CabinetOffice

Autumn Performance Report 2007

Making government work better

Autumn Performance Report
2007

Presented to Parliament by the Chancellor of the Duchy of Lancaster and
Minister for the Cabinet Office, by command of Her Majesty

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Contents

Introduction

1. This Autumn Performance Report provides information on the latest progress against the Cabinet Office's Public Service Agreement (PSA) targets agreed as part of the 2004 Spending Review (SR 2004).

2. Autumn Performance Reports were introduced in 2002 to supplement reporting against PSA targets in Departmental Reports. This report follows on from the *Cabinet Office Departmental Report 2007 – Making Government Work Better* (Cm 7108), which was published in May.

3. The Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office is responsible for the delivery of the PSA targets and with the Chancellor of the Exchequer jointly responsible for the delivery of PSA target 1.

4. The outcome of SR 2004 was announced in July 2004. SR 2004 established the funding available to the Cabinet Office for the period 2005–06 to 2007–08 and set the targets to be achieved. Details of the Department's aims and objectives, plus the targets agreed as part of SR 2004, are shown at **Section 1**.

5. Progress against SR 2004 PSA targets are shown in **Section 2**.

6. The PSA Technical Notes in **Section 3** of this report set out how performance against each of the SR 2004 PSA targets is measured.

7. The Cabinet Office has a target, agreed in SR 2004, of realising total efficiency gains of at least £25 million, reduction of 150 Civil Service posts and relocation of 250 posts out of London and the South East by 2007–08. Progress on achieving these targets is detailed in **Section 4**.

8. The *Cabinet Office Annual Report and Resource Accounts 2006–07* (HC 897) were published in August. The accounts provide information about Cabinet Office performance in relation to its resources.

9. **PSA target 3** "*By April 2008 ensure departments deliver better regulation and tackle unnecessary bureaucracy, in both the public and private sectors.*" With the establishment of the Department for Business, Enterprise and Regulatory Reform (BERR) in June 2007, PSA Target 3 transferred to that department from the Cabinet Office. Latest progress on this target can be found in BERR's Autumn Performance Report.

Section 1 – Spending Review 2004 – Public Service Agreement

The Cabinet Office aims to make government work better by concentrating on three core functions:

• **Support the Prime Minister – to define and deliver the Government's objectives.**

• **Support the Cabinet – to drive the coherence, quality and delivery of policy and operations across departments.**

• **Strengthening the Civil Service – to ensure that the Civil Service is organised effectively and has the capability in terms of skills, values and leadership to deliver the Government's objectives.**

Target 1: Improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules. This is a joint target with HM Treasury.

Target 2: By April 2008, work with departments to build the capacity of the Civil Service to deliver the Government's priorities, by improving leadership, skills and diversity.

On diversity, meeting the specific targets of:

• 37% women in the Senior Civil Service (SCS);

• 30% women in top management posts (Pay Bands 2 and 3);

• 4% ethnic minority staff in the SCS;

• 3.2% disabled staff in the SCS;

and, in the longer term, work to ensure that the Civil Service at all levels reflects the diversity of the population.

Target 4 Element 1: Increase voluntary and community engagement, especially amongst those at risk of social exclusion.

Target 4 Element 2: Increase the capacity and contribution of the voluntary and community sector to deliver more public services.

Section 2 – Progress against SR 2004 Public Service Agreement targets

This section records progress against the three PSA targets.

Target 1

Improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules. This is a joint target with HM Treasury.

Progress

Slippage.

Commentary

The PSA framework has evolved over successive Spending Reviews to focus increasingly on the key public service outcomes that the public expect to be delivered rather than on a range of centrally imposed measures. SR 2004 PSAs continued this trend, and even more progress in this direction will be made with the new PSAs announced in this year's Comprehensive Spending Review (CSR). The Cabinet Office supports departments in their work to achieve their SR 2004 PSA commitments, but responsibility for delivery remains with departmental Secretaries of State (as set out in the 'who is responsible' section of each SR 2004 PSA).

Very significant progress has been made towards reaching this target on working with departments in helping them achieve their SR 2004 PSAs. Three-quarters of PSAs were given overall summary assessments by departments in their 2007 Departmental Reports. Of those, around 78% were reported as being on course. However, in order for the Cabinet Office to meet this target on helping departments achieve their PSAs, a full 100% of SR 2004 PSA targets will need to be met or partly met. It is an exceptionally ambitious target and,

not surprisingly, there is some slippage in meeting it. Progress can vary up to the point that a final assessment for all targets is made.

SR 2002 PSA Target 2

Improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules. This is a joint target with HM Treasury.

Progress

Slippage.

Commentary

The Cabinet Office had made significant progress towards its related SR 2002 target to work with departments to help them meet the PSA targets set in that Spending Review. By the time of the last round of reporting (2007 Departmental Reports), overall summary assessments were made for over four-fifths of SR 2002 PSA targets. Of those, about 64% were reported to be met or on course, with a further 20% reported as partly met. However, this target on helping departments achieve their PSAs is extremely ambitious and, not surprisingly, there is some slippage in meeting it. Progress can vary up to the point that a final report for all targets is made.

Even though the SR 2002 period ended in March 2006, time lags in data collection due to some targets having later deadlines mean that final reporting on all SR 2002 targets is not yet possible. However, final assessments will be reported on as soon as the data is available. As a result, a final assessment of the Cabinet Office's performance in helping departments meet their SR 2002 targets will also be made once this information is published.

Target 2

By April 2008, work with departments to build the capacity of the Civil Service to deliver the Government's priorities, by improving leadership, skills and diversity.

On diversity, meeting the specific targets:

- 37% women in the Senior Civil Service (SCS);

- 30% women in top management posts (Pay Bands 2 and 3);

- 4% ethnic minority staff in the SCS;

- 3.2% disabled staff in the SCS;

and, in the longer term, work to ensure that the Civil Service at all levels reflects the diversity of the population.

Progress

Ongoing – Skills, Leadership and Diversity elements.

On diversity, there is slippage against the targets which were intentionally aspirational and challenging from the start in order to step up the pace of change and effect broader culture change across the Civil Service. Immediate action that has been taken includes issuing a new recruitment guide, a drive to improve disability declaration rates, and using the results of a light touch review to target action in individual departments. The commentary below gives a more detailed update of performance and actions underway.

Commentary

The target refers to improvements in each of **leadership, skills** and **diversity**. Taking these in turn, and with reference to the indicators in the Technical Note:

Leadership

The Permanent Secretaries Management Group, which provides corporate leadership for the Civil Service as a whole, has been working over recent months to identify those issues the Civil Service must tackle collectively, rather than within departments. They have agreed to draw this work together under the Civil Service People Framework, which builds on the effectiveness of departments provided by the cross-cutting findings of the Capability Reviews. Leadership is a key element of the framework, and the Cabinet Office has used the evidence from the Capability Reviews to inform its work in this area. Over the last six months this has included:

Improving corporate leadership

- Performance management: developed and implemented a single leadership framework for the SCS which articulates the behaviours leaders need to deliver. This year for the first time, all senior civil servants will be performance assessed against the same leadership framework. This is a key step towards building a shared understanding that behaviours **(how leaders deliver)** are as important as **what** leaders deliver.

- In order to ensure we develop a Civil Service which works collaboratively to deliver cross-cutting priorities, this year the SCS has been asked to dedicate more time to working on corporate issues (departmental and cross-departmental). For the first time, senior civil servants will be personally appraised against these corporate objectives.

- Cement and develop the Top 200 civil servants as a leadership cadre. The Top 200 now meet as a group every six months to discuss issues around corporate leadership which are progressed through task forces led by this group.

Corporate leadership – assessment and development

- Reviewed provision of corporate development. A new suite of corporate leadership development programmes will be offered at key career transition points in the SCS (entry to SCS, entry to Director and Director General levels). The first programme for new entrants to the SCS (SCS Base Camp) took place on 31 October 2007.

- Improved and linked central succession planning and talent management with active cross-departmental brokerage.

- Recruitment of a third cohort of the High Potential Development Scheme, which is designed to provide tailored developmental support for SCS staff with potential to tackle the most challenging Whitehall jobs.

- Developing formal structures for supporting managed moves, which will operate within the Civil Service Commissioners' Top 200 protocol. This will improve mobility and development opportunities for our leaders.

Since 2004 improvements in leadership have been measured by a number of workforce indicators, including turnover, external recruitment levels, breadth of experience and perceptions. The 2006–07 figures show that progress is on course:

- Turnover in the SCS during 2006–07 was 10.3%, compared with 11.7% in 2005–06, 9.8% in 2004–05 and 8.6%[1] in 2002–03.

- The median length of time in completed post at April 2007 was 2.9 years up slightly from 2.7 years at April 2006, 2.6 years at April 2005 but lower than 3.3 years at April 2003. There is an expectation of a four-year norm for SCS postings.

- In 2006–07 229 (38%) SCS posts were filled by open competition. Around 75% of new senior civil servants joining through open competition were externals, compared to 70% in 2006, 75% in 2005 and 80% in 2004.

- The expected impact of action to ensure more active career management is an increase in the proportion of the SCS working a flexible pattern (part time/job share). As at April 2007 5.2% of all SCS staff worked a flexible pattern compared with 5% in 2006, 4.7% in April 2005 and 4.5% as at April 2003.

