

Department for Work and Pensions

Public Service Agreement for 2005-2008

Technical Note

The annexes were added in May 2007.

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[Annex A – Revised and improved methodology – SR2004 PSA target 1c](#)

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Department for Work and Pensions: Public Service Agreement for 2005-2008

Aim

Promote opportunity and independence for all.

Objectives and performance targets

Objective I: Ensure the best start for all children and end child poverty by 2020.

1. Halve the number of children in relative low-income households between 1998-99 and 2010-11, on the way to eradicating child poverty by 2020, including:
 - reducing the proportion of children living in workless households by 5 per cent between Spring 2005 and Spring 2008; and
 - increasing the proportion of Parents with Care on Income Support and income-based Jobseeker's Allowance who receive maintenance for their children to 65 per cent by March 2008.

Children in relative low-income households element joint with HM Treasury.

(The Government will also set a target as part of the next Spending Review to halve by 2010-11 the numbers of children suffering a combination of material deprivation and relative low income. The target will be met if there is an equivalent proportionate reduction to that required on relative low income between 2004-05 and 2010-11.)

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

Sure Start Unit target, joint with the Department for Education and Skills.

3. As a contribution to reducing the proportion of children living in households where no one is working, by 2008:
 - increase the stock of Ofsted-registered childcare by 10 per cent;
 - increase the take up of formal childcare by lower income working families by 50 per cent; and
 - introduce, by April 2005, a successful light-touch childcare approval scheme.

Sure Start Unit target, joint with the Department for Education and Skills.

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

4. As part of the wider objective of full employment in every region, over the three years to Spring 2008, and taking account of the economic cycle:
 - demonstrate progress on increasing the employment rate;
 - increase the employment rates of disadvantaged groups (lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications and those living in the Local Authority wards with the poorest initial labour market position); and

¹ The proposed target level is provisional. Level to be confirmed when 2005 Foundation Stage Profile results are available.

- significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate.

Overall employment rate element joint with HM Treasury.

5. By 2008 improve health and safety outcomes in Great Britain through progressive improvement in the control of risks in the workplace.

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

6. By 2008, be paying Pension Credit to at least 3.2 million pensioner households, while maintaining a focus on the most disadvantaged by ensuring that at least 2.2 million of these households are in receipt of the Guarantee Credit.
7. Improve working age individuals' awareness of their retirement provision such that by 2007-08 15.4 million individuals are regularly issued a pension forecast and 60,000 successful pension traces are undertaken a year.

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

8. In the three years to March 2008:
 - further improve the rights of disabled people and remove barriers to their participation in society, working with other Government departments, including through increasing awareness of the rights of disabled people;
 - increase the employment rate of disabled people, taking account of the economic cycle; and
 - significantly reduce the difference between their employment rate and the overall rate, taking account of the economic cycle.

Objective V: Ensure customers receive a high quality service, including high levels of accuracy.

9. Improve Housing Benefit administration by:
 - reducing the average time taken to process a Housing Benefit claim to no more than 48 days nationally and across the bottom 15 per cent of Local Authorities to no more than 55 days, by March 2008;
 - increasing the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by 2008; and
 - increasing the number of cases in receipt of the Local Housing Allowance where the rent is paid directly to the claimant to 470,000 by 2008.
10. Reduce overpayments from fraud and error in Income Support and Jobseeker's Allowance and in Housing Benefit.

Who is responsible for delivery?

The Secretary of State for Work and Pensions is responsible for the delivery of this Public Service Agreement. The Chancellor of the Exchequer is jointly responsible for delivering the children in relative low-income households element of PSA 1 and the overall employment rate element of PSA 4. The Secretary of State for Education and Skills is jointly responsible for delivering PSA 2 and PSA 3.

Public Service Agreement Technical Note for 2005-2008

This Technical Note underpins the Public Service Agreement for the Department for Work and Pensions for the period 2005 to 2008. It sets out how each performance target will be measured and the criteria against which it can be judged to be met.

This agreement takes effect from April 2005. Information on progress against all PSA targets will be available at www.hm-treasury.gov.uk from April 2005.

Objective I: Ensure the best start for all children and end child poverty by 2020.

- 1. Halve the number of children in relative low-income households between 1998-99 and 2010-11, on the way to eradicating child poverty by 2020, including:**
 - **reducing the proportion of children living in workless households by 5 per cent between Spring 2005 and Spring 2008; and**
 - **increasing the proportion of Parents with Care on Income Support and income-based Jobseeker's Allowance who receive maintenance for their children to 65 per cent by March 2008.**

Children in relative low-income households element joint with HM Treasury.

(The Government will also set a target as part of the next Spending Review to halve by 2010-11 the numbers of children suffering a combination of material deprivation and relative low-income. The target will be met if there is an equivalent proportionate reduction to that required on relative low-income between 2004-05 and 2010-11.)

Part 1 – child poverty target

Data will be reported in the annual Households Below Average Income (HBAI) statistics published by DWP, a National Statistics release available at: www.dwp.gov.uk/asd/hbai/hbai2003/contents.asp. HBAI data for 2010-11 are likely to be available in early 2012.

Relative low income

Progress will be reported against the 1998-99 baseline. The GB baseline figure for 1998-99 is 3.4 million. The target for 2010-11 is 1.7 million. Relative low-income households are defined as households with incomes of less than 60 per cent of contemporary median income.

Because of temporary low incomes that are reported, for example in self-employed households, it is never possible to reach zero on low-income measures. Success in the 2020 goal of eliminating child poverty in relative income terms might therefore be judged if the UK's child poverty rate has improved to the point where it is among the best in Europe. A reduction by half in the numbers of children in relative low income by 2010-11 from a 1998-99 base would therefore put the Government more than half way towards this long term vision.

Material deprivation

The Government will also set an additional target in the 2006 Spending Review to halve by 2010-11 the number of children suffering a combination of material deprivation and relative low income by comparison with their number in 1998-99. Material deprivation will be combined with a higher threshold for relative low-income, measured as incomes below 70 per cent of the contemporary median. This higher threshold will capture children in families with high unavoidable costs such as housing or childcare which can adversely impact on living standards and leave people with low disposable income even if income is above the 60 per cent median line. This will capture a significant additional aspect of poverty. This measure might also be expected to capture regional dimensions of poverty for example existing data shows that deprivation is higher in London in part as a result of higher housing and other costs.²

The material deprivation indicator will be based on the suite of material deprivation questions detailed in the document *Measuring Child Poverty*.³ The precise construction of the material deprivation indicator has yet to be determined as baseline data are not available. The first year of data on material deprivation will be 2004-05. There is insufficient data to estimate

² Barnes M et al, *Families and children in Britain*, 2004, DWP Research Report No. 206

³ www.dwp.gov.uk/consultations/consult/2003/childpov/final.asp

with certainty the number of children who were poor on this measure before 2004-05. However existing material deprivation measures do suggest that progress on indicators of this type have been at least as great as on relative income during recent years⁴. In relation to what can be measured robustly and consistently, this target will be regarded as met if, from 2004-05 to 2010-11, there is an equivalent proportionate reduction to that required on the relative low-income target from 2004-05 to 2010-11.

Absolute low income

The Government will also monitor progress against an absolute low income indicator. Absolute low-income households are defined as those with incomes below 60 per cent of median income held constant in real terms from a 1998-99 baseline. The baseline is the same for relative and absolute low income as absolute income is held constant in real terms from the 1998-99 baseline year. In 2002-03 there were 1.6m children in absolute low income, less than half the number in 1998-99 on a GB basis. The target for absolute low income will be to make further progress so that there are fewer than 1 million children in absolute low income by 2010-11, compared with 3.4m in 1998-99.

The government is committed to making progress on all three tiers. The choice of three indicators was the result of a consultation process, described in: www.dwp.gov.uk/consultations/consult/2003/childpov/final.asp.

Methodology

Across all three tiers income is equivalised, that is adjusted to take into account variations in both the size and composition of the household, aiming to match current European conventions to ease international comparisons. The modified Organisation for Economic Co-operation and Development (OECD) equivalisation scale will be used; this scale is used with income measured before housing costs. A child is defined as any individual aged under 16 or an unmarried 16 to 18 year old on a course up to and including 'A' level standard (or 'Highers' in Scotland).

HBAI statistics on relative and absolute low income have been able to cover the UK since 2002-03. Prior to this the data was for Great Britain only. The new target will be UK wide, provided this proves feasible. National Statistics cannot currently estimate a UK baseline figure for 1998-99 but may be able to do so, by 2006. The target will therefore initially be based on the GB figure for 1998-99, but will include Northern Ireland if this proves feasible, in which case the baseline figure will be adjusted to reflect this. Including Northern Ireland is likely to add between 50,000 to 250,000 children to the 1998-99 GB baseline. If any revisions are made to the relevant National Statistics, the baseline figures will be revised consistently with those for later years.

Housing Costs and Quality

The Government will continue to monitor progress against a range of other indicators including income measures on an after housing costs basis and regional data in order to ensure that we monitor the impact of high housing costs on child poverty. The material deprivation indicator addresses the issue of low living standards that are due to high housing costs and other unavoidable expenses such as childcare. The new material deprivation measure gives us an indication of housing quality. The data collected on material deprivation contains a range of measures which capture housing deprivation including sufficient bedrooms for the number of children, heating your home adequately and being able to keep your home in a decent state of repair.

Cross-Government contributions to tackling child poverty

Reducing the proportion of children in relative low income, material deprivation and relative low income combined, and absolute low income are the key ways the Government will be

⁴ Families and Children Study Annual Reports 1999-2001, DWP Research Reports 138, 165,190 and Berthoud, Bryan and Bardasi (forthcoming), *The Dynamics of Deprivation: the relationship between income and material deprivation over time*, DWP Research report.

held to account on its pledge to halve and then eradicate child poverty. The Government's annual publication *Opportunity for All* documents progress against a wider set of indicators, including the proportion of children in workless households, quality of housing, education and health. This reflects the cross-Government contribution to improving life chances for poor children: www.dwp.gov.uk/ofa/reports/2003/index.asp.

Part 2 – children in workless households sub-target

A workless household is defined as a household that includes at least one person of working age and where no one is in employment. Working age indicates a man aged between 16 and 64 or a woman aged between 16 and 59. A household is defined as a single person, or group of people, living at the same address who have the address as their only or main residence and either share one main meal a day or share living accommodation (or both). A full definition of workless households is given in E. Cooper-Green (2001), *Labour Force Survey household data: Spring 2000 analysis*, pages 43-53, Labour Market Trends, January 2001.

Dependent children are defined as children under 16 years of age, as defined in the Labour Force Survey.

The proportion of children living in workless households will be examined for different types of households (lone parents, couples and others) separately, so that the impact of demographic change on the target can be identified.

The sub-target will be measured using Labour Force Survey (LFS) data. The Household Labour Force Survey is published biannually by the Office for National Statistics (ONS). An accompanying News Release entitled *Work and Worklessness amongst Households* is available from the ONS website at www.statistics.gov.uk. The measurement used is a National Statistic. Coverage will be Great Britain. Data are seasonally unadjusted but adjusted for unknown economic activity. The baseline for the sub-target will be Spring (March-May) 2005 data, which will be released in July 2005. The sub-target will be monitored every six months, using Spring and Autumn data.

Part 3 – child maintenance sub-target

The data used for this sub-target will include both Parents with Care and Persons with Care who receive Income Support or income-based Jobseeker's Allowance. "Parent with Care" is defined as the parent who is the main provider for day-to-day care of the child or children in respect of whom maintenance has been applied for. "Person with Care" is defined as a person other than a parent who lives with, and has care of, the child or children in respect of whom maintenance has been applied for.

The data will cover those Parents/ Persons with Care whose application is being administered via the old or new child support schemes where the status of the case is assigned as open or suspended. Under the new scheme, data will cover open cases only, i.e. all cases that have not been closed. Under the old scheme, data will cover suspended cases, i.e. those cases that are under investigation by the Child Support Agency or are awaiting removal from the system, and open cases, i.e. all other cases that have not been closed. Parents/Persons with Care who receive some but not all of the maintenance due to them will be deemed to count towards this target.

The sub-target covers Great Britain.

The sub-target will be measured using the following categories:

Parents/ Persons with Care claiming Income Support (IS) or income-based Jobseeker's Allowance (JSA-IB) for either themselves and their dependents or themselves, their dependents and a partner, and who are: **a)** in receipt of maintenance; or **b)** not in receipt of maintenance but have a maintenance calculation in place.

Parents/ Persons with Care whose partner claims IS or JSA-IB on their behalf and who are: **c)** in receipt of maintenance; or **d)** not in receipt of maintenance but have a maintenance calculation in place.

The sub-target will be calculated as follows:

$(a+c) / (a+b+c+d)$ = Parents/Persons with Care on Income Support or income-based Jobseeker's Allowance who receive maintenance for their dependents, as a proportion of all Parents/Persons with Care on Income Support or income-based Jobseeker's Allowance with a maintenance calculation in place.

The source of the data will be the old and new child support computer systems. This will be merged with additional information from the Income Support/Jobseeker's Allowance computer system.

For old scheme cases, categories a, b and c will be based on a sample size of 5 per cent, selected according to the last two digits of the Parent/ Person with Care National Insurance Number (NINo). However, category d will be based on a sample size of 0.25 per cent (1 in 400), as cases will only be included where the Parent/ Person with Care's partner's NINo also satisfies the sample criterion. The sample size will be statistically valid, however the standard error for this category will be greater than in a, b and c and so the estimate will be subject to a greater degree of uncertainty. For new scheme cases, 100 per cent of data will be extracted directly from the new child support computer system and 5 per cent of data in all categories will be merged with Income Support and income-based Jobseeker's Allowance data.

Annex A of the Child Support Quarterly Summary Statistics (see www.dwp.gov.uk/asd/csa.asp) gives information about confidence intervals relating to child support data. General data relating to child support are also published quarterly by DWP at this address.

Parts 1, 2 and 3 of this PSA target will need to be met individually for the whole target to be met. If one or more parts of this target are met then this target will be deemed to be partly met.

2. **Improve children's communication, social and emotional development so that by 2008 50 per cent⁵ of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20 per cent most disadvantaged areas and the rest of England.**

Sure Start Unit target, joint with the Department for Education and Skills.

Achievement of this target will contribute to the objective of increasing the proportion of children who are prepared for their education and to the broader objectives of giving children a better start in life and reducing inequalities in outcomes for children.

Personal, social and emotional development; and communication, language and literacy.

- The Foundation Stage Profile (FSP) is a continuous teacher assessment during the final year of the Foundation Stage with a final recorded outcome at the end of the Foundation Stage, usually at age 5. It is based on practitioners' continuing observations and assessments throughout the final year of the Foundation Stage, supplemented by contributions from parents and building on ongoing assessment information passed on from practitioners in settings previously attended by the children. The Profile covers all six areas of learning in the *Curriculum guidance for the foundation stage*:
 - Personal, social and emotional development (PSE)
 - Communication, language and literacy (CLL)
 - Mathematical development
 - Knowledge and understanding of the world
 - Physical development
 - Creative development
- This target refers to the first two areas of learning. For PSE there are three assessment scales, and for CLL there are four. Each assessment scale has nine points. Children assessed as achieving 4 points on the scale have achieved at least one early learning goal; those achieving 6 points are working securely within a wide range of goals across a broad curriculum; and those achieving 8 points are judged to have met every early learning goal to which the scale relates. Point 9 signifies that those children are working consistently beyond the level of the early learning goals.

In order to gain an accurate picture of children's attainment in PSE and CLL, it is necessary to use pupil level data. A 10 per cent sample is available for this purpose. Analysis of 2003 data shows that this is a nationally representative sample and a sufficiently robust basis for the target.

Definition of "a good level"

"Good" is defined as a score of 6 points on all 7 assessment scales. This is not too high to raise concerns about putting excessive pressure on young children, and not too low to be unchallenging. Based on the 2003 10 per cent sample of pupil level data, 48 per cent of children gained 6 or more points on all seven assessment scales for PSE and CLL. The proportion gaining 7 points or more on all seven assessment scales was 32 per cent, 8 points or more was 16 per cent and 9 points was 4 per cent. The proportion receiving under 4 on all seven assessment scales was 1.3 per cent.

Data and Progress

- Data used to measure this target will come from the FSP owned by the Qualifications

⁵ The proposed target level is provisional. Level to be confirmed when 2005 Foundation Stage Profile results are available.

and Curriculum Agency (QCA). The data period is the school year and data refer to all children completing the foundation stage in that particular year.

- Foundation stage schools and settings will submit to the LEA the thirteen FSP summary scores for each child who will reach the end of the foundation stage in that school or setting in the summer, together with child identification data, i.e. forename, surname, Unique Pupil Number (UPN), gender, date of birth and home postcode. The LEA submits aggregated data to the DfES together with a representative 10 per cent sample of individual pupil results.
- Quality controls – data will be collected via a consistent national framework developed by QCA.
- The baseline for the target will be the July 2005 results, when area level data first become available. The level of increase required over the period 2005-08 will be confirmed following analysis of the 2005 results.
- Progress will be measured annually from 2005. Assessments are finalised in July each year, with data being analysed and normally available for use by December.
- Progress on the target will be measured against two indicators:
 - Increasing the proportion of children across England achieving a good level; and
 - The inequalities in the proportion of children achieving a good level between the 20 per cent most disadvantaged areas and the rest of England should be reduced.
- Area/Ward Statistics: The 20 per cent most disadvantaged wards are currently defined by reference to the Index of Multiple Deprivation 2000 (IMD2000). We are considering how to make best use of the new IMD2004, which is based on small area statistics (super output areas), as a basis for determining priorities for development and delivery and for measuring this target.

The target will be considered to be met if both parts are met individually. If either part of this target is met then this target will be deemed to be partly met.

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

- **increase the stock of Ofsted-registered childcare by 10 per cent;**
- **increase the take up of formal childcare by lower income working families by 50 per cent; and**
- **introduce, by April 2005, a successful light-touch childcare approval scheme.**

Sure Start Unit target, joint with the Department for Education and Skills.

Part 1 – the stock of formal childcare

The target will be measured by reference to data provided by Ofsted about registered childcare places in England. Ofsted-registered childcare falls into the following categories and covers an estimated 92 per cent of total childcare places:

Full Daycare: This includes nurseries. Places are eligible for registration if they provide childcare at any time (day or night) for children aged under eight on premises other than domestic premises, where the period (or total of periods) in any day during which children are looked after on the premises exceeds four hours. For schools, all new day care starting from April 2004 for children under 8 must be registered; existing daycare including children under 2 must be registered by September 2004; and all existing daycare for children aged 2 and over must be registered by September 2005.

Registered Childminders: To be registered a childminder must look after one or more children aged under eight for a total of more than two hours per day on domestic premises for reward.

Out of School: Facilities that provide day care for children under eight for a total of more than two hours per day operating as before school, after school and/or school holiday clubs.

Measurement of progress

Performance will be assessed annually at 31 March. Achievement of the first part of the target will be assessed by the change between 31 March 2004 and 31 March 2008. Increase in the stock of childcare represents the number of newly created places net of interim closures between the 31 March 2004 and 31 March 2008.

Part 2 – take-up by lower income working families

The target will be monitored by reference to Households Below Average Income (HBAI) data about the proportion of children in lower income working families who use formal childcare. This is a proxy measure of the contribution of childcare to enabling low income families to obtain and retain jobs. Data come from a survey where parents answer whether they use “regular, formal” childcare.

For the purposes of this target:

- *Lower income families* are defined as families with income in the bottom two income quintiles, as reported in the annual Households Below Average Income (HBAI) Statistics (see www.dwp.gov.uk/asd/hbai.html) published under National Statistics by the DWP. HBAI outturn data for 2007-08 is expected to be available by Spring 2009.
- *A child in a working family* is a child in a family where at least one of the adults in the benefit unit, i.e. the adults upon whom that child is dependent, works. Work here is defined as either full-time self-employed, full-time employee, part-time self-employed or part-time employee.
- *Formal childcare* is defined as childcare that is paid for on a regular basis, excluding care for social occasions. The following childcare types are aggregated to provide the overall

definition of Formal Childcare: Childminder, Nursery/playgroup, Crèche, Employer provided nursery, Nanny/Au Pair, After School or Holiday Playscheme. All childcare provided by relatives, friends or neighbours is excluded, even if payment is made. This definition, unlike that used in the first part of this target, does not distinguish Ofsted registered childcare.

The target will relate to children living in England. HBAI Statistics are based on data drawn from the Department for Work and Pension's Family Resources Survey. The choice of equivalence scale and geographic area for which the income distribution is constructed will be consistent with the joint DWP/HMT child poverty measure. Progress will be reported against the 2004-05 baseline. These data will become available by Spring 2006.

If any revisions are made to the relevant National Statistics, the baseline figures will be revised consistently with those for later years.

Measurement of progress

The baseline year will be an average of the 2003-04 data and the 2004-05 data. The final year will be an average of the 2006-07 data and the 2007-08 data. The target will be achieved if the change between the baseline proportion and the average of the 2006-07 and 2007-08 proportions of working low income families who use formal childcare, is 50 percent or more. The target level will be confirmed when the baseline data become available in 2004-05.

We will also monitor the growth in the proportion of working families in the top three income quintiles that use formal childcare and assess how growth in the take up of formal childcare by this group compares to the lower income group.

Part 3 – successful introduction of light touch childcare approval scheme

The aim is to create a scheme for approving carers who are not required by the Children Act to be registered. This allows a greater number of parents access to the childcare element of the Working Tax Credit and Employer Supported Childcare tax and National Insurance Contributions exemptions.

Subject to final decisions based on the outcome of the current consultation, the types of care eligible to be approved by the Scheme are:

- Childcare in the parent's home (this to include people referred to as "nannies", or as "au pairs" including those on the HO au pair placement scheme);
- Childcare for children over the age of 7 – either by an individual minding children inside their own home, or by an organisation providing childcare in a non-domestic location;
- Childcare provided for less than 2 hours a day or that is activity-based.

