate plan;
  - review regularly the fees and charges structure, within the framework of government policy on minimising the cost of conveyancing to the Scottish public;
  - meet the financial objectives set by the Secretary of State and the Treasury, including the achievement of real return over the period 1 April 1996 to 31 March 1999 of 6% on net capital employed;
  - respond timeously and appropriately to policy initiatives which affect the Scottish property market;
  - provide advice to the Government and, when formally established, the Scottish Parliament on all operational matters relating to Land Registration in Scotland;
  - achieve progressively improving performance targets in partnership with the private sector wherever this is appropriate and results in value for money.
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# 29. Wales

## ANNEX

### Introduction

This PSA sets out the aims and objectives of the Welsh Office, the resources made available to the department in the Comprehensive Spending Review (CSR), the outputs and outcomes it is going to deliver, the targets it will achieve, and the efficiency with which it will use resources. The Welsh Office, through the consultation paper "Modern Public Services for Wales"<sup>1</sup> took views on the spending plans for the next three years and the Secretary of State announced his decisions recently.

Under the devolution arrangements, the functions of the Secretary of State for Wales will be transferred to the National Assembly for Wales in the summer of 1999. It will then be for the National Assembly to consider the issues contained in this PSA.

### 1 Aims and objectives

The CSR consultation paper provided the following new aims and objectives for the Welsh Office:

#### Overall aim

**To increase economic prosperity and improve the quality of life for all the people of Wales, to promote social inclusion, to extend democratic accountability and to deliver better services throughout Wales.**

In pursuing its aims, the Welsh Office will:

- *promote policies which encourage an enterprise culture;*
- *develop policies which promote the principles of sustainable development;*
- *work with its partners to secure a holistic approach to the delivery of public services;*
- *secure maximum efficiency and effectiveness in all its services, and will expect its partners to do likewise.*

#### ***Supporting aims and objectives:***

**1 To secure greater involvement of the people of Wales in decisions taken by their democratically elected representatives:**

- i. *to create an Assembly which offers inclusive, accessible and effective government;*
- ii. *to enhance local democracy and secure effective, efficient and accountable local government.*

**2 To increase the rate of sustainable growth throughout Wales and improve the competitiveness of the Welsh economy:**

- i. *to enhance economic opportunity in every region of Wales and develop a stronger, more modern enterprise and innovation culture;*
- ii. *to combat economic inactivity and underactivity across Wales and promote job creation;*

- iii. *to promote quality enterprises regardless of source or size;*
- iv. *to ensure an effective, sustainable farming industry in Wales capable of adapting to the changing framework of the Common Agricultural Policy and compatible with careful stewardship of the Welsh countryside.*<sup>1</sup> "Modern Public Services for Wales," Welsh Office, September 1998.

**3 To improve social, economic and physical conditions in Wales:**

- i. *to regenerate urban and rural Wales;*
- ii. *to offer everyone in Wales the opportunity of a decent home;*
- iii. *to develop an integrated, efficient transport system;*
- iv. *to protect and improve the environment of Wales, including biodiversity;*
- v. *to ensure a fair and efficient land use planning system that meets national and local needs.*

**4 To provide a high quality education and training system directed at continuous improvement and achievement:**

- i. *to raise standards of educational achievement from pre-primary school education onwards;*
- ii. *to help schools and teachers in Wales to perform more effectively;*
- iii. *to increase participation in, and provide accessible, cost-effective opportunities for, lifelong learning;*
- iv. *to foster a skilled workforce which meets the current and future needs of the Welsh economy and to improve the education and training infrastructure.*

**5 To promote the health and well-being of everyone living in Wales and provide effective and efficient health and social services:**

- i. *to improve the health and well-being of the population of Wales and reduce inequalities in health status;*
- ii. *to reduce inequity in access to health services and treat people suffering from illness or injury effectively;*
- iii. *to improve the standards of support and care provided in the community to the socially disadvantaged or those requiring continuing care;*
- iv. *to promote the welfare of children and protect them from abuse and neglect.*

**6 To promote the international and European status of Wales:**

- i. *to promote a sense of distinctive Welsh achievement through the promotion of the Welsh language, culture and heritage.*

## 2 Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework. An additional £2.2 billion was allocated to invest in modern public services in Wales over the years 1999/2000 to 2001/02. The figures are set out below:

<b>£ million</b>	<b>1999/2000</b>	<b>2000/01</b>	<b>2001/02</b>
<b>Departmental Expenditure Limit (DEL)</b>	<b>7,035</b>	<b>7,406</b>	<b>7,781</b>
<b>Annually Managed Expenditure (AME)</b>	<b>777</b>	<b>816</b>	<b>884</b>

The Secretary of State has recently announced spending allocations. When the National Assembly is established, the Secretary of State will pass over the vast majority of the Welsh budget to the Assembly for it to decide how the resources should be spent.

## 3 Performance targets

The Welsh Office has a range of performance targets which cover all its objectives. These include the economic objectives, those improving the quality of life, extending democratic accountability and delivering better services. The following performance targets represent those in the Government's priority areas of education, health and social inclusion.

### Performance targets

#### *Education*

- (i) reduce school class sizes for 5 to 7 year olds to 30 or less by 2002 (from 22% of classes for 5 to 7 year olds above 30 pupils in 1995/96);
- (ii) increase the percentage of 15 year olds with 5 or more GCSEs (A\*-C) or equivalent to 54% by 2002 (from 47% in 1996);
- (iii) increase the percentage of 11 year olds reaching the national standard for their age to over 70% by 2002 (in 1998 performance in the core subjects ranged from 64% to 69%);
- (iv) increase the percentage of adults qualified to NVQ level 3 or equivalent to 40% by 2002 (from 20% in 1997/98);

#### *Health*

- (v) reduce waiting lists to below their March 1997 level by March 1999;
- (vi) reduce death rates from coronary heart disease for people aged under 65 by 50% by 2002 (from 50.3 per 100,000 in 1995);
- (vii) reduce deaths from stroke for people aged under 65 by 20% by 2002 (from 11.5 per 100,000 in 1995);
- (viii) reduce the proportion of those aged 18-64 who drink more than the sensible limit (21 units/week for men and 14 for women) to 18% (men) and 7% (women) by 2002 (from 26.4% and 8.5% respectively in 1993);

#### *Social inclusion*

- (ix) reduce absenteeism in schools to below 8% by 2002 (from 11% in 1997/98);
- (x) reduce the numbers leaving school without qualifications to below 9% by 2002 (from 11% in 1997/98).

## 4 Increasing the productivity of operations

The Welsh Office will continue to pursue greater efficiency in the use of resources to achieve better quality services and reduce costs, both within its own operations and those of the non departmental public bodies (NDPBs) and other public sector bodies it oversees.

It will aim to continue its investment in modern technology to improve internal productivity, to improve communications with its partners and the public in Wales and to streamline the delivery of services to the public. In doing so it will build upon the established practices of:

- centralised procurement expertise;
- structural reviews based on in-house and external expertise in job design and organisation;
- the use of benchmarking and the continued examination of options for service delivery;
- a strong internal audit programme; and
- monitoring of performance against targets on external business such as correspondence and prompt payment of bills.

Its programme of review will extend to the scope for increased efficiency from NDPBs and the NHS, with estimated savings

of some £1 million a year from the absorption of the two special health authorities, around £0.5 million a year from the absorption of Tai Cymru and up to £3 million a year from the merger of the Welsh Development Agency, Development Board for Rural Wales and the Land Authority for Wales.

The National Assembly for Wales will meet its running costs from within its budget and will have responsibility for setting its own running cost controls as well as the framework within which the efficiency and effectiveness of its use of resources is monitored. The Office of the Secretary of State for Wales will be subject to the same running cost discipline as other Whitehall departments.

## Better quality services

The Government is committed to a programme in which, over the next five years, at least 60% of services will be reviewed in line with policies set out in the handbook "Better Quality Services". The National Assembly for Wales will want to consider whether it should adopt a similar programme.

## Electronic government

The Government is committed to increase the proportion of business available electronically to at least 25% of the total by 2002. The National Assembly for Wales will want to consider pursuing a similar target.

## Sickness absence

The Welsh Office has been working to reduce sickness absence rates for several years. Rates have fallen from 9.9 days in 1994/95 to 8 days in 1997/98 which is also the target for 1998/99. The department is already implementing many of the recommendations of the CSR Report and will revise its targets shortly. Proposals will be made by February 1999 and targets set by June 1999.

## Fraud

The Welsh Office has a well established policy and procedures in respect of fraud. These cover prevention, awareness, monitoring and response action. Preventative measures are incorporated in the various operating procedures in force. Monitoring groups operate in the areas of highest vulnerability. All these measures are subject to ongoing review to ensure they remain the most efficient means of minimising loss.

## Procurement

In response to a Cabinet Committee report, the Welsh Office has developed an implementation plan and a Project Board is co-ordinating its response to the report's recommendations. Priority is being given to implementing those recommendations which improve value for money in the long term.

## Assets

The National Asset Register, containing details of the department's assets, was published in November 1997. The Welsh Office will continue to manage its assets effectively, including asset disposals where appropriate. The majority of asset disposals in the near future will be in the health service. The portfolio of assets within the enlarged WDA will be subject to strategic review and it is expected that further disposals will be possible. Cardiff Bay Development Corporation has an ongoing programme of disposal of sites which it has assembled for future development.

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# 30. Northern Ireland

## ANNEX

### Introduction

This PSA sets out the aims and objectives of the Northern Ireland departments and the Northern Ireland Office; it describes the resources made available in the Comprehensive Spending Review (CSR), the outputs and outcomes to be delivered, targets to be achieved and the efficiency with which resources will be used.

PSAs generally focus on the three year Comprehensive Spending Review (CSR) period 1999/2000 to 2001/02 which, on current plans, will not begin until after the formal transfer of powers from the Secretary of State for Northern Ireland to the Northern Ireland Assembly. On assuming powers, the Assembly will have the responsibility for deciding its own aims, objectives and priorities and for setting targets. This PSA should therefore be regarded as subject to change after devolution.

The Secretary of State has consulted the First Minister, Deputy First Minister and members of the Assembly on resource allocations to Northern Ireland programmes following the CSR. Decisions have been announced recently.

A separate PSA for the Northern Ireland Office will be drawn up in due course. Unlike other Northern Ireland departments which will operate under the aegis of the Northern Ireland Assembly, the Northern Ireland Office will remain a department of the Government of the United Kingdom.

### 1 Aims and objectives

#### Overarching aim

To achieve peace, stability and prosperity in Northern Ireland.

#### *Key supporting aims and objectives:*

**1 To secure a lasting peace based on the agreement reached in Belfast on 10 April 1998, with full respect for the rights and identities of both traditions in Northern Ireland. To play a full part in implementing the Belfast Agreement including:**

*1 the passage of necessary legislation in Parliament;*

*2 the establishment of new institutions provided for in the Agreement;*

*3 support for the orderly transition to a devolved form of government in Northern Ireland.*

**2 To ensure the continued stability and security of society:**

*4 to support and help develop an efficient, effective and responsive criminal justice system;*

*5 to help uphold and sustain the rule of law, and prevent crime through appropriate policing and security policies;*

*6 to maintain a secure and humane prison service and reduce the risk of re-offending.*

**3 To achieve sustained economic growth and improved competitiveness in Northern Ireland's economy through education, employment and investment:**



7 to raise the standards of educational achievement across all levels of education;

8 to increase levels of investment and employment in Northern Ireland industry.

#### **4 To enhance the quality of life for people in Northern Ireland:**

9 to improve the health and well being of the people of Northern Ireland;

10 to help people without a job into work;

11 to improve the economic and social conditions of those people and areas of greatest need and to improve their financial independence and financial security;

12 to secure more effective systems of transport provision, services and infrastructure;

13 to ensure that the public and property are adequately protected;

14 to conserve and improve the quality of the natural and built environment in trust for future generations.

These objectives will be pursued with maximum efficiency and effectiveness in the use of the limited resources available, and with regard to the targeting of social need, and involving the sector best placed to provide these services most effectively, whether that is the public, private or voluntary sectors, or partnerships between these. When the Northern Ireland Assembly is formally established it will become responsible for establishing aims and objectives for devolved services.

## **2 Resources**

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework. An additional £1.4 billion was allocated to invest in modern public services in Northern Ireland over the years 1999/2000 to 2001/02. The figures are set out below:

<b>£ million</b>	<b>1999/2000</b>	<b>2000/01</b>	<b>2001/02</b>
<b>Departmental Expenditure Limit (DEL)</b>	<b>5,950</b>	<b>6,193</b>	<b>6,276</b>
<b>Annually Managed Expenditure (AME)</b>	<b>3,535</b>	<b>3,603</b>	<b>3,796</b>

## **3 Performance targets**

The Government's objectives for the CSR were to: increase sustainable growth and employment; promote fairness and opportunity; and to provide efficient and modern public services. Pursuit of the Secretary of State's key aims and objectives will help contribute to the achievement of these national objectives. The performance of expenditure programmes in delivering the aims and objectives will be measured against targets.

### **Performance targets**

The key targets that were set in the Northern Ireland CSR are as follows:

(i) **Education:** raise educational standards by ensuring that 87 per cent of Year 14 secondary (non-grammar) school pupils and 98 per cent of grammar school pupils achieve 2 or more A levels grades A to E or equivalent, Advanced General National Vocational Qualification (GNVQ) or National Vocational Qualification (NVQ) level 3 by 2000;

(ii) **Health:** improve health by ensuring that, by 2002, the death rates from coronary heart disease among 35 to 64 year olds and strokes among 15 to 74 year olds are reduced by 40 per cent;

(iii) **Infrastructure:** modernise Northern Ireland's roads infrastructure by ensuring that 75 per cent of the road improvement schemes (including improvement of the Westlink connecting the M1 and M2 motorways) announced by the Chancellor in May 1998 are completed by March 2002 and 90 per cent by December 2002;

(iv) **Productivity:** promote growth and prosperity through securing commitments by March 2002 from Industrial Development Board client companies to promote 23,000 jobs, increasing net employment in Local Enterprise Development Unit growth client companies by 3,000, and increasing the tourism contribution to the Northern Irish

economy through a 31 per cent growth in visitor numbers to 1.85 million.

## 4 Increasing the productivity of operations

The Northern Ireland Office and the Northern Ireland departments will pursue greater efficiency in the use of measures to achieve better quality services and reduce costs.

### Service delivery targets:

- i. cost of the Northern Ireland Assembly and North-South bodies will be met from within the NI Assigned Budget;
- ii. costs of the various Northern Ireland Office bodies and commissions established or to be established following the Belfast Agreement to be met within the funding provided in CSR settlement;
- iii. funding for law and order transitional costs to be ring-fenced and regularly monitored.

### Efficiency targets:

- i. consider the scope for public/private partnerships in the delivery of public services, in particular in key public utilities such as buses, railways, hospitals, water service and, possibly, in schools estate management by the end of the Parliament;
- ii. review health and social services structures and agree proposals for consideration by the Assembly by spring 1999;
- iii. review industrial development structures in Northern Ireland and report findings by summer 1999;
- iv. quarterly progress reports on the Chancellor's special economic initiative to be provided to HM Treasury.

## Better quality services

The Government is committed to a programme in which over the next five years at least 60% of services will be reviewed in line with the policies set out in the handbook "Better Quality Services". The Northern Ireland Assembly will want to consider whether it should adopt a similar programme.

## Electronic government

The Government is committed to increase the proportion of business undertaken electronically to at least 25% of the total by 2002. The Northern Ireland Assembly will want to consider pursuing a similar target.

## Sickness absence

Northern Ireland departments and the NIO are taking action to ensure that the recommendations on good practice contained in the Cabinet Office report "Working Well Together" on managing attendance in the public sector are implemented by the end of 1999. Work is currently underway to audit by December 1998 the collection of absenteeism statistics and establish the baseline absenteeism level for 1998 in accordance with the recommended methodology. This baseline will be used to set targets for individual departments for reductions in absenteeism levels by 2003.

## Fraud

The *Northern Ireland Fraud Forum*, with membership from all Northern Ireland departments and the NIO, key agencies and the Royal Ulster Constabulary has an important role to play in tackling fraud. Its terms of reference are to reduce the incidence of public sector fraud by: facilitating the exchange of information on those suspected of fraud; identifying trends; sharing examples of best practice; increasing the awareness of staff; developing strategies for fraud prevention; and promoting co-operation with the wider public sector. The Forum provides a focal point for discussion and action in the fight against fraud and complements the existing anti-fraud activities in departments and agencies. The work to date has concentrated on developing relationships between member organisations and one of the main strategies which has been developed is the exchange of information on known or suspected fraudsters. The scope for data matching is also being explored.

## Procurement

NI is taking action to ensure that the recommendations in the HM Treasury/Cabinet Office Report "Efficiency in Civil Government Procurement" are implemented in full. Northern Ireland has been at the forefront of co-ordination of government procurement for a number of years having established the Government Purchasing Agency in 1996 to provide a professional procurement service across traditional functional boundaries. Sharing purchasing expertise and joint contracting has resulted in continuous improvement in the levels of savings being achieved and the development of an effective electronic procurement system. (An extension to the system is being considered within the context of the Invest to Save Budget).

These areas are included in the recommendations of the Cabinet Committee study on procurement which are designed to secure continuous improvement in value for money from the procurement of goods and services. The importance of the study has been brought to the attention of the First Minister and Deputy First Minister since the Northern Ireland Assembly will have the responsibility for implementing its recommendations.

Consideration is also being given to commissioning a review (in concert with that commissioned by the Prime Minister and announced in the Chancellor's Pre-Budget Report) to examine whether the current organisation of procurement practice in NI supports the implementation of the Cabinet Committee study in light of the Government's objectives of efficiency, modernisation and competitiveness.

## Assets

Belfast Port will be transferred to the private sector in 1999/2000 and Belfast city centre car park will be sold in 2000/2001, subject to market conditions. Other assets are to be considered for early disposal, such as sales of surplus NIO residential houses and land.

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