Skills

Work on **skills** is being led by **Government Skills, the Sector Skills Council (SSC) for Central Government.** It is one of 25 SSCs covering around 80% of employees across the UK economy, and its 'footprint' covers Civil Service Departments and Agencies, Non-Departmental Public Bodies (NDPBs) and the Armed Forces (around 800,000 staff). It is licensed and part-funded by the Sector Skills Development Agency (an NDPB sponsored by the Department for Innovation, Universities and Skills). It represents employers in all parts of the sector but, for administrative purposes, is based in the Cabinet Office. Government Skills' role is to ensure, at a strategic level,

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[1] Turnover calculated as number of leavers during the year as a proportion of the number of average staff in post during the year. Previous years' figures have been revised.

that all those working in Central Government have the right skills now and in the future to design and deliver first class public services.

The Government announced in July its plan for implementing Lord Leitch's recommendations on skills. In early 2007 main departments[2] signed the **Skills Pledge**, which included a commitment to support employees in enhancing their employability by offering time off and training to all staff to gain their first qualification at NVQ Level 2 (five GCSEs at A*–C or vocational equivalent). To support employers as they convert this pledge into action and address other skills gaps, Government Skills is now working on three interdependent programmes:

- **Skills Strategy for Central Government** – in 2007, Government Skills completed surveys of its employers, employees and training providers. Drawing on the results of these surveys, individual departments' Skills Strategies and the results of Capability Reviews, Government Skills is developing the first-ever overarching Skills Strategy for Central Government, which is due for sign-off by Permanent Secretaries in early 2008. This is identifying a small number of sector-wide actions which will address key sector-wide skills issues.

- **Professional Skills for Government (PSG) programme** – PSG sets out the minimum Leadership Skills, Core Skills, Professional Expertise and broader experience requirements which all civil servants need. (More information about the programme, including the skills themselves, is at: http://psg.civilservice.gov. uk/.) PSG started being rolled out at Grade 7 and above in Autumn 2005 and is now well embedded at those levels. In October 2007, Permanent Secretaries agreed a plan to sustain PSG; focus collective action on the priority areas of people management and leadership; and ensure more people gain experience of delivering front-line services.

- **Qualifications** – Government Skills has now embarked on a programme to develop National Occupational Standards (NOS), around which Government Skills intends to develop a suite of qualifications to support PSG by 2010. Government Skills is also exploring the options for implementing a new apprenticeship scheme within the sector, and is part of a consortium of public sector SSCs developing the Public Services Diploma (which is focused on school-age students).

Together, these programmes will implement Lord Leitch's recommendations and give a major boost to the existing Skills for Life programme.
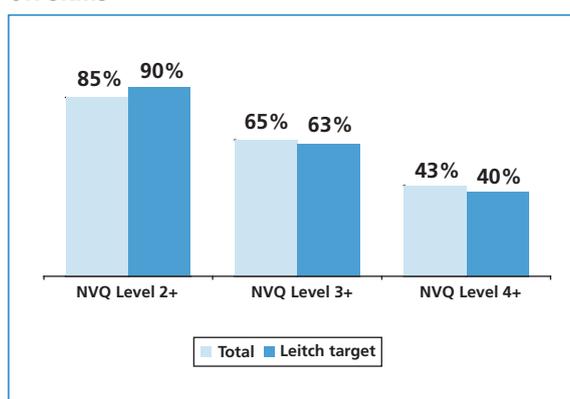
Measuring impact

The ultimate outcome for improving skills is improved delivery of the Government's priorities and programmes. Many factors contribute to this outcome and we will have a number of data sources and indicators on skills in future:

- Early results from the survey of employees show we start from a good position in terms of delivering the Skills Pledge which departments signed earlier in the year. Results against all three of Lord Leitch's targets are shown in Figure 1. Results from the survey of employees suggest there may be some under-reporting of qualifications and professions. This is being explored with departments via the Office for National Statistics, which collects the data for the Cabinet Office.

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[2] Not including the Devolved Administrations and the Northern Ireland Office.

Figure 1: Results against Lord Leitch's targets on skills

85% 90%

65% 63%

43% 40%

NVQ Level 2+   NVQ Level 3+   NVQ Level 4+

■ Total ■ Leitch target

A fuller analysis of the results from the surveys of both employers and employees will be available later in the year.

• As part of the plan for PSG (see page 8), we are also introducing a new PSG evaluation strategy. Starting in April 2008, this is likely to include sample quantitative and qualitative analysis carried out on a regular basis.

• We are also continuing to track data on qualifications and professions. Data from the SCS database is shown in Table 1.

Diversity

The diversity targets the Civil Service set for 2008 were aspirational and challenging from the start, in order to step up the pace of change and effect broader culture change across the Civil Service. Some departments have already met their targets, others are on their way and some are falling behind. The aggregate figures do not show the complexity of the overall picture.

The most recent diversity statistics (published in September 2007) demonstrate that, as of April 2007, there have been small improvements since October 2006. However, the trajectories show performance will need to increase if all departmental targets are to be met.

• The percentage of SCS women remains at 31.2%; this is a significant improvement from 27.5% in 2003, but the rate of change will have to increase significantly in order to meet the 2008 target of 37%.

Table 1: Qualifications and professions of senior civil servants

Date	Professional qualifications*	Recorded professions*	
		Recorded profession	**Profession not recorded or not known**
April 2004	36%	36%	64%
April 2005	40%	60%	40%
April 2006	43%	75%	25%
April 2007	42%	74%	26%

No assumptions are made about the professional qualifications or professions of staff for whom no relevant data is available.

- The percentage of women at the very top of the Civil Service has increased to 27.5% from 26.8% in October 2006. This is closer to meeting the 2008 target of 30%. Representation of women at senior levels of the Civil Service compares favourably with the private sector (26.8% of women in top management posts[3] in the Civil Service at October 2007, compared with 10.4%[4] of directors in FTSE 100 companies – of which the majority are non-executive directors).

- The percentage of ethnic minority staff in the SCS remains the same at 3.2%, although there have been improvements from 2.1% in October 2003. The levelling off might mean that we do not achieve the 2008 target of 4%.

- The percentage of SCS staff with a declared disability also remains the same since October 2006 at 2.8%.

All targets and statistics use figures from the SCS database to ensure consistency of measurement across the four targets. Ethnicity and disability percentages are based on those senior civil servants whose ethnicity/disability is known. The proportion of staff at SCS level who have declared their ethnicity at April 2007 is 88.3%, up from 83.4% in October 2003. The proportion of staff who have declared their disability status at April 2007 has also risen to 88.3%, up from 70.7% in October 2004.
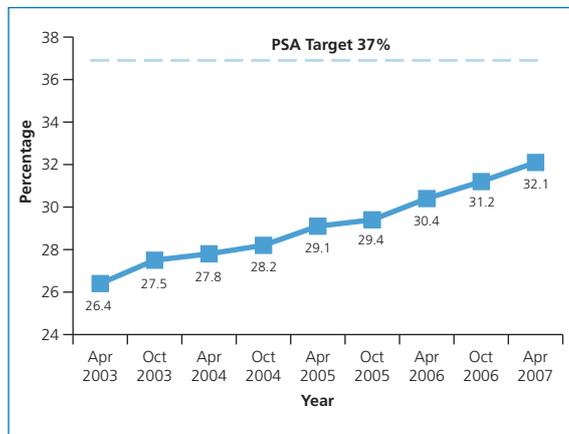
Action to make further progress includes:

- Rigorous and in depth peer reviews of the progress departments have made on their progress against the 10 Point Plan (launched in November 2005).

- The Civil Service Diversity Champions Network has discussed and shared good practice on meeting targets. Departments are also being encouraged to pair up and share experiences.

- Another light touch review has been undertaken and results fed back to the Diversity Champions Network.

- The Cabinet Secretary has discussed progress on diversity with Permanent Secretaries as part of their performance review process.

- The Leaders Unltd scheme has taken its second cohort of people from the targeted groups.

- A best practice Recruitment Guide to the SCS has been produced and is to be distributed widely.

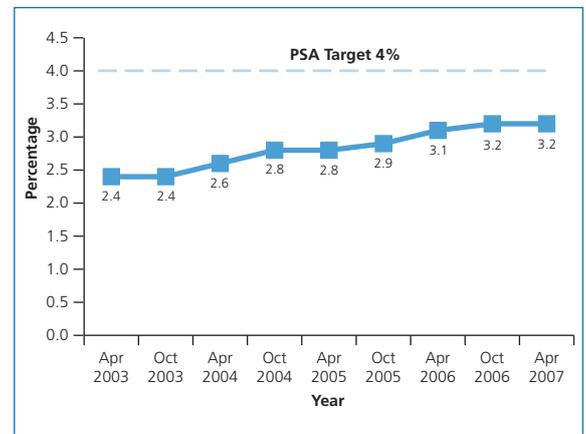[3] Top management posts are Director level (Pay Band 2) and above.

[4] Equal Opportunities Commission report, *Sex and Power*, January 2007.

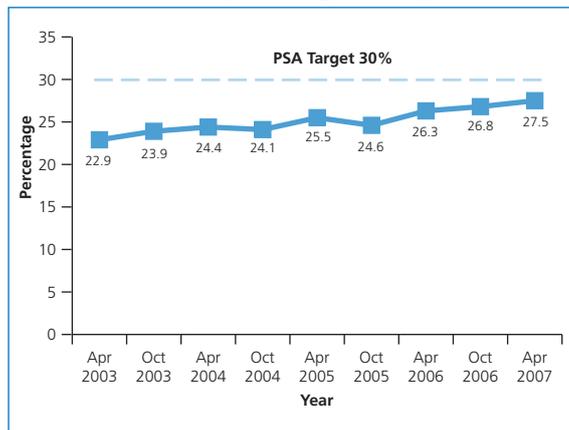**Figure 2: Progress against SR 2004 PSA Target 2**
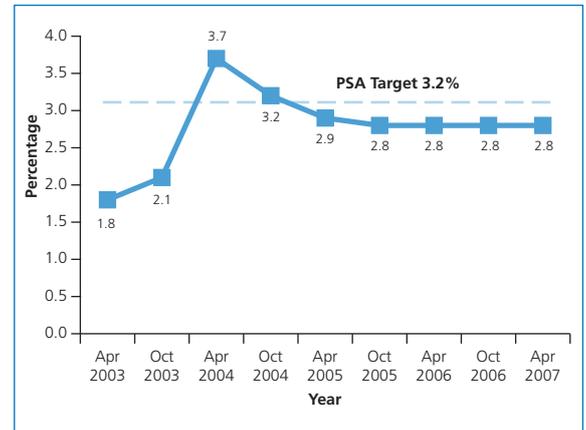
2a. Women in the SCS

2c. Black and minority ethnic staff in the SCS

2b. Women in top management posts

2d. Disabled people in the SCS

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Target 4: Element 1

Increase voluntary and community engagement, especially amongst those at risk of social exclusion.

Progress

On course.

Commentary

Volunteering amongst people at risk of social exclusion has risen and remains on course. This target covers people belonging to Black and minority ethnic groups, people with no qualifications, and people with a disability or limiting long-term illness. The Citizenship Survey shows that amongst these people the proportion who volunteered at least once a month over a 12 month period rose from 41% in 2001 to 43% in 2007.

Voluntary activity by individuals includes both informal volunteering (giving unpaid help to groups, clubs or organisations) and formal volunteering (giving unpaid help to an individual who is not a member of the family). Across the population as a whole, the proportion of people undertaking formal volunteering at least once in the last year has increased from 39% in 2001 to 45% in 2007.

Two specific programmes led by the Office of the Third Sector are helping deliver this target – Volunteering for All and Goldstar. Both of these are targeted exclusively at adults at risk of social exclusion. In addition the Government invests in v, a new and independent organisation that provides the national framework for youth volunteering as well as increasing awareness of volunteering amongst young people. Volunteering for All, Goldstar and v all provide significant opportunities for people to engage in volunteer projects.

The Prime Minister has also appointed a Volunteering Champion, Baroness Julia Neuberger, who will work with government departments and their agencies to ensure they have plans in place to engage a wide range of volunteers in the work they do. The Office of the Third Sector along with Baroness Neuberger will work to improve the quality and quantity of employee volunteering in the public sector.

Target 4: Element 2

Increase the capacity and contribution of the voluntary and community sector to deliver more public services.

Progress

Too early to tell.

Commentary

Element 2 is measured on the basis of the State of the Sector Panel survey. It covers over 3,000 voluntary and community sector organisations. An index combining the number of employees, the number of volunteers and the amount of statutory funding third sector organisations receive, is used to assess progress (see Technical Note). The baseline for this index is 2002–03 when it was set at 100, and in 2004–05 it was 102.

The Office of the Third Sector has taken a number of steps to ensure the target can be met. Progress continues to be made in implementing *Partnership in Public Services: an action plan for third sector involvement*. Key achievements are:

- The launch of the Innovation Exchange, which will connect third sector innovators with each other and with public sector innovators in order to grow innovation which works.

- The convening of an advisory group chaired by Baroness Thornton for the National Programme for Third Sector Commissioning, and the running of two pilot courses.

- The completion of a survey of social clauses.

In addition, *The future role of the third sector in social and economic regeneration: final report*, published in July 2007, built on the public services action plan, announcing that the work with commissioners and on social clauses would both be extended, that we would look further into demand-led funding, and we would conduct a study into opportunities for the third sector in the area of employment services.

Section 3 – SR 2004 Public Service Agreement Technical Notes

PSA target	Technical Note
1. Improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules. This is a joint target with HM Treasury.	Departments are responsible for delivering their individual Public Service Agreement (PSA) targets.
	The success of Treasury (HMT) and Cabinet Office in meeting their joint PSA target is measured by the percentage of PSA targets assessed as met by departments.
	Data on whether departmental PSA targets have been met is provided by departmental assessments, and collated to establish the level of progress against all departmental targets. This is the key measure for HMT performance against the joint PSA target. The data systems underlying performance against PSA targets are externally validated.
	The data underlying this PSA target depends on the collation of the data of the other PSA targets to which this target refers.
2. By April 2008, work with departments to build the capacity of the Civil Service to deliver the Government's priorities, by improving leadership, skills and diversity. On diversity, meeting the specific targets: • 37% women in the Senior Civil Service (SCS) • 30% women in top management posts (Pay Bands 2, 3 and Permanent Secretaries) • 4% ethnic minority staff in the SCS • 3.2% disabled staff in the SCS and, in the longer term, work to ensure that the Civil Service at all levels reflects the diversity of the population.	Success against this target will be measured by: Progress on improving leadership, skills and diversity across the Civil Service as a whole: There are key measures for the reform of the Civil Service as a whole. These measures will focus on the human capacity of the Civil Service. In addition, key departments will show progress through their PPAs. The ultimate outcome for improving leadership, skills and diversity will be manifested through improved delivery of the government's priorities and programmes. But progress for this target will be assessed through a mix of quantitative and qualitative measures. Improved perceptions of leadership and skills levels will be measured and captured through staff survey information. A Service-wide Senior Civil Servants (SCS) survey on leadership and skills was conducted in autumn 2004 to gather baseline data from across the Service. We propose to collect comparable data in 2006 and 2008 to track progress on specific measures, and benchmark results with other high performing organisations. We are currently analysing results and will use key measures to help inform progress. **Leadership** The Senior Civil Service database collects quantitative information each April on the Service's leadership cadre. Figures from the annual collection will help track progress on improving leadership, skills and diversity. These include turnover/refreshment, more active management and flexibilities, professionalism and skills and diversity.

PSA target	Technical Note
	Turnover/refreshment
• Turnover in the SCS has remained steady up to 2002-03 at around 8% (leavers replaced/stock). The longer term aim is to increase turnover to 12% (which external benchmarking suggests reflects the level of turnover in healthy organisations). We expect the commitment to more active management of exits to increase turnover levels to around that level by 2005-06. The expected impact of changes to SCS Normal Retirement Age when they are introduced in 2006 is for turnover to reduce, but to return to 12% in the longer term.

• About half of all vacancies in the SCS are filled via open competition. The aim will be to maintain this proportion of competition to fill vacancies through to 2008 and have no drop off when efficiency cuts take place and pressures for internal job filling mount.

More active career management and flexibilities
• The aim for the norm for length of postings in the SCS is 4 years to ensure organisational and individual refreshment. This will be measured via the SCS database through data on agreed end date of posts, and an average of 4 years completed duration in post for members of the SCS who move (April 2003 baseline minus median length of time in completed post equals 3.3 years).

• An increase in the proportion of Senior Civil Servants who have experience working outside the Service of more than 12 months. As at April 2004, the SCS database showed that 40% of members had some experience of working outside the Service of more than 12 months.

• The expected impact of action to ensure more active career management is an increase in the proportion of the SCS working a flexible pattern by 2008. As at April 2004, 4.6% of all SCS staff work a flexible pattern, (part time/job share; based on those with a known working pattern).

Professionalism and skills
Improvements in leadership also depend on improved professionalism and skills in the SCS and across the whole Civil Service. In order to provide us with some intermediate measures of the success of the Professional Skills for Government programme Cabinet Office will continue to collect relevant quantitative data on the SCS, through the SCS database collection. We will be seeking:

• an increase in proportion of SCS with a professional qualification (April 04 baseline data indicates that 36% of members had a professional qualification.); |

PSA target	Technical Note
	• a reduction in the proportion of staff with unknown specialism (i.e. increased proportion of staff identify with a professional career grouping as defined by the improving professionalism programme). April 04 data indicated that 27% of members had their specialism recorded as 'Not Known'.
	We are also developing other ways of collecting quantitative data on skills levels in the Service as a whole, including resource spent on development and levels of qualification outside the SCS.
	The Service wide SCS survey distributed in autumn 2004 will be repeated every two years, and will measure improvements in the number of staff qualified in or able to demonstrate the core business skills, (list to be confirmed in Spring 05 but likely to cover people management, finance management, Project and Programme Management (PPM), organisational design/change management, strategic thinking, communications and marketing, and analysis and use of evidence).
	Diversity A more diverse Civil Service will also be a more effective Civil Service. This will be measured through progress, by 2008, towards targets of:
	• 37% women in the Senior Civil Service
	• 30% women in top management posts (pay Bands 2, 3 and Permanent Secretary)
	• 4% ethnic minority staff in the SCS
	• 3.2% disabled staff in the SCS.
	The baseline for these targets is October 2003 data from the SCS database. These baseline levels are:
	• 27.5% women in the SCS
	• 23.9% women in top management posts (Pay Bands 2, 3 and Permanent Secretary)
	• 2.4% minority ethnic staff in the SCS
	• 2.1% disabled staff in the SCS.
	As of October 2003, the SCS consisted of 3852 staff.
	The definition used for disability is consistent with that in the Disability Discrimination Act 1995, i.e., 'a physical or mental impairment that has a substantial and long-term adverse effect on ability to carry out normal day-to-day activities.'

PSA target	Technical Note
	Minority ethnic staff are considered to be those whose chosen ethnic group is numerically a minority in the UK, essentially those who selected categories other than 'white' compared to the majority group.
	Figures on these groups in the SCS will be collected, using the SCS database every 6 months and progress reports published. The published figures will set out:
	• women SCS as a proportion of all SCS staff
	• women in top management posts as a proportion of all staff in top management posts
	• known disabled staff in the SCS as a proportion of all SCS whose disability status is known
	• known ethnic minority staff in the SCS as a proportion of all SCS whose ethnicity is known
	• progress that individual departments make on improving leadership, skills and diversity (as shown by progress against those sections of Performance Partnership Agreements)
	• Performance Partnership Agreements (PPAs) are agreed between 18 major departments and the combined centre of government (Cabinet Office, Treasury and No10). They provide another key tool to monitor the progress that is being made in individual Departments against this PSA target.
	Each department sets out in its PPA the top priority actions it needs to take to strengthen its own capacity to deliver the Government's objectives. This includes the department's programme to strengthen its leadership, skills and diversity, alongside many other areas of reform such as organisational restructuring, ensuring professionalism support functions, and achieving internal efficiency targets. PPAs specify the key outcomes to be achieved, the actions to be taken to achieve them, and the basket of indicators through which progress towards that goal will be measured. These indicators are tailored to departments' individual priorities and circumstances.

PSA target	Technical Note
	Individual departments are responsible for delivering their own Performance Partnership agreements (PPAs). The role of the Cabinet Office is to:
	• agree the content of PPAs, involving others in the centre of Government (No10 and Treasury);
	• challenge departments to ensure that their proposals are sufficiently ambitious;
	• work with departments to monitor whether progress is on track.
	Progress against the agreed actions set out in PPAs will be measured through regular self-assessment, validated by the combined centre of government, which will focus on:
	• whether agreed outcomes are on track for delivery; and
	• the extent of improvement in a balanced set of performance indicators agreed with each department.
	Note: The **Performance Partnership Agreements** are being replaced by the **Capability to Deliver Reviews** announced by Sir Gus O'Donnell on 13 October. Piloted from the end of this year, these reviews will involve experts from a range of backgrounds within and outside the civil service. They will focus on assessing how well equipped Departments are to deliver against today's priorities and rise to the challenge of tomorrow. Areas to be reviewed will include leadership, customer and stakeholder engagement, strategic capability and HR management. Following the review, each Department will agree an action plan for improvement with the Cabinet Secretary, which will be rigorously monitored and updated.
4. Increase voluntary and community engagement, especially amongst those at risk of social exclusion.	The target has two elements:
	(a) increasing voluntary and community engagement by individuals at risk of social exclusion; and
	(b) increasing the capacity and contribution of the voluntary and community sector to deliver more public services.
	The target will have been met if both elements are achieved.

PSA target	Technical Note
	Element 1: Voluntary and community engagement by individuals at risk of social exclusion
	Definitions and measurement systems Social exclusion is a shorthand term for what can happen when people or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high-crime environments, bad health and family breakdown.
	Voluntary activity by individuals includes both informal volunteering (giving unpaid help to an individual who is not a member of the family) and formal volunteering (giving unpaid help to groups, clubs or organisations). These are measured using the Communities and Local Government's (DCLG) Citizenship Survey.
	This target covers people with no qualifications, minority ethnic groups and people with disabilities. Volunteering in this group is measured as those who have volunteered at least once a month in the 12 months prior to interview. Evidence from the Citizenship Survey shows that these are the groups, amongst the socially excluded, who are least likely to volunteer.
	Baseline The baseline period is 2001.
	Element 2: Capacity and contribution of the voluntary and community sector to deliver more public services
	Definitions and measurement systems The voluntary and community sector is defined as organisations that carry out community activities in their own right. Public services are services wholly or partly funded by government.
	The capacity of the voluntary and community sector to deliver more public services is measured using an index from the State of the Sector Panel survey. The Index combines the following elements:
	• The median number of employees (paid members of staff including secondees), and the proportion of members having any employees;
	• The median number of volunteers (people who give time unpaid except for reimbursement of expenses), and the proportion of members having any volunteers, and;

PSA target	Technical Note
	• The median total government funding and the proportion of members having any such funding (includes all payments from central government departments, their regional bodies, non-departmental public bodies, local authorities, learning and skills councils and the European Union). Funding includes grants and via contracts but excluding housing benefit, rate relief and goods/services in kind but excludes funding from the National Lottery. In the case of housing associations, an adjustment is made to reflect the core value of social housing services.
	The Panel consists of a set sample of 5,600 voluntary and community organisations that reflect the diversity of the voluntary and community sector in England. Information on Panel members' activities and resourcing is collected after organisations have finalised their annual accounts.
	Around 4,500 members took part in the Year 1 activities and resources survey which related to the reference period 2002-03. These members formed the basis for the baseline measure of the index. Panel members who took part in this baseline survey are monitored over time, with some non-response adjustment being made for those who failed to take part again in subsequent years.
	This represents a change in how we measure changes in the index and its component elements. In previous reports for Year 2 (2003-04), we had measured the index and its elements on the basis of all panel members responding to this survey. This included new members recruited to replace those which dropped out after Year 1. By now focusing only on members that took part in Year 1, the revised method of measuring the index in this report (for both Years 2 and 3) allows a more accurate estimation of real change in panel members' experiences since Year 1.
	Baseline The baseline period is 2002-03 (data for which was collected in 2003-04), the first year that the survey began.

Section 4 – Efficiency Programme

The Spending Review 2004, incorporating the outcomes of the Lyons and Gershon reviews. These resulted in the following targets for Cabinet Office:

- save £25 million in annual efficiencies by the end of 2007–08 (3% per annum);

- relocation of 250 posts outside London and the South East by 31 March 2008;

- a headcount reduction of 150 posts.

The Cabinet Office is continuing to make genuine efficiencies through a range of measures designed to improve as well as make more cost effective its back office and procurement systems. A number of individual projects and activities were identified that will either directly deliver efficiencies or will enable efficiencies to be delivered further downstream.

Table 2 sets out our current estimates of the level of efficiency gains that the Cabinet Office anticipates securing from each area by March 2008. This represents current planning assumptions. The expected gains from work streams are not targets in themselves but contribute to our overall target. Proportioning of savings between years, activity and work stream may be adjusted as project business cases and plans develop.

Table 2: Efficiency gains by area

Area	£m
Corporate Services	4.3
Improved Procurement	14.5
Building a leaner & more efficient Centre of Government	5.6
Estate Consolidation	0.6
Total	**25.0**

The Cabinet Office's Efficiency and Relocation Programme is described in detail in the Efficiency Technical Note (ETN) published on the Cabinet Office website www.cabinetoffice.gov.uk. The ETN sets out the methods by which the Cabinet Office is measuring, monitoring and quantifying efficiency benefits and describes the quality measures in place for the various projects.

Progress

Improved Procurement. The Investment and Procurement Team was created to improve investment decision making and strengthen project, programme and procurement capability in the Cabinet Office. This has now implemented some new procurement processes and further delivery will continue. The processes are currently reporting savings of £14.6 million up to 30 September 2007.

Information and communication technology (ICT). The Cabinet Office has negotiated changes to the scope and pricing of IT services with its current IT service provider, resulting in efficiency gains of £4.8 million per annum. The Cabinet Office has put in place a new IT services contract and further efficiencies may be delivered as a result.

Communications. Efficiency savings will be delivered by the Better Internet Project which has unified more than sixty existing websites managed across the Department into a single, high quality, coherent and user-focused and friendly site. This is hoped to have realised savings of £175,000 by March 2008.

Estate Consolidation. It is hoped that Building rationalisation will release savings of at least £2 million by March 2008.

Relocation. A total of 41 posts have been relocated. A joint review with the Office of Government Commerce of our ability to meet our relocation target concluded that, due to changes in the structure and function of the Cabinet Office since the Lyons Report was published in 2004, continued opportunities for further relocations were limited. The report recognised that the Cabinet Office had made serious efforts to achieve its target and business cases for a few units were re-examined.

Reduction of Civil Service posts. In taking forward the Cabinet Secretary's aim to make the Cabinet Office more efficient and better focused on its core objectives, the Cabinet Office reports continued progress in reducing posts and, by 30 September 2007, 189 post reductions had been achieved; from a baseline of –100, this is reported as 89.