The timetable for the Childcare Approval Scheme is that an approval service will be in place, again, subject to final decisions following the conclusion of the public consultation:

- To accept applications from individual home-based carers whose 'parents/ employers' are in receipt of Employer Vouchers, from January 2005. This will be treated as a live pilot of the systems that the Approval Body puts in place;
- To have a fully operational approval service for all individual home-based carers and childminders for Over 7s only by end March 2005; and
- To introduce the approval of clubs, and other groups by July 2005 at the latest.

Measurement of progress

The criteria for successful introduction are:

- Introduction of the scheme to the timetable above;
- Ability to provide an efficient service with an 80 per cent turn round time of six weeks (including the 4 weeks it takes to get an enhanced disclosure from the Criminal Records Bureau);
- Ability to achieve this at a fee for individuals not higher than £125 per approval; and
- 15,000 approvals⁶ during the year ending March 31 2008.

Achievement of the whole target

Parts 1, 2 and 3 of this PSA target will all need to be met individually for the whole target to be met. If one or more parts of this target are met then this target will be deemed to be partly met.

⁶ The 2008 level of approvals will be confirmed following receipt of data on take-up of measures on employer supported childcare and on the number of approvals achieved by the end of the first year of the light touch approval scheme in April 2006.

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

4. As part of the wider objective of full employment in every region, over the three years to Spring 2008, and taking account of the economic cycle:

- **demonstrate progress on increasing the employment rate;**
- **increase the employment rates of disadvantaged groups (lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications and those living in the Local Authority wards with the poorest initial labour market position); and**
- **significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate.**

Overall employment rate element joint with HM Treasury.

The Government's long-term goal is employment opportunity for all - the modern definition of full employment. A detailed discussion on achieving employment opportunity for all can be found in *Full Employment in Every Region*⁷.

Part 1 – overall employment rate sub-target

This target applies to Great Britain. Employment policy is devolved for Northern Ireland.

The target will be measured using the seasonally adjusted employment rate (the proportion of the population of working age (16-59 for females and 16-64 for males) who are in employment) in Great Britain, based on the International Labour Organisation (ILO) definition. This is a National Statistic.

A definition of employment can be found on page S3 of the Labour Market Trends document published monthly by the ONS (alternatively for a more detailed definition see www.statistics.gov.uk/downloads/theme_labour/employment.pdf).

The baseline for this target will be Spring (March-May) 2005. The data for setting the baseline will be released in July 2005 and the target will be monitored using Labour Force Survey quarterly data, which can be found in table 18(1) of the labour market statistics document by the ONS (see www.statistics.gov.uk/OnlineProducts/LMS_FR_HS.asp).

Wider economic developments, both macroeconomic and microeconomic, will have a substantial effect on the employment rate. The impact of employment policies, other government policies and outside factors on the employment rate will be evaluated, taking account of the economic cycle, by:

- evaluation and assessment of the effects of individual policy measures;
- best assessments of movements in the overall employment rate measures taking account of the economic cycle; and
- retrospective modelling and evaluation.

Assessments of the economic cycle are published by HM Treasury in Pre-Budget Reports and Financial Statement and Budget Reports. Estimates are made using National Statistics data. Further information on how the assessment of the economic cycle is made and the method used to estimate trend growth over the economic cycle is available in *Fiscal Policy*:

⁷ See www.hm-treasury.gov.uk/media/EAD48/employment_372.pdf.

Public Finances and the Cycle, March 1999, *Trend Growth: Prospects and Implications for Policy*, November 1999 and *Trend Growth: Recent Developments and Prospects*, April 2002.

Parts 2 and 3 – disadvantaged groups sub-targets

DWP will separately monitor the employment rate for each of the groups listed below and the gap between their employment rate and the employment rate of Great Britain. The definition of employment will be the same as for Part 1. Data for all these groups are seasonally unadjusted and their employment rates will therefore be compared to the seasonally unadjusted employment rate for Great Britain. Each measure is a National Statistic.

To meet parts 2 and 3 of the PSA target requires an increase by 2008 in the employment rate of each disadvantaged group and a reduction in the gap between their employment rate and the employment rate of Great Britain, taking account of the economic cycle.

For lone parents, an increase in the employment rate of at least 2 percentage points and a reduction in the gap of at least 2 percentage points is required for the sub-targets to be met. For the other groups the sub-targets will be considered to be met if an increase in the employment rate of at least 1 percentage point, and a reduction in the gap of at least 1 percentage point, is achieved. These target levels are set on the basis that changes in data of approximately these proportions can be regarded as significant.

Lone parents: A person of working age caring for a dependent child, without a partner who is a member of the same household. Data are seasonally unadjusted and are obtained from the Household Labour Force Survey which is published biannually by the ONS (see *Work and Worklessness amongst Households* at www.statistics.gov.uk). The baseline for this target will be Spring (March-May) 2005 data.

Ethnic minority groups: This group contains those who classify themselves to an ethnic background that is non-white, and is based on aggregated data for all respondents to the Labour Force Survey (LFS). Data is available quarterly and is seasonally unadjusted. The baseline for this target will be an average of the LFS data from the four quarters to Spring (March-May) 2005, and the average of the four quarters to Spring (March-May) 2008 will be the end point comparator.

Subject to sample size limitations, data for individual ethnic groups will also be monitored regularly.

This target forms part of the Government-wide Community Cohesion and Race Equality strategy.

Linked to this PSA target, SR2004 includes PSA targets for the Home Office to:
'Reduce race inequalities and build cohesive communities.'

And for the Department of Trade and Industry to:
'By 2008, promote ethnic diversity, cooperative employment relations and greater choice and commitment in the workplace, while maintaining a flexible labour market.'

As part of achieving the wider Government objectives on racial equality, including ethnic minority employment (DWP) the Department for Education and Skills will monitor progress in narrowing race equality disparities in educational attainment. The specific Department for Education and Skills targets relevant to the DWP target are:

- DfES: (PSA 10) Key Stage 4. By 2008, 60 per cent of those aged 16 achieve the equivalent of 5 GCSEs at grades A* to C; and in all schools at least 20 per cent of pupils achieve this standard by 2004, rising to 25 per cent by 2006 and 30 per cent by 2008.

- DfES: (PSA 14) By 2010, increase participation in Higher Education towards 50 per cent of those aged 18 to 30. Also, make significant progress year on year towards fair access, and bear down on rates of non-completion.

In addition to these PSAs, there are four other PSAs where departments will monitor progress in tackling race inequalities. Details can be found in the Technical Note to the Home Office's PSA 7.

People aged 50 and over: This group includes those aged 50 to 69. Data are obtained from the Labour Force Survey and are available quarterly. The data used are seasonally unadjusted. The baseline for this target will be Spring (March-May) 2005 quarterly data.

Those with the lowest qualifications: This group is defined as the 15 per cent of the working age population (men aged 16-64 and women aged 16-59) with the lowest qualifications. The ranking of qualifications to be used is as follows:

No Qualifications

Other qualifications below National Vocational Qualification (NVQ) level 1

Other qualifications that cannot be aligned with the NVQ system

NVQ level 1

NVQ level 2

NVQ level 3

NVQ level 4

NVQ level 5

Qualifications have been aligned to NVQ levels wherever possible. This categorisation is not exact but it does allow a relatively simple and understandable ranking of the qualification system. The ranking also (roughly) corresponds to the ranking of the employment rates within each qualification category. Data are available quarterly from the Labour Force Survey and are seasonally unadjusted. The baseline for this target will be Spring (March-May) 2005 quarterly data.

Those living in disadvantaged areas: The disadvantaged areas covered in this target are the most disadvantaged wards as selected by the following criteria:

- i) wards which have a benefit claim rate of 25 per cent or above; and
- ii) wards in the 10 Local Authority Districts with the lowest employment rates which have benefit claim rates between 20 and 25 per cent.

These target wards will be selected using Labour Force Survey data and data on receipt of key benefits⁸. Four-quarter average LFS data and four-quarter key benefit data to February 2004 will be used for the selection. Both sources are used to capture concentrations of dependency in neighbourhoods and to reflect asymmetry between data on employment and benefit dependency. It is estimated that the wards included in this target will be around 10 per cent of all wards. The target will be for the employment rate of the set of wards taken together.

The baseline data will be a four-quarter average of LFS data to Spring 2005 across all the selected wards and the average of the four quarters to Spring 2008 will be the end point comparator. Data are available quarterly from the LFS and are seasonally unadjusted.

For parts 2 and 3 of this target to be met, they must be met for each of the five groups listed. For the whole PSA target to be met, parts 1, 2 and 3 of the target must all be met individually. If either part 1 or parts 2 and 3 of this target are met then this target will be deemed to be partly met.

⁸ Key benefits for the purposes of this target are Jobseeker's Allowance, Income Support, Incapacity Benefit and Severe Disablement Allowance.

5. By 2008 improve health and safety outcomes in Great Britain through progressive improvement in the control of risks in the workplace.

Progress will be measured against the following targets:

1. That the three health and safety outcome indicators used for the *Revitalising Health and Safety* (RHS) targets will reduce over the SR2004 period (2005-06 to 2007-08) by proportions consistent with the Health and Safety Executive's published ten-year targets⁹. This means the following target reductions, against a 2004-05 baseline:
 - the incidence rate of work-related fatal and major injuries: 3 per cent by 2007-08;
 - the incidence rate of work-related ill health: 6 per cent by 2007-08;
 - the number of days lost due to injuries and ill health: 9 per cent by 2007-08.
2. That the numbers of recorded major hazard precursor incidents will reduce by levels as previously agreed and published in joint HSE and industry targets for onshore hazards, offshore hazards and the nuclear industry. These targets are published in the Health and Safety Commission's Business Plan 2004-05, which is at www.hse.gov.uk/aboutus/plans/index.htm.

The PSA target will be considered to be fully met only if all the targets listed above, i.e. the three RHS sub-targets and the three major hazards sub-targets, are achieved separately.

The PSA target will be considered partly met if:

- one or more of the sub-targets are achieved; **and**
- the indicator for each sub-target moves in a favourable direction; **and**
- indicators of risk control move in a favourable direction, indicating that risks are being better controlled and as a result health and safety failures are declining.

1. Data sources for the three RHS indicators on health and safety outcomes

For work-related *injuries*, data is gathered from reports made by employers and others¹⁰ to estimate the incidence of work-related fatal and major injuries. The Labour Force Survey (LFS) measure of all reportable injury will be used as well as the fatal and major injury measure to give a fuller view of work-related injuries that is not subject to under-reporting.

For work-related *ill health*, data is gathered from SWI¹¹ household surveys and other sources including THOR¹² specialist doctor monitoring schemes, the Industrial Injuries Scheme disablement benefit compensation data and death certificates.

Estimates of *days lost* due to work-related injury and ill health come from LFS/SWI surveys.

In addition, the new workplace survey currently being developed (see below) will provide data on the three RHS indicators and there will be further development of other sources of data on work-related ill health and days lost over the period from April 2005 to March 2008.

All the sources of data listed above are National Statistics, and annual progress reports will continue to be published each Autumn on HSE's website¹³. For more details of HSE's technical approach to measuring progress on health and safety outcomes see the peer-reviewed *Statistical Note on Progress Measurement*¹⁴ published in 2001.

⁹ See *RHS Strategy Statement*, at www.hse.gov.uk/revitalising/what_is/index.htm

¹⁰ Under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) – see *RIDDOR explained* at www.hse.gov.uk/pubns/hse31.pdf.

¹¹ Self-reported Work-related Illness surveys, linked to the Labour Force Survey.

¹² The Health and Occupation Reporting network.

¹³ See www.hse.gov.uk/statistics/targets.htm.

¹⁴ See www.hse.gov.uk/statistics/statnote.pdf.

The three measures of RHS outcomes described above are subject to sampling error / statistical uncertainty. To maximise the ability to detect change, the judgement on progress will be based on analysis of movements from all relevant data sources. Information from the new Workplace Health and Safety Survey along with data on risk control collected by HSE's inspectors will also be used as evidence to support the judgement on progress.

The Workplace Health and Safety Survey (WHASS)

For 2004-05 HSE is developing a workplace-based survey of the health and safety of the workforce in Great Britain. The WHASS, being based on self-reports, will cover the full range of ill health and safety outcomes and will measure the RHS indicators. It will also measure the control of risks related to health and safety systems, policies and climate (to be asked of both employees and employers) and working conditions (to be asked of employees). The WHASS survey will be piloted in Winter 2004-05. Results of the WHASS will be designed to be National Statistics and to meet the associated quality standards.

Risk Control Indicators (RCIs)

Since 2002-03 inspectors in HSE's Field Operations Directorate have recorded information on their contacts with employers concerning eight topics or hazards (falls from height, musculoskeletal disorders, workplace transport, slips and trips, stress, hand arm vibration, noise and asthma), including their assessment of performance on a number of 'risk control indicators'. The database comprises over 30,000 observations per year, but has limitations in terms of how representative and reliable it is. HSE plans further work on quality assurance, including independent research, with the aim that the RCIs will become sufficiently robust to fulfill the criteria for National Statistics. HSE is also developing other indicators for particular hazards/ programmes.

2. Reports on major hazard precursor incidents

Data are available on reports of 'precursor incidents' – incidents that, if they occur, have the potential to contribute to a chain of circumstances leading to a catastrophic event. For the purposes of this target data will be drawn from three sources:

- the incidence of relevant RIDDOR-reportable dangerous occurrences onshore (including failure of pressure systems and unintentional explosions);
- the number of hydrocarbon releases offshore; and
- the number of reports made to HSE by licence holders that indicate a challenge to nuclear safety.

The sources of data used to measure progress against this target vary in their frequency and timeliness, so the judgement of progress at any point will use the latest available data. The table below shows when data from each source is published.

Publication schedule for data sources

Source	Publication frequency	Data period covered in next publication	Publication date
LFS/SWI	Annual ^(a)	December 2003 – February 2004	November 2004
WHASS	Biennial	December 2004-March 2005	November 2005
THOR	Annual	2003	August 2004
RCIs	Quarterly ^(b)	January – March 2004	August 2004
Death certificates	Annual	2002 ^(c)	August 2004
Industrial injury scheme cases	Annual ^(d)	2003	August 2004
Major hazard indicators	Quarterly ^(e)	April – June 2004	August 2004

(a) Subject to agreement of LFS.

(b) Analysed within HSE (and reported to Ministers) quarterly, published annually in November.

(c) Mesothelioma, the main disease from this source, is often subject to delayed registration.

(d) DWP publishes summary data quarterly.

(e) Analysed within HSE (and reported to Ministers) quarterly; much of the underlying data made publicly available.

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

- 6. By 2008, be paying Pension Credit to at least 3.2 million pensioner households, while maintaining a focus on the most disadvantaged by ensuring that at least 2.2 million of the households are in receipt of the Guarantee Credit.**

Pension Credit (PC) comprises two elements - a Guarantee Credit paid to those whose incomes would otherwise fall below a set level, and a Savings Credit paid to those with income from savings. These are defined in the State Pension Credit Act 2002 (see www.legislation.hmso.gov.uk/acts/acts2002.htm). A recipient may receive either or both of these elements, depending on their circumstances.

Pensioner household is defined as a single recipient or a recipient couple (Pension Credit is only payable where the applicant is aged 60 or over).

The target refers to Great Britain.

Progress against the target will be measured using statistics on Pension Credit published by DWP. Currently, Pension Credit statistics are published in a monthly report which is placed in the House of Commons Library. Quarterly statistics are available on DWP's website, www.dwp.gov.uk.

The statistics are based on 100 per cent data from the administrative computer system for Pension Credit. The data is validated by comparing it with other Management Information statistics on Pension Credit and by up-rating to adjust for known gaps in coverage (including a small number of clerical cases not held on the computer system).

'By 2008' means the count of recipient pensioner households as at the end of March 2008.

This target will be deemed to be met only if both the Pension Credit and Guarantee Credit elements are met individually. If either part of this target is met then this target will be deemed to be partly met.

7. Improve working age individuals' awareness of their retirement provision such that by 2007-08 15.4 million individuals are regularly issued a pension forecast and 60,000 successful pension traces are undertaken a year.

Part 1 – pension forecasts

*Simplicity, security and choice: Working and saving for retirement*¹⁵ contained analysis showing that an estimated three million people were seriously under-providing for their retirement and a further group of between five and 10 million people may wish to consider saving more or working longer. *Simplicity, security and choice: Informed choices for working and saving*¹⁶ set out the strategy for empowering individuals to make real and informed choices on working and saving for retirement. This PSA relates to two elements of this strategy: pension forecasting and pension tracing.

Individuals can receive four types of State pension forecast: Combined Pension Forecasts (CPFs), Automatic Pension Forecasts (APFs), Individual Pension Forecasts (IPFs) or Real Time Pension Forecasts (RTPFs). CPFs bring together State Pension forecast information with a forecast of an individual's current occupational or private pension. APFs provide State Pension information and are issued automatically by DWP to targeted groups of customers, for example, women aged over 50. IPFs provide a more detailed State Pension forecast and can be requested from DWP by any individual at any point in time. RTPFs provide State pension forecast information and are requested and received via the Internet utilizing the Government Gateway to ensure results are issued securely. RTPFs will be available in Autumn 2004 and will feed into the web based retirement planner in 2006. The web-based retirement planner will give people the opportunity to look at their own pension forecast from the State, and add to this any occupational or personal pension scheme and other savings they may hold. *Simplicity, security and choice: Informed choices for working and saving* gave details about the planned balance between the different forecasting tools.

All State Pension forecast information is based on an individual's own contributions and provides a forecast based on National Insurance Contributions (NICs) paid (or credited) to date and assumes NICs will continue to be paid (or credited) on the same basis until State Pension Age (SPA). Information is provided on Basic State Pension and Additional State Pension (AP). AP includes State Earnings Related Pension (SERPS), State Second Pension (S2P), Graduated Retirement Benefit and Shared Additional Pension. Earnings growth for SERPS and S2P assumes that if an individual is contracted in at the time the forecast is requested they remain so with earnings/contributions fixed at the same level until SPA. If the individual is contracted out it is assumed that they remain so until SPA. IPFs and RTPFs also take into account NICs records of current and previous partners, include a selection of 'what if' scenarios (e.g. early retirement), and illustrate how an individual could increase the proportion of retirement income provided by the state by back payment of Class 3 contributions¹⁷.

The private pension forecast information within CPFs and available through the retirement planner is based on the annual benefit statements sent to everyone with a personal and/or occupational pension scheme.

The employer or pension scheme provider delivers CPFs annually; APFs are issued automatically by DWP on a cycle with a maximum of three years between each forecast; IPFs are issued by DWP on request and RTPFs will be issued by DWP via the Internet on customer demand¹⁸. APFs will not be issued to individuals who have received a CPF, IPF or RTPF within 12 months of the APF cycle period.

¹⁵ Cm 5677, December 2002, www.dwp.gov.uk/consultations/consult/2002/pensions/index.asp.

¹⁶ Cm 6111, February 2004, www.dwp.gov.uk/publications/dwp/2004/inf-choice/informedchoice.pdf.

¹⁷ Class 3 contributions are voluntary contributions which may be paid to protect NI records in some circumstances. These are paid at a flat rate.

¹⁸ Subject to securing a password to Government Gateway.

The Pensions Forecasting IT system (PFIT) provides details of individuals that have been issued PFIT generated information (APFs and IPFs) and information on the number of individuals whose State Pension information has been provided to employers and pension providers to enable the issue of a CPF. In registering to participate in the CPF scheme employers and providers are committed to the issuing of combined forecasts¹⁹. PFIT does not currently hold data on RTPF recipients but the online system will record Management Information (MI) on the number of RTPFs issued until such functionality is implemented. RTPFs initiate a flag on the National Insurance Recording System to prevent customers who have recently received an online forecast from receiving an APF.

The MI produced for forecasting is system generated, fully adheres to Departmental data standards, follows data validation guidelines and all functionality is fully tested. Pension forecast statistics will be published in the annual Departmental Report. The Departmental Report can be found on the Department for Work and Pensions website at www.dwp.gov.uk.

Part 1 of the target will be met if 15.4 million individuals have, in the three year period from the beginning of April 2005 to end of March 2008, been issued with at least one of an APF, IPF or RTPF or their State Pension information has been provided to their employer or pension provider to enable the issue of a CPF. An individual receiving one or more of any type of forecast will count as one individual for the target.

Part 2 – pension traces

Pension tracing requests can be instigated by telephone, post, e-mail and, from June 2006, through the new web-based retirement planner. The service will help people to find their preserved pension rights from previous employment and past membership of occupational and personal pension schemes. Based on information provided by an individual the Pension Tracing Service will attempt to find an up-to-date address for the pension scheme. A successful trace is defined as a pension trace request which results in the most current address for a pension scheme, held by the Pension Tracing Service, being given to the individual who raised the request. Current regulations state that the Occupational Pensions Regulatory Authority must be advised of any changes relating to a registrable pension scheme within 12 months of the change of circumstance. From April 2005, regulations will specify the time limit for notifying changes to The Pensions Regulator. The target will be met if 60,000 successful traces are undertaken in 2007-08.

The Pension Tracing IT system will hold information on the number of individuals requesting a pension trace and the number of successful traces. The data produced for pension traces will fully adhere to Departmental data standards and follows data validation guidelines. Pension tracing statistics will be published in the annual Departmental Report. The Departmental Report can be found on the Department for Work and Pensions website at www.dwp.gov.uk.

This target will be deemed to be met only if both parts of the target are met individually. If either part of this target is met then this target will be deemed to be partly met.

¹⁹ Pension providers have a legal requirement to send SMPs.

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

8. In the three years to March 2008:

- **further improve the rights of disabled people and remove barriers to their participation in society, working with other Government departments, including through increasing awareness of the rights of disabled people;**
- **increase the employment rate of disabled people, taking account of the economic cycle; and**
- **significantly reduce the difference between their employment rate and the overall rate, taking account of the economic cycle.**

Part 1 – disability rights

The measure of disability that applies to this part of the target is current and past disabilities under the scope of the Disability Discrimination Act (1995). This covers those who currently have, or have had in the past, a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

The measure used to detect an improvement in the rights of disabled people is the percentage of adults who are aware that the civil rights of disabled people are protected. This is defined by the percentage of all adults (disabled and non-disabled) who report awareness of the 1995 Disability Discrimination Act by name or of legislation that protects the civil rights of disabled people. Greater awareness of the rights of disabled people is expected to contribute towards improving disabled people's opportunities and participation in society.

Information will be collected continuously from the Office for National Statistics (ONS) Omnibus Survey (see www.statistics.gov.uk/services/SurveyOmnibus.asp) from October 2004 onwards. The ONS conduct the survey eight times a year, sampling 24,000 households in Great Britain and generating around 14,400 interviews with adults aged 16 years or over. The results are made available four weeks after the completion of the survey fieldwork.

Part 1 of the PSA target will be considered to be met if there is a significant increase in the percentage of adults who are aware that the civil rights of disabled people are protected, measured as set out above, between October 2004-March 2005 and April 2007-March 2008. On the basis of the latest information on the target statistic it is expected that a 2 percentage point increase in the measure between those dates would be statistically significant with 95 per cent confidence.

Latest data on this measure, and information on what DWP is doing for disabled people, will be published in the DWP Departmental Report. The Departmental Report can be found on the Department for Work and Pensions website at www.dwp.gov.uk.

Parts 2 and 3 – employment rate targets

This target applies to Great Britain. Employment policy is devolved for Northern Ireland.

The measure of disability that applies to these parts of the target is current disability under the scope of the Disability Discrimination Act (1995). This covers those who currently have a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

This target will be measured using the seasonally unadjusted employment rate (a full definition of which can be found on page S3 of the Labour Market Trends document published monthly by the Office for National Statistics) of disabled people. This is a National Statistic. The baseline for this target will be Spring (March-May) 2005 data, which will be released in July 2005. Data will be monitored quarterly.

Assessments of the economic cycle are published by HM Treasury in Pre-Budget Reports and Financial Statement and Budget Reports. Estimates are made using National Statistics data. Further information on how the assessment of the economic cycle is made and the method used to estimate trend growth over the economic cycle is available in *Fiscal Policy: Public Finances and the Cycle*, March 1999, *Trend Growth: Prospects and Implications for Policy*, November 1999 and *Trend Growth: Recent Developments and Prospects*, April 2002.

To meet parts 2 and 3 of this target requires an increase by Spring 2008 in the employment rate of disabled people of at least 1 percentage point and a reduction in the gap between their employment rate and the seasonally unadjusted employment rate of Great Britain of at least 1 percentage point, taking account of the economic cycle.

To meet the PSA target as a whole, parts 1, 2 and 3 will need to be met individually. If either part 1 or parts 2 and 3 of this target are met then this target will be deemed to be partly met.

Objective V: Ensure customers receive a high quality service, including high levels of accuracy.

9. Improve Housing Benefit administration by:

- **reducing the average time taken to process a Housing Benefit claim to no more than 48 days nationally and across the bottom 15 per cent of Local Authorities to no more than 55 days, by March 2008;**
- **increasing the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by 2008; and**
- **increasing the number of cases in receipt of the Local Housing Allowance where the rent is paid directly to the claimant to 470,000 by 2008.**

Part 1 – time taken to process claims

The speed of processing a claim is measured in days, as defined in the DWP Housing Benefit (HB)/Council Tax (CTB) Benefit Management Information System Guide, which is available on the DWP internet site at www.dwp.gov.uk/housingbenefit/manuals/mis-guide-2004_05.pdf.

The definition of time measured is contained in item 6 of the Stats 124 data (page 78) in the 2004-05 MIS guide. Broadly, it is the time from the day the claim is received by the Local Authority to the day a decision is made by the Local Authority on how much benefit to pay the claimant.

The bottom 15 per cent of Local Authorities are defined as the Local Authorities with the worst 15 per cent of reported scores for the speed of new claims processing in any particular quarter.

The target will be measured using HB/CTB Management Information annual un-audited data, available 3 months after the end of each reporting year. It will be monitored using quarterly un-audited data, available 3 months after the end of each quarter, which will continue to be published online at www.dwp.gov.uk/asd/asd1/hb_ctb/performance.asp.

It is not compulsory to return Stats 124 data, but most Local Authorities do so. Part 1 of the target will be deemed to be met if it is met according to final un-audited annual data returns for 2007-08.

Figures are validated each year against audited returns made by the Local Authorities, however these are usually available 12 months after the end of the year at the earliest. To date, the observed differences in the average between the Stats 124 and audited data have been minimal.

National Figures for Housing Benefit and Council Tax Benefit cover England, Scotland and Wales.

Part 2 – cases in receipt of the local housing allowance

The target will be measured using 100 per cent claimant details in Local Housing Allowance (LHA) pathfinder areas which are being collected as part of the evaluation of the LHA in the deregulated private rented sector. After rollout of the LHA across Great Britain, the target will be monitored and measured using HB administrative data either via:

- HB Management Information quarterly data which is audited internally, and published every 3 months at www.dwp.gov.uk/asd/hbctb.asp; or
- HB Matching Service data. This is a new data stream that we are hoping will bring about significant improvements in the quality of housing benefit data. No decision has yet been made about data validation or publication frequency.

It is not compulsory for Local Authorities to return data, though most do so.

Part 2 of the target will be deemed to be met if data shows that the number of Local Housing Allowances paid in April 2008 exceeds 740,000.

Part 3 – rent direct to the claimant

The target will be measured using 100 per cent claimant details in Local Housing Allowance (LHA) pathfinder areas, which is being collected as part of the evaluation of the LHA in the deregulated private rented sector. After rollout of the LHA across Great Britain, the target will be monitored and measured using HB administrative data either via:

- The HB Management Information quarterly data which is audited internally, and published every 3 months at www.dwp.gov.uk/asd/hbctb.asp; or
- HB Matching Service data. This is a new data stream that we are hoping will bring about significant improvements in the quality of housing benefit data. No decision has yet been made about data validation or publication frequency.

It is not compulsory for Local Authorities to return data, though most do so.

Part 3 of the target will be deemed to be met if data shows that the number of LHA cases receiving their rent directly, rather than rent being paid to the landlord, exceeds 470,000 in April 2008.

The overall target will be met if all three parts are met individually. If one or more parts of this target are met then this target will be deemed to be partly met.

10. Reduce overpayments from fraud and error in Income Support and Jobseeker's Allowance and in Housing Benefit.

The target will be met if overpayments from fraud and error in Income Support (IS) and Jobseeker's Allowance (JSA) are reduced by 15 per cent by 2010 measured against a new baseline set in 2005-06; and in working age Housing Benefit (HB) by 25 per cent by 2008 measured against the 2002-03 baseline.

The target will be considered to be met if both parts are met individually. If either part of this target is met then this target will be deemed to be partly met.

The target relates to the estimated percentage (rather than the cash amount) of benefit overpaid as a result of fraud, customer error and official error in Income Support, Jobseeker's Allowance and Housing Benefit (for working age cases only). For Housing Benefit, the target relates to payments within the scope of the Housing Benefit Review sample, which covers only 85 per cent of the total payments. Although the findings from the sample can be extrapolated to cover the whole of the expenditure, this introduces significant extra uncertainty to the results. The estimates of fraud and error exclude underpayments, instrument of payment fraud and take no account of overpayment recovery.

Fraud: Defined as a deliberate misrepresentation of circumstances, or a failure to notify changes in circumstances, where the claimant can be expected to be aware of the effect on entitlement.

Customer error: Defined as an error on the part of the claimant that would not be categorised as fraud.

Official error: Defined as incorrect assessment of entitlement by Departmental/Local Authority staff resulting in an overpayment, or correct assessment but incorrect payment.

For Housing Benefit the published estimates currently include a separate component, **non-residence**, which cannot at present be sub-divided within the above three categories. This is related to non-residency at the address for which Housing Benefit is paid, the reasons for which might include claims under false identity or existence.

Overpayments can also arise from (sometimes unavoidable) delays in processing in DWP or Local Authorities, and from approximations used deliberately in an assessment, for example by Local Authorities at year start, with DWP consent, because accurate information is not available at that time on precise changes to claimants' incomes.

The data used to produce estimates for the target measures are drawn from a randomly selected sample of benefits in payment, which are subjected to a standardised review procedure. Departmental staff with relevant Benefit Review and technical IS/ JSA/ HB training conduct the reviews. The processes provide a continuous rolling programme of measurement. There are several levels of validation controlling data quality, including an annual audit conducted by a separate team, whose work programme and methodology on IS/JSA has been agreed with the National Audit Office, and is expected to also apply to HB.

Overpayments from fraud and error are calculated for rolling twelve-month periods. The target year for both sub-targets runs from 1 April to 31 March.

Results will be published as National Statistics, with two updates each year, covering the periods to March, and to September. Publication will normally be within 9 months of the end of each reporting period. All reports may be accessed on the DWP website, at www.dwp.gov.uk/publications.

The estimates are subject to margins of sampling error and other uncertainties, and the reports include discussion of these factors.

Rebaselining of IS/JSA target

The target for IS/JSA has so far been based on the original baseline constituted by the level of fraud and error overpayment estimated for the year October 1997 – September 1998. DWP will be conducting a review of the existing measurement system and expect to establish a new baseline for IS and JSA constituted by the level of fraud and error overpayment estimated for the financial year 2005-06. The target for 2010 will be judged against this baseline figure. DWP will also concurrently be able to measure performance in 2005-06 under the rules of the existing system to enable assessment of performance against the SR2002 fraud and error target.

Extension of measurement

DWP intend to put in place by 2008 arrangements to provide a more reliable and accurate estimate of overpayment through fraud and error in benefits other than IS, JSA, HB and Pension Credit. This will be achieved by supplementing the existing continuing measurement of high-risk benefits by a series of National Benefit Reviews of other major benefits.

Annex A – Revised and improved methodology for measurement of SR04 PSA target 1c.

This change is effective from February 2007, when data for December 2006 was published.

Explanation of the methodology used to measure progress against the PSA sub-target ‘to increase the proportion of parents with care on Income Support and income based Jobseeker’s Allowance who receive maintenance for their children to 65 percent by March 2008.’

Summary

This document explains the methodology used to measure the Child Support Agency’s (CSA) progress against the PSA sub-target ‘to increase the proportion of parents with care on Income Support and income-based Jobseeker’s Allowance who receive maintenance for their children to 65 percent by March 2008’. The document explains the current methodology used (published in December 2006 Quarterly Statistical Summary), what the previous methodology was and the reasons for the change.

Summary of changes

The detail of changes between the old and new methodologies can be summarised as follows:

1. The key change is that maintenance income from the benefit claim is no longer used in the new methodology because an investigation showed that some cases were being incorrectly reclassified as either ‘receiving maintenance’ or ‘not receiving maintenance’ on the basis of maintenance income shown on the benefit claim. It is thought that inconsistencies were largely caused by the different update schedules of the data sources.

This means that cases where a Maintenance Direct arrangement is in place are now assumed to be receiving maintenance and cases classed as nil liability are now assumed to be not receiving maintenance. The new methodology determines whether maintenance is being paid solely by the use of CSA data and only uses Income Support/Jobseeker’s Allowance data to determine whether the Parent or Person with Care is in receipt of a relevant benefit.

2. 100% data is now used from the Income Support computer system where previously only 5% sample data was used. The use of 100% data improves coverage and data quality.
3. Cases which have an Interim Maintenance Assessment are now included in the total number of cases with a maintenance calculation in place. This brings the methodology in line with that used in the Child Support Agency Quarterly Statistical Summaries.

4. For cases from the new computer system, Parents and Persons with Care whose partner claims Income Support or income-based Jobseeker's Allowance are now included in the analysis.

5. The target aims to increase the proportion of parents with care on Income Support and income-based Jobseeker's Allowance who receive maintenance for their children. Previously, parents with care on contribution-based Jobseeker's Allowance were included in the analysis. In the new methodology, Parents and Persons with Care are only included in the analysis if they, or their partners, are claiming income-based Jobseeker's Allowance or Income Support which more accurately reflects performance against the target.

Current Methodology (published in December 2006 QSS onwards)

The data used for this sub-target will include both Parents with Care and Persons with Care who receive Income Support or income-based Jobseeker's Allowance. 'Parent with Care' is defined as the parent who is the main provider for day-to-day care of the child or children in respect of whom maintenance has been applied for. 'Person with Care' is defined as a person other than a parent who lives with, and has care of, the child or children in respect of whom maintenance has been applied for.

The data will cover those Parents/ Persons with Care whose application is being administered via the old or new child support schemes where the status of the case is assigned as open or suspended. Under the new scheme, data will cover open cases only, i.e. all cases that have not been closed. Under the old scheme, data will cover suspended cases, i.e. those cases that are under investigation by the Child Support Agency or are awaiting removal from the system, and open cases, i.e. all other cases that have not been closed.

Parents/Persons with Care who receive some but not all of the maintenance due to them will be deemed to be 'receiving maintenance' and will count towards the sub-target. Similarly, cases with a 'Maintenance Direct' arrangement in place are assumed to be receiving maintenance and will also count towards the sub-target.

The sub-target covers Great Britain.

The sub-target will be measured using the following categories:

Parents/ Persons with Care claiming Income Support (IS) or income-based Jobseeker's Allowance (JSA-IB) for either themselves and their dependents or themselves, their dependents and a partner, and who are: **a)** in receipt of maintenance; or **b)** not in receipt of maintenance but have a maintenance calculation in place.

Parents/ Persons with Care whose partner claims IS or JSA-IB on their behalf and who are: **c)** in receipt of maintenance; or **d)** not in receipt of maintenance but have a maintenance calculation in place.

Cases which fall into Categories **a)** and **c)** are identified from the child support computer systems when the non-resident parent either has made a payment

via the collection service in the last three months, or a Maintenance Direct arrangement is in place at the end of the quarter.

The sub-target will be calculated as follows:

$(a+c) / (a+b+c+d)$ = Cases with Parents/Persons with Care on Income Support or income-based Jobseeker's Allowance who receive maintenance for their dependents, as a proportion of all cases with Parents/Persons with Care on Income Support or income-based Jobseeker's allowance with a maintenance calculation in place.

The source of the data will be the old and new child support computer systems. This will be merged with additional information from the Income Support/Jobseeker's Allowance computer system.

For cases from the old computer system, categories **a)** and **b)** will be based on a sample size of 5 per cent, selected according to the last two digits of the Parent/ Person with Care National Insurance Number (NINo). Categories **c)** and **d)** cannot be measured from the old computer system because data regarding the partners of Parents/Persons with Care is not available.

For cases from the new computer system, 100 per cent of data will be extracted directly from the new child support computer system, 100 per cent of data in all categories will be merged with Income Support data and 5 per cent of data in all categories will be merged with income-based Jobseeker's Allowance data. 100 per cent income-based Jobseeker's Allowance data is not available.

Previous Methodology (Last published in September 2006 QSS)

The methodology was changed in February 2007 to that noted above. Prior to February 2007 the sub-target was measured using the following categories:

Parents/ Persons with Care claiming Income Support (IS) or income-based Jobseeker's Allowance (JSA-IB) for either themselves and their dependents or themselves, their dependents and a partner, and who were: **a)** in receipt of maintenance; or **b)** not in receipt of maintenance but had a maintenance calculation in place. Interim Maintenance Assessments were excluded from the analysis.

Cases which fell into Category **a)** were identified from the child support computer systems when the non-resident parent either had made a payment via the collection service in the last three months, or a Maintenance Direct arrangement was in place at the end of the quarter. Some cases were then reclassified based on whether a maintenance income amount was declared on the benefits claim. That is, Maintenance Direct cases were removed from category **a)** 'in receipt of maintenance' if the benefits data record did not show any maintenance income 'brought to account' in the benefit claim. Conversely, cases that were classed as 'nil liability' were added to the category **a)** 'in receipt of maintenance' if the benefits data record did show maintenance income 'brought to account' in the benefit claim.

The sub-target was then calculated as follows:

(a) / (a+b) = Cases with Parents/Persons with Care on Income Support or income-based Jobseeker's Allowance who receive maintenance for their dependents, as a proportion of all cases with Parents/Persons with Care on Income Support or income-based Jobseeker's Allowance with a maintenance calculation in place.

The source of the data was the old and new child support computer systems. This was merged with additional information from the Income Support/ Jobseeker's Allowance computer system. For new scheme cases the data was merged with all Jobseeker's Allowance cases. The new system is more accurate because it only merges the data with income based Jobseeker's Allowance cases which more accurately reflects performance against the target.

As with the revised methodology, for old scheme cases, categories **a)** and **b)** were based on a sample size of 5 per cent, selected according to the last two digits of the Parent/ Person with Care National Insurance Number (NINo).

For new scheme cases, 100 per cent of data was extracted directly from the new child support computer system and 5 per cent of data in all categories was merged with Income Support and income-based Jobseeker's Allowance data.

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Annex B (revised October 2007)

This document shows the revised wording agreed between DWP, DfES and HMT for the technical note for DWP's SR2004 PSA targets 2 and 3b (joint with DfES). No changes have been made to targets 3a and 3c.

Sure Start - SR2004 Public Service Agreement targets – Technical Note

PSA 2. Improve children's communication, social and emotional development so that by 2008 50% of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20% most disadvantaged areas and the rest of England.

(Sure Start Unit target, joint with the Department for Work and Pensions)

The original wording of target 2 (see above) was reviewed and updated in spring 2006. The original level of increase was provisional and was to be confirmed following an analysis of the 2005 Foundation Stage Profile results. As a result, the target wording was changed as shown below.

PSA 2. Improve children's communication, social and emotional development so that by 2008 53% of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 30% most disadvantaged Super Output Areas and the rest of England by four percentage points from 16% to 12%.

The rest of the PSA 2 Technical Note is unchanged.

PSA 3: As a contribution to reducing the proportion of children living in households where no one is working, by 2008:

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

(Sure Start, Extended Schools and Childcare Group target, joint between DfES and DWP)

TECHNICAL NOTE DEFINITION

[NB THIS SECTION REFERS TO DWP TARGET 3B – THERE ARE NO CHANGES TO 3A OR 3C]

PART B - TAKE-UP OF FORMAL CHILDCARE BY LOWER INCOME WORKING FAMILIES

The target will be measured using data on the take-up of formal childcare collected as part of the DfES survey of parents' use of childcare series 2005-8, the first of which is entitled 'Childcare and Early Years Provision: A Study of Parents' Use, Views and Experiences'¹. The target relates to children aged 0-14, living in England. Progress will be reported against the 2005 baseline. This is a proxy measure of the contribution of childcare to enabling low-income families to obtain and retain jobs.

For the purposes of this target:

Lower income families are defined as families, in England, with at least one child aged 14 years old or younger with gross annual income in the bottom two income quintiles (i.e. bottom 40%). The target will measure the number of children in these families, with working parents, using formal childcare.

National income quintile levels are derived from the national income levels of ALL families regardless of work status. The DWP's Family Resources Survey (FRS) gives a more robust measure of income levels than the DfES survey of parents' use of childcare, which collects income data in broad bands. Consequently the DWP's FRS will be used to set national income quintile levels for this target.

The income bands derived from the 2005 DfES survey which most closely match those which are derived from the FRS (2004/5) are as follows:

	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Highest Quintile
FRS (rounded to nearest thousand)	0-£12,999	£13,000-£18,999	£19,000-£24,999	£25,000-£35,999	£36,000+
Nearest achievable DfES survey of parents use of childcare bands	0-£14,999	£15,000-£19,999	£20,000-£25,999	£26,000-£37,999	£38,000+

These income bands have been used to set the 2005 baseline.

For 2007 and 2008, the income bands in the parents' childcare survey will be revised to enable as close a match as possible with the latest available FRS data. Income quintiles for 2007 will be derived by matching the 2007 DfES survey bands with the 2005/6 FRS quintiles. Income quintiles for 2008 will be derived by matching the 2008 DfES survey bands with the 2006/7 FRS quintiles.

A child in a lower income working family - is a child aged 0-14 in a family where at least one of the adults in the benefit unit - i.e. the adults upon whom that child is dependent - works. Work here is defined as either full-time self-employed, full-time

¹ Bryson, C., Kazimirski, A. and Southwood, H. (2006) Childcare and Early years Provision: A Study of Parents' Use, Views and Experiences. DfES Research Report 723.

employee, part-time self-employed or part-time employee. The gross annual income level of the family must be in the bottom two national annual income quintiles.

Formal childcare is defined as childcare that is paid for on a regular basis **or** is provided as part of a free entitlement provided by Government to appropriately aged children. The DfES survey captures any time when the child is not with a resident parent/carer (or their current partner) or at compulsory school. The following childcare types are classed in the survey as 'formal childcare' - Nursery School, Nursery Class, Reception Class, Special, Day School or Nursery or Unit, Day Nursery, Playgroup or Pre-School, Childminder, Nanny/au-pair, Babysitter who came to the child's home², Breakfast/After School Club, on a school site, Breakfast/After School Club, not on school site, Holiday Club/Scheme.

All childcare provided by ex-partners, relatives, friends and neighbours is excluded, even if payment is made. This definition, unlike that used in the first part of this target, does not focus exclusively on Ofsted registered childcare.

Measurement of progress

Data source – The data source will be the DfES annual survey series 'Childcare and Early Years Provision: A Study of Parents' Use, Views and Experiences'.

At the time of the SR04 it was felt that the Family Resources Survey (FRS) would be the best source for monitoring progress. However, in 2005/06 major changes were made to the childcare questions in the FRS which made it impossible to establish a baseline and realistic trajectory. Having reviewed options it was agreed that the DfES Parents Childcare Survey would be the most appropriate alternative. FRS data showed that in 2003/04 – 2004/05 there were 173,500 children using formal childcare in lower income working families compared to 615,000 for the DfES survey.

Data – Progress will be measured using child-level data. This will be grossed up to national level to show the number of children (to the nearest 1,000) in low income families using formal childcare.

Data collection – The data for the 2005 baseline survey was collected from September 2004-January 2005. For 2007 and 2008 data collection periods will be from January-March, with data becoming available in June of each year.

Baseline – the baseline year will be 2005, using data published in the 'Childcare and Early Years Provision: A Study of Parents' Use, Views and Experiences' survey (2006). The baseline shows that 615,000 (25.8%) children in lower income working families used formal childcare in 2005 – the table below shows how this figure was derived:

² Babysitters represent only 1.1% of the baseline and while 50% of parents using babysitters said they did so for economic reasons we will not be actively promoting babysitting as part of the target.

Household Income Quintiles (working households)

	Lowest Quintile (0- £14,999)	Second Quintile (£15,000- £19,999)	Third Quintile (£20,000- £25,999)	Fourth Quintile (£26,000- £37,999)	Highest Quintile (£38,000+)	Other
Has not used formal childcare in the last week	865	705	692	853	816	347
Has used formal childcare in the last week	301	246	308	435	621	126
Total	1166	951	1000	1288	1437	473
Number / Percentage using childcare*	339,000 (25.8%)	277,000 (25.9%)	347,000 (30.8%)	490,000 (33.8%)	698,000 (43.2%)	2,150,000 (26.6%)
Baseline*	615,000 (25.8%)					

(* Rounded to the nearest 1,000)

Projections – A stretching target of increasing the number of children in lower income working families, using formal childcare, by 120,000 has been set. This represents an increase of nearly 20% of children in lower income working families taking up formal childcare. For comparative purposes, it is useful to note that on the basis of 2005 policies, interventions and labour market conditions it has been estimated that the rate of increase would be 21,500 (3.5%) per year which equates to 64,600 (10.5%) over 3 years.

It is worth noting that if the FRS data source was retained, with the original target of an increase of 50%, this would equate to a target of an increase of 86,750 children using formal childcare from lower income working families, which is considerably lower than the agreed target of 120,000 children.

Progress – The target will be achieved if the number of children in lower income working families using formal childcare increases from the 2005 baseline of 615,000 to 735,000 by March 2008.

The growth in the number of children in working families in the top three income quintiles that use formal childcare will also be monitored and assessments will be made on how growth in the take-up of formal childcare by this group compares to the group in the bottom two income quintiles.

Annex C

Changes to DWP Technical Notes for PSA 4 and PSA 8bc to take account of changes to Office for National Statistics methodology

In response to Eurostat regulations, the Office for National Statistics changed the way it published Labour Force Survey data from October 2006. Publication is now on a calendar quarter basis, as opposed to the seasonal quarter basis previously used. The baseline for each of the sub-targets of PSA target 4, and the baseline for PSA target 8bc has been adjusted accordingly from spring (March – May) 2005 to Quarter 2 (April – June) 2005. Historical data have been revised on the same basis and, as a result, the baseline figures have altered slightly.

This change also affects monitoring for PSA 1b (Children in workless households).

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

(See page 2 of 27 in the original document)

8. In the three years to spring 2008¹:

- further improve the rights of disabled people and remove barriers to their participation in society, working with other Government departments, including through increasing awareness of the rights of disabled people;
- increase the employment rate of disabled people, taking account of the economic cycle; and
- significantly reduce the difference between their employment rate and the overall rate, taking account of the economic cycle.

¹ This date was originally March 2008, but has been changed to spring 2008 for consistency with the other employment rate PSA targets (PSA4).

Part 2 – children in workless households sub-target

(see page 6 of 27 in the original document)

A workless household is defined as a household that includes at least one person of working age and where no one is in employment. Working age indicates a man aged between 16 and 64 or a woman aged between 16 and 59. A household is defined as a single person, or group of people, living at the same address who have the address as their only or main residence and either share one main meal a day or share living accommodation (or both). A full definition of workless households is given in E. Cooper-Green (2001), *Labour Force Survey household data: Spring 2000 analysis*, pages 43-53, Labour Market Trends, January 2001.

Dependent children are defined as children under 16 years of age, as defined in the Labour Force Survey.

The proportion of children living in workless households will be examined for different types of households (lone parents, couples and others) separately, so that the impact of demographic change on the target can be identified.

The sub-target will be measured using Labour Force Survey (LFS) data. The Household Labour Force Survey is published biannually by the Office for National Statistics (ONS). An accompanying News Release entitled *Work and Worklessness amongst Households* is available from the ONS website at www.statistics.gov.uk. The measurement used is a National Statistic. Coverage will be Great Britain. Data are seasonally unadjusted but adjusted for unknown economic activity. The baseline for the sub-target will be Q2 (April – June) 2005 data. The sub-target will be monitored every six months, using Q2 and Q4 (October – December)² data.

² These dates were originally set as a baseline of spring (March-May) 2005, with monitoring on a spring and autumn (September – November) basis. The change to Q2 (April – June) and Q4 (October – December) has been made to reflect the new delivery timetable of Labour Force Survey data from the Office for National Statistics (ONS). In July 2006, ONS delivered its last quarterly dataset based on a seasonal (spring, summer, autumn, winter) timetable. After this, data will be based on calendar quarters (Q1, Q2, Q3, Q4), which differ from seasonal quarters by one month.

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

(see pages 13, 14 and 15 of 27 in the original document)

4. As part of the wider objective of full employment in every region, over the three years to Spring 2008, and taking account of the economic cycle:

- **demonstrate progress on increasing the employment rate;**
- **increase the employment rates of disadvantaged groups (lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications and those living in the Local Authority wards with the poorest initial labour market position); and**
- **significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate.**

Overall employment rate element joint with HM Treasury.

The Government's long-term goal is employment opportunity for all - the modern definition of full employment. A detailed discussion on achieving employment opportunity for all can be found in *Full Employment in Every Region*.

Part 1 – overall employment rate sub-target

This target applies to Great Britain. Employment policy is devolved for Northern Ireland.

The target will be measured using the seasonally adjusted employment rate (the proportion of the population of working age (16-59 for females and 16-64 for males) who are in employment) in Great Britain, based on the International Labour Organisation (ILO) definition. This is a National Statistic.

A definition of employment can be found on page S3 of the Labour Market Trends document published monthly by the ONS (alternatively for a more detailed definition see www.statistics.gov.uk/downloads/theme_labour/employment.pdf).

The baseline for this target will be Q2 (April – June)³ 2005. The target will be monitored using Labour Force Survey quarterly data, which can be found in table 18(1) of the labour market statistics document by the ONS (see www.statistics.gov.uk/OnlineProducts/LMS_FR_HS.asp).

Wider economic developments, both macroeconomic and microeconomic, will have a substantial effect on the employment rate. The impact of employment policies, other government policies and outside factors on the employment rate will be evaluated, taking account of the economic cycle, by:

- evaluation and assessment of the effects of individual policy measures;

³ This date was originally set as spring (March-May) 2005. The change to Q2 (April – June) 2005 has been made so that the overall employment rate baseline and end point comparator is consistent with those for the other sub-groups, which rely on quarterly Labour Force Survey data. See footnote 4.

- best assessments of movements in the overall employment rate measures taking account of the economic cycle; and
- retrospective modelling and evaluation.

Assessments of the economic cycle are published by HM Treasury in Pre-Budget Reports and Financial Statement and Budget Reports. Estimates are made using National Statistics data. Further information on how the assessment of the economic cycle is made and the method used to estimate trend growth over the economic cycle is available in *Fiscal Policy: Public Finances and the Cycle*, March 1999, *Trend Growth: Prospects and Implications for Policy*, November 1999 and *Trend Growth: Recent Developments and Prospects*, April 2002.

Parts 2 and 3 – disadvantaged groups sub-targets

DWP will separately monitor the employment rate for each of the groups listed below and the gap between their employment rate and the employment rate of Great Britain. The definition of employment will be the same as for Part 1. Data for all these groups are seasonally unadjusted and their employment rates will therefore be compared to the seasonally unadjusted employment rate for Great Britain. Each measure is a National Statistic.

To meet parts 2 and 3 of the PSA target requires an increase by 2008 in the employment rate of each disadvantaged group and a reduction in the gap between their employment rate and the employment rate of Great Britain, taking account of the economic cycle.

For lone parents, an increase in the employment rate of at least 2 percentage points and a reduction in the gap of at least 2 percentage points is required for the sub-targets to be met. For the other groups the sub-targets will be considered to be met if an increase in the employment rate of at least 1 percentage point, and a reduction in the gap of at least 1 percentage point, is achieved. These target levels are set on the basis that changes in data of approximately these proportions can be regarded as significant.

Lone parents: A person of working age caring for a dependent child, without a partner who is a member of the same household. Data are seasonally unadjusted and are obtained from the Household Labour Force Survey which is published biannually by the ONS (see *Work and Worklessness amongst Households* at www.statistics.gov.uk). The baseline for this target will be Q2 (April – June)⁴ 2005 data.

Ethnic minority groups: This group contains those who classify themselves to an ethnic background that is non-white, and is based on aggregated data for all respondents to the Labour Force Survey (LFS). Data is available quarterly and is seasonally unadjusted. The

⁴ The baseline was originally set as spring (March-May) 2005, but it has been changed to Q2 (April – June) 2005 to reflect the new delivery timetable of Labour Force Survey data from the Office for National Statistics. In July 2006, ONS delivered its last quarterly dataset based on a seasonal (spring, summer, autumn, winter) timetable. After this, data will be based on calendar quarters (Q1, Q2, Q3, Q4), which differ from seasonal quarters by one month.

baseline for this target will be Q2 (April - June) 2005, and Q2 (April – June) 2008 will be the end point comparator⁵.

Subject to sample size limitations, data for individual ethnic groups will also be monitored regularly.

This target forms part of the Government-wide Community Cohesion and Race Equality strategy.

Linked to this PSA target, SR2004 includes PSA targets for the Home Office to: 'Reduce race inequalities and build cohesive communities.'

And for the Department of Trade and Industry to: 'By 2008, promote ethnic diversity, cooperative employment relations and greater choice and commitment in the workplace, while maintaining a flexible labour market.'

As part of achieving the wider Government objectives on racial equality, including ethnic minority employment (DWP) the Department for Education and Skills will monitor progress in narrowing race equality disparities in educational attainment. The specific Department for Education and Skills targets relevant to the DWP target are:

- DfES: (PSA 10) Key Stage 4. By 2008, 60 per cent of those aged 16 achieve the equivalent of 5 GCSEs at grades A* to C; and in all schools at least 20 per cent of pupils achieve this standard by 2004, rising to 25 per cent by 2006 and 30 per cent by 2008.
- DfES: (PSA 14) By 2010, increase participation in Higher Education towards 50 per cent of those aged 18 to 30. Also, make significant progress year on year towards fair access, and bear down on rates of non-completion.

In addition to these PSA targets, there are four other PSA targets where departments will monitor progress in tackling race inequalities. Details can be found in the Technical Note to the Home Office's PSA 7.

People aged 50 and over: This group includes those aged 50 to 69. Data are obtained from the Labour Force Survey and are available quarterly. The data used are seasonally unadjusted. The baseline for this target will be Q2 (April – June) 2005 quarterly data⁶.

Those with the lowest qualifications: This group is defined as the 15 per cent of the working age population (men aged 16-64 and women aged 16-59) with the lowest qualifications. The ranking of qualifications to be used is as follows:

No Qualifications

Other qualifications below National Vocational Qualification (NVQ) level 1

⁵ This has been changed from a baseline of a four-quarter average to spring (March – May) 2005, and an end point comparator of a four-quarter average to spring (March – May) 2008. The change from four-quarter averages to single quarter data has been made for three reasons: first, the sampling variability of the Labour Force Survey has improved sufficiently for ethnic minorities that a four-quarter average is no longer necessary; secondly, the move to single quarters makes this data consistent with the other employment rate PSA targets which use single quarter data for the baseline and end point.; thirdly, there has been a shift from seasonal to calendar quarterly data (as discussed in footnote 4 above). Some historical calendar datasets are not available, which makes the calculation of a four-quarter average baseline impossible.

⁶ See footnote 4.

Other qualifications that cannot be aligned with the NVQ system

NVQ level 1

NVQ level 2

NVQ level 3

NVQ level 4

NVQ level 5

Qualifications have been aligned to NVQ levels wherever possible. This categorisation is not exact but it does allow a relatively simple and understandable ranking of the qualification system. The ranking also (roughly) corresponds to the ranking of the employment rates within each qualification category. Data are available quarterly from the Labour Force Survey and are seasonally unadjusted. The baseline for this target will be Q2 (April – June) 2005 quarterly data⁷.

Those living in disadvantaged areas: The disadvantaged areas covered in this target are the most disadvantaged wards as selected by the following criteria:

- i) wards which have a benefit claim rate of 25 per cent or above; and
- ii) wards in the 10 Local Authority Districts with the lowest employment rates which have benefit claim rates between 20 and 25 per cent.

These target wards will be selected using Labour Force Survey data and data on receipt of key benefits⁸. Four-quarter average LFS data and four-quarter key benefit data to February 2004 will be used for the selection. Both sources are used to capture concentrations of dependency in neighbourhoods and to reflect asymmetry between data on employment and benefit dependency. It is estimated that the wards included in this target will be around 10 per cent of all wards. The target will be for the employment rate of the set of wards taken together.

The baseline data will be Q2 (April – June) 2005 across all the selected wards and Q2 2008 will be the end point comparator⁸. Data are available quarterly from the LFS and are seasonally unadjusted.

For parts 2 and 3 of this target to be met, they must be met for each of the five groups listed. For the whole PSA target to be met, parts 1, 2 and 3 of the target must all be met individually. If either part 1 or parts 2 and 3 of this target are met then this target will be deemed to be partly met.

⁷ See footnote 4.

⁸ This has been changed from a baseline of a four-quarter average to spring (March – May) 2005, and an end point comparator of a four-quarter average to spring (March – May)2008. The change from four-quarter averages to single quarter data has been made for three reasons: first, the sampling variability of the Labour Force Survey has improved sufficiently that a four-quarter average is no longer necessary; secondly, the move to single quarters makes this data consistent with the other employment rate PSA targets which use single quarter data for the baseline and end point; thirdly, there has been a shift from seasonal to calendar quarterly data (as discussed in footnote 5 above). Some historical calendar datasets are not available, which makes the calculation of a four-quarter average baseline impossible.

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

(see pages 22 and 23 of 27 in the original document)

8. In the three years to spring 2008⁹:

- **further improve the rights of disabled people and remove barriers to their participation in society, working with other Government departments, including through increasing awareness of the rights of disabled people;**
- **increase the employment rate of disabled people, taking account of the economic cycle; and**
- **significantly reduce the difference between their employment rate and the overall rate, taking account of the economic cycle.**

Part 1 – disability rights

The measure of disability that applies to this part of the target is current and past disabilities under the scope of the Disability Discrimination Act (1995). This covers those who currently have, or have had in the past, a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

The measure used to detect an improvement in the rights of disabled people is the percentage of adults who are aware that the civil rights of disabled people are protected. This is defined by the percentage of all adults (disabled and non-disabled) who report awareness of the 1995 Disability Discrimination Act by name or of legislation that protects the civil rights of disabled people. Greater awareness of the rights of disabled people is expected to contribute towards improving disabled people's opportunities and participation in society.

Information will be collected continuously from the Office for National Statistics (ONS) Omnibus Survey (see www.statistics.gov.uk/services/SurveyOmnibus.asp) from October 2004 onwards. The ONS conduct the survey eight times a year, sampling 24,000 households in Great Britain and generating around 14,400 interviews with adults aged 16 years or over. The results are made available four weeks after the completion of the survey fieldwork.

Part 1 of the PSA target will be considered to be met if there is a significant increase in the percentage of adults who are aware that the civil rights of disabled people are protected, measured as set out above, between October 2004-March 2005 and April 2007-March 2008. On the basis of the latest information on the target statistic it is expected that a 2 percentage point increase in the measure between those dates would be statistically significant with 95 per cent confidence.

Latest data on this measure, and information on what DWP is doing for disabled people, will be published in the DWP Departmental Report. The Departmental Report can be found on the Department for Work and Pensions website at www.dwp.gov.uk.

Parts 2 and 3 – employment rate targets

This target applies to Great Britain. Employment policy is devolved for Northern Ireland.

⁹ This date was originally March 2008, but has been changed to spring 2008 for consistency with the other employment rate PSA targets (PSA4).

The measure of disability that applies to these parts of the target is current disability under the scope of the Disability Discrimination Act (1995). This covers those who currently have a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

This target will be measured using the seasonally unadjusted employment rate (a full definition of which can be found on page S3 of the Labour Market Trends document published monthly by the Office for National Statistics) of disabled people. This is a National Statistic. The baseline for this target will be Q2 (April - June) 2005 data¹⁰. Data will be monitored quarterly.

Assessments of the economic cycle are published by HM Treasury in Pre-Budget Reports and Financial Statement and Budget Reports. Estimates are made using National Statistics data. Further information on how the assessment of the economic cycle is made and the method used to estimate trend growth over the economic cycle is available in *Fiscal Policy: Public Finances and the Cycle*, March 1999, *Trend Growth: Prospects and Implications for Policy*, November 1999 and *Trend Growth: Recent Developments and Prospects*, April 2002.

To meet parts 2 and 3 of this target requires an increase by Q2 (April – June) 2008¹¹ in the employment rate of disabled people of at least 1 percentage point and a reduction in the gap between their employment rate and the seasonally unadjusted employment rate of Great Britain of at least 1 percentage point, taking account of the economic cycle.

To meet the PSA target as a whole, parts 1, 2 and 3 will need to be met individually. If either part 1 or parts 2 and 3 of this target are met then this target will be deemed to be partly met.

¹⁰ The baseline was originally set as spring (March-May) 2005, but it has been changed to Q2 (April – June) 2005 to reflect the new delivery timetable of Labour Force Survey data from the Office for National Statistics. In July 2006 ONS delivered its last quarterly dataset based on a seasonal (spring, summer, autumn, winter) timetable. After this, data will be based on calendar quarters (Q1, Q2, Q3, Q4), which differ from seasonal quarters by one month.

¹¹ This date was originally March 2008, but has been changed to spring 2008 for consistency with the other employment rate PSA targets (PSA4)

Summary of changes of baseline and end point comparator dates for employment rate PSA targets.

PSA target	Change to original technical note	Reason for change
1 Children in workless households rate	New baseline is Q2 (April-June) 2005. New end-point is Q2 2008. Old baseline was Spring (March-May) 2005. Old end-point was Spring 2008.	After Spring 2006 data is delivered, the ONS will no longer deliver Labour Force Survey data on a seasonal (Spring, Summer, Autumn, Winter) basis. The new basis will be calendar quarters (Q1, Q2, Q3, Q4) with Q2 (April-June) used as the new baseline and end point quarter. Q2 (calendar quarter) and Spring (seasonal quarter) differ by 1 month.
4a) GB national employment rate	New baseline is Q2 (April-June) 2005. New end-point is Q2 2008. Old baseline was Spring (March-May) 2005. Old end-point was Spring 2008.	GB seasonally adjusted employment rate data is available as a 3-month average every month. So the change to calendar quarters need not affect this target. But it has been changed to calendar quarters for consistency with the other employment rate targets in PSA4.
4b) Lone Parents employment rate	New baseline is Q2 (April-June) 2005. New end-point is Q2 2008. Old baseline was Spring (March-May) 2005. Old end-point was Spring 2008.	After Spring 2006 data is delivered, ONS will no longer deliver Labour Force Survey data on a seasonal (Spring, Summer, Autumn, Winter) basis. The new basis will be calendar quarters (Q1, Q2, Q3, Q4) with Q2 (April-June) used as the new baseline and end point quarter. Q2 (calendar quarter) and Spring (seasonal quarter) differ by 1 month.
4c) Ethnic minorities employment rate	New baseline is Q2 (April-June) 2005. New end-point is Q2 2008. Old baseline was the four-quarter average to Spring (March-May) 2005. Old end-point was the four-quarter average to Spring 2008.	The change from four quarter averages to single quarter data has been made for three reasons: first, the sampling variability of the Labour Force Survey has improved sufficiently that a four quarter average is no longer necessary; secondly, the move to single quarters makes this data consistent with the other employment rate PSA targets which use single quarter data for the baseline and end point; thirdly, there has been a shift from seasonal to calendar quarterly data (as discussed above). Some historical calendar datasets are not available, which makes the calculation of a four quarter average baseline impossible.
4d) Over 50s employment rate	New baseline is Q2 (April-June) 2005. New end-point is Q2 2008. Old baseline was Spring (March-May) 2005. Old end-point was Spring 2008.	After Spring 2006 data is delivered, ONS will no longer deliver Labour Force Survey data on a seasonal (Spring, Summer, Autumn, Winter) basis. The new basis will be calendar quarters (Q1, Q2, Q3, Q4) with Q2 (April-June) used as the new baseline and end point quarter. Q2 (calendar quarter) and Spring (seasonal quarter) differ by 1 month.

<p>4e) Lowest qualified employment rate</p>	<p>New baseline is Q2 (April-June) 2005. New end-point is Q2 2008.</p> <p>Old baseline was Spring (March-May) 2005. Old end-point was Spring 2008.</p>	<p>After Spring 2006 data is delivered, ONS will no longer deliver Labour Force Survey data on a seasonal (Spring, Summer, Autumn, Winter) basis. The new basis will be calendar quarters (Q1, Q2, Q3, Q4) with Q2 (April-June) used as the new baseline and end point quarter. Q2 (calendar quarter) and Spring (seasonal quarter) differ by 1 month.</p>
<p>4f) Worst areas (wards) employment rate</p>	<p>New baseline is Q2 (April-June) 2005. New end-point is Q2 2008.</p> <p>Old baseline was the four-quarter average to Spring (March-May) 2005. Old end-point was the four-quarter average to Spring 2008.</p>	<p>The change from four quarter averages to single quarter data has been made for three reasons: first, the sampling variability of the Labour Force Survey has improved sufficiently that a four quarter average is no longer necessary; secondly, the move to single quarters makes this data consistent with the other employment rate PSA targets which use single quarter data for the baseline and end point; thirdly, there has been a shift from seasonal to calendar quarterly data (as discussed above). Some historical calendar datasets are not available, which makes the calculation of a four quarter average baseline impossible.</p>
<p>8b) Disabled people employment rate</p>	<p>New baseline is Q2 (April-June) 2005. New end-point is Q2 2008.</p> <p>Old baseline was Spring (March-May) 2005. Old end-point was Spring 2008.</p>	<p>After Spring 2006 data is delivered, ONS will no longer deliver Labour Force Survey data on a seasonal (Spring, Summer, Autumn, Winter) basis. The new basis will be calendar quarters (Q1, Q2, Q3, Q4) with Q2 (April-June) used as the new baseline and end point quarter. Q2 (calendar quarter) and Spring (seasonal quarter) differ by 1 month.</p>