

Autumn Performance Report December 2008

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Note on conventions used:

Financial years are shown as 2007-08, Academic years as 2007/08.

URN 142-08-Co/on

Foreword by the Secretary of State

In last year's foreword to the Autumn Performance Report I said that Britain's success in a rapidly changing world is dependent on our ability to develop the skills of our people, carry out first-class research and scholarship, and apply both knowledge and skills to create an innovative and competitive economy. Those are the reasons for which the Department for Innovation, Universities and Skills (DIUS) was created. We have a huge opportunity and responsibility to help transform the lives of millions of individuals, to boost the bottom line of thousands of businesses, and to regenerate hundreds of communities.

Since that last report, it has become increasingly apparent that the country is facing serious challenges as a result of the current global economic climate. We at DIUS have an important role to play in helping people and businesses through this. Our contribution to helping Britain to come out of the economic downturn successfully is widely recognised across Government. Our role is to help people in this country to get on in their careers, and increase the productivity of businesses through staff training, R&D and innovation.

It's vital, though, that we respond quickly to address short term challenges without losing sight of our long term goals – which are expressed by our public service agreement (PSA) targets. The two targets that we directly own are to foster world class science and innovation, and develop the skills of our nation, to compete in a global economic climate. The rewards of meeting our PSAs are great - enhancing the UK's economic position, increasing social mobility by getting people get into and on in work and ultimately, improving the quality of life of our citizens.

I am therefore pleased to present our second Autumn Performance Report, setting out the progress we have made since last year.

A handwritten signature in black ink that reads "John Denham". The signature is written in a cursive style with a large initial 'J'.

JOHN DENHAM

Introduction

The Government's Public Service Agreements (PSAs) published in the 2007 Comprehensive Spending Review (CSR07) set out the key priority outcomes the Government wants to achieve in the next spending period (2008-2011). The review also announced a radical reform of the performance management framework across government. This new framework includes the following elements:

- a streamlined set of 30 new Public Service Agreements, which articulate the Government's highest priority outcomes for the CSR07 period and span departmental boundaries;
- a single Delivery Agreement for each PSA, developed in consultation with frontline workers and the public;
- new Cabinet Committees announced in July 2008 which play a key role in driving performance on cross-government PSAs by regularly monitoring progress;
- a small basket of national, outcome-focused indicators to support each PSA, ensuring robust and transparent performance measurement alongside genuine rationalisation, with a significant reduction in the overall number of priority indicators attached to PSAs;
- a more comprehensive approach to performance monitoring, with each department publishing a set of Departmental Strategic Objectives (DSOs) for the CSR07 period, alongside the smaller, prioritised set of PSAs, bringing all performance monitoring into a single framework, covering both the Government's highest priorities (PSAs) and the wider span of departmental business; and
- across the whole framework, a premium on the use of high quality, timely data while freeing up the frontline by reducing low value data burdens.

Alongside publication of the PSAs, the Government also published a Service Transformation Delivery Agreement, which underpins delivery of the new PSA

framework. It set out the Government's vision for building services around the citizen and a specific action plan for each department in taking forward this challenging agenda.

The Department for Innovation, Universities and Skills (DIUS) activities in support of this vision will include:

- **grouping services in ways that are meaningful to the customer** – improving strategic management of customer online access to services by progressively moving e-services onto two websites where they can be presented and linked in ways which customers understand: Directgov for citizens and Businesslink.gov for businesses.
 - Skills Accounts and the adult advancement and careers service will drive progression in learning, work and careers, drawing together a full range of advice and support on issues such as jobs, skills, childcare, housing, financial and personal issues to address the broader needs of customers.
 - From April 2009 Business Link will be the primary source of access to information on Train to Gain and the link to the brokerage service to help meet the needs of business.
- **learning from citizens and business** – conducting surveys of the views of our customers to help us better understand, track over time and act on the issues that are important to them.
- **rationalising services for efficiency and service improvement** – over the CSR07 period, facilitating a gradual transfer of Local Authority responsibilities for dealing with student support applications to a single assessment contact centre.
- **developing public sector innovation policy** - supporting government departments in designing policies and public management systems that provide the signals and incentives for innovation in building services around the citizen. This work will be taken forward as part of the DIUS Science and Innovation Strategy.

- **making better use of the customer information the public sector already holds** – work towards improved data sharing arrangements between the Student Loan company, UCAS and the Identity and Passport Service.

DIUS leads on the following two PSAs :

- PSA2: Improve the skills of the population, on the way to ensuring a world-class skills base by 2020
- PSA4: Promote world-class science and innovation in the UK

In addition, DIUS contributes to the achievement of many of the Government's other PSA objectives, reflecting the key role skills, science, research and innovation play in relation to many of the Government's longer-term and cross-departmental priorities. These are covered in more detail in chapter 2 of this report.

The table below describes the six Departmental Strategic Objectives (DSOs) which support the achievement of the PSAs led by DIUS and those to which it also contributes.

PSAs and DSOs

DSO	Target	Relevant PSAs
DSO1	Accelerate the commercial exploitation of creativity and knowledge, through innovation and research, to create wealth, grow the economy, build successful businesses and improve quality of life	4 1-6-7
DSO2	Improve the skills of the population throughout their working lives to create a workforce capable of sustaining economic competitiveness, and enable individuals to thrive in the knowledge economy	2 1-6-7- 8-11
DSO3	Build social and community cohesion through improved social justice, civic	2 1-3-6-7-8-

	participation and economic opportunity by raising aspirations and broadening participation, progression and achievement in learning and skills	11-14-15-16-18-26
DSO4	Pursue global excellence in research and knowledge, promote the benefits of science and society, and deliver science, technology, engineering and mathematics skills in line with employer demand	4 1
DSO5	Strengthen the capacity, quality and reputation of the further and higher education systems and institutions to support national economic and social needs	2 1-3-7-8-10-11
DSO6	Encourage better use of science in Government, foster public service innovation, and support other Government objectives which depend on DIUS expertise and remit	4 15-26-27-28

The following chapters report on progress that DIUS has made in the first year of the CSR 07 period.

The Departmental Reporting Cycle

As well as the Autumn Performance Report, DIUS also publishes a Departmental Annual Report (DAR), a comprehensive review of its activities and performance. The Report (cm 7392) for the financial year 2007-08 was published in May 2008. It contained detailed information on the Department's achievements, progress against its PSA targets and expenditure plans based on the resources allocated in Spending Review 2004 settlement. The DAR is available on the DIUS website at (www.dius.gov.uk/publications/index.html).

DIUS 2007-08 Resource Accounts (URN 77-08-C/ON) were presented to Parliament in July 2008. Within the accounts is a Management Commentary section giving information on:

- Aims and Objectives of the Department

- Key activities for achieving the Department's objectives during 2007-08
- Environmental, social and community issues
- Financial Performance
- Investment
- Reporting of personal data related incidents

The DIUS Resource Accounts 2007-08 are available on the website at (www.dius.gov.uk/publications/index.html).

Chapter 1

Progress against 2007 Comprehensive Spending Review Public Service Agreements and Departmental Strategic Objectives

Introduction

This chapter reports progress towards the two PSAs on which DIUS is the lead delivery department and the six DSOs in support of the PSA objectives. Under the new 2007 Comprehensive Spending Review performance framework, some of the PSAs and DSOs have explicit targets, others are not target-based but improvements against baseline are expected.

As these PSAs and DSOs began formally in 2008-09, data availability means it is too early to report progress on some of these but baselines and targets are shown where these have now been set.

For the purpose of interim assessments the terms used to report progress are:

Term	Definition
Strong progress	More than 50% of indicators have improved.
Some progress	50% or less indicators have improved.
No progress	No indicators have improved.
Not yet assessed	50% or more of the indicators are yet to have first time data. Where some but less than 50% of the indicators fall into this category, those that do must still be counted in the calculation for the PSA/DSOs overall assessment.

PSA 2: Improve the skills of the population on the way to ensuring a world-class skills base by 2020

The Government's long-term vision is that the UK is a world leader on skills, in the upper quartile of OECD rankings by 2020. By eradicating skills gaps and shortages and supporting individuals and businesses to acquire the skills they need to succeed, the UK economy can benefit in terms of higher productivity, greater social mobility and improved overall economic performance. The

ambition is to create an economy in which every person has the opportunity to realise individual potential, overcome disadvantage and achieve economic well-being. Further details can be found in the PSA2 Delivery Agreement http://www.hm-treasury.gov.uk/d/pbr_scr07_psa4.pdf.

The vision for skills was set out in *World Class Skills: Implementing the Leitch Review of Skills in England* (DIUS July 2007), which set stretching ambitions for 2020:

- 95% of adults to achieve the basic skills of functional literacy and numeracy;
- Exceeding 90% of adults qualified to at least level 2, with a commitment to achieve 95% as soon as possible;
- 68% of adults qualified to level 3;
- To deliver (England) share of 500,000 people a year in UK in apprenticeships by 2020;
- Over 40% of the adult population qualified to level 4 and above.

Progress towards the 2020 targets will be measured by key indicators, to be achieved by 2011 and 2014. These are:

Key PSA 2 Indicators by 2011
89% of people of working age (defined as all adults aged 16-62 inclusive) possessing functional literacy, and 81% possessing functional Numeracy skills.
79% of working age adults (men and women aged 19-64, including both economically active and inactive) qualified to at least full level 2.
56% of working age adults (defined as above) qualified to at least full level 3.
130,000 apprentices to complete the full apprenticeship framework in 2010/11.

Key PSA 2 Indicators by 2014
36% of working age adults qualified to Level 4 and above (with an interim milestone of 34% by 2011). The target is in line with the following participation indicator.
Increase participation in Higher Education towards 50% of those aged 18 to 30 with growth of at least a percentage point every two years to the academic year 2010/11.

Achievement of the PSA targets and the longer-term vision will be challenging and will depend upon developing a shared ambition with individuals and employers. We are putting in place a comprehensive reform programme to move to a system which is increasingly demand led in response to employer and learner need. Through the Train to Gain programme, we are empowering employers to decide what training best suits their priorities. Individuals will be helped to gain the skills they need by giving everyone the right to a personal Skills Accounts, which will provide them with greater ownership and choice over their learning.

Evaluation Assessment

As this PSA (and the associated DSOs) only began formally in 2008-09 it has been evaluated as “not yet assessed” in line with Treasury guidance.

Factual Assessment

There are six indicators against which delivery is measured. Measurement of indicators is based on increases in those qualified at a number of levels from 2008/09, for which no data is yet available.

The speed of progress over the coming 12 months is likely to be affected by the Government’s response to the economic downturn, as public funding is directed towards flexible support for shorter term skills needs, particularly for SMEs.

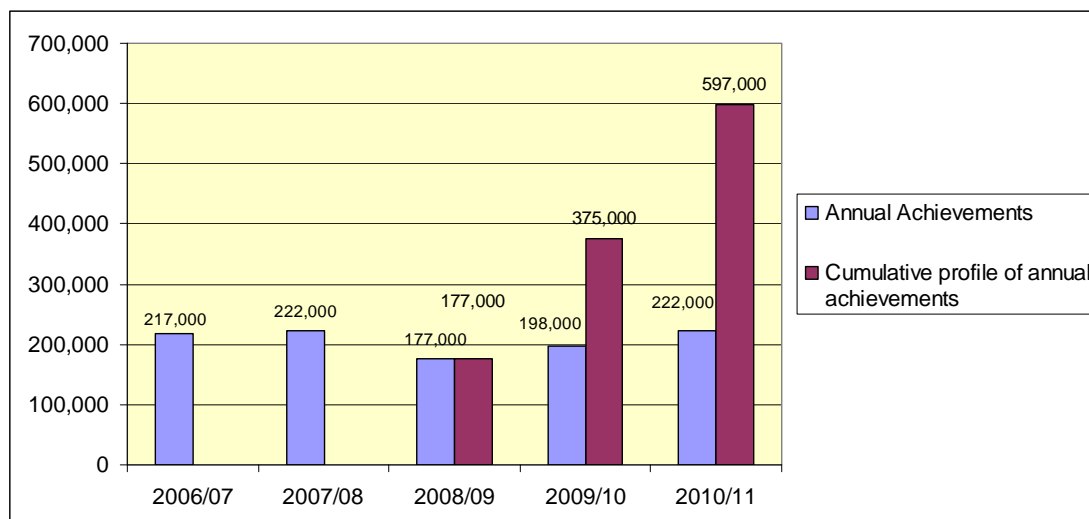
Data Statement by Indicator

PSA2 Indicator 1

- a) Level 1 Literacy :- 597,000 people of working age to achieve a first Level 1 or above literacy qualification between 2008 and 2011, and**
- b) 390,000 people of working age to achieve a first entry level 3 or above numeracy qualification between 2008 and 2011.**

Literacy

The graph below shows the actual number of first level 1 or above literacy achievements delivered in 2006/07, indicative achievements in 2007/08 and then the trajectory of achievements that will be required – annually and cumulatively – over the period 2008/09 to 2010/11 to deliver the indicator.



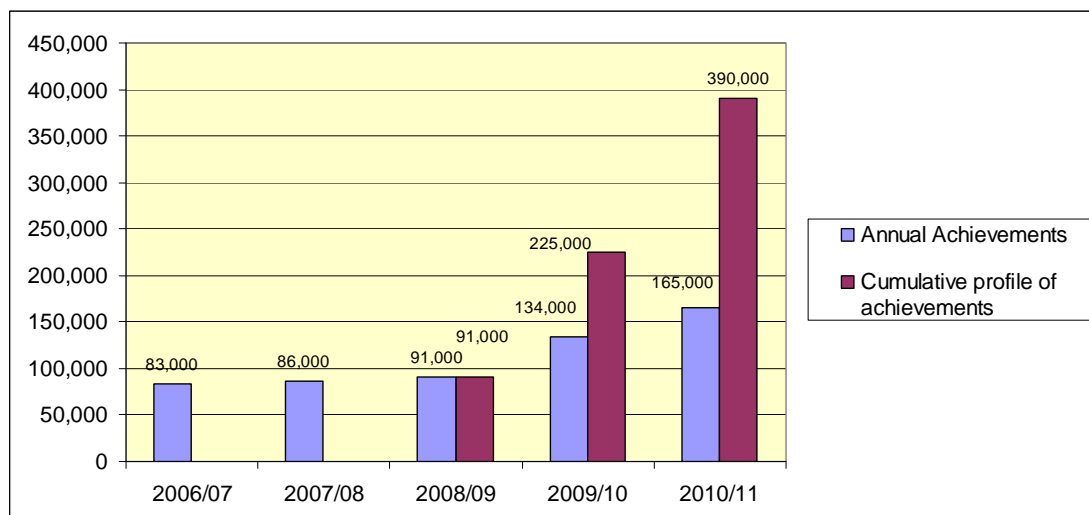
Progress towards Level 1 or above Literacy Qualification

Though achievements delivered to date do not count towards the new indicator, they do indicate a very strong platform of performance for delivery of the indicator. LSC administrative data indicates that 217,000 first level 1 or above literacy achievements were delivered in 2006/07. The LSC estimate that 222,000 first level 1 or above literacy qualifications were delivered in 2007/08, based on indicative ILR data, to be confirmed in April 2009. Performance in 2006/07 and 2007/08 exceeds the number of achievements required in 2008/09 and 2009/10, and is broadly in line with the number required in 2010/11 to deliver the PSA Indicator.

Performance in the years leading up to the target period has been strong, and suggests that we are on track to deliver the indicator. From 2001, there have been year-on-year increases in the number of learners achieving target-bearing Skills for Life qualifications on LSC funded programmes.

Numeracy

The graph below shows the actual number of first entry level 3 or above numeracy achievements delivered in 2006/07, indicative achievements in 2007/08 and then the trajectory of achievements that will be required – annually and cumulatively – over the period 2008/09 to 2010/11 to deliver the indicator.



Progress towards Level 3 or above Numeracy Qualification

LSC administration data indicates that 83,000 first entry level 3 or above numeracy achievements were delivered in 2006/07. The LSC estimates that approximately 86,000 achievements were delivered in 2007/08, based on indicative Individual Learner Record (ILR) data, which will be confirmed in April 2009. Although performance in 2006/07 and 2007/08 is broadly in line with that required in 2008/09 to maintain a trajectory towards the indicator, a significant increase in the number of annual achievements will be needed in 2009/10 and 2010/11, which will be challenging to deliver.

The continued expansion and development of Skills for Life within Train to Gain to 2010/11, the introduction of Skills Accounts, the new Adult Advancement and Careers Service and the "Get On" marketing and communication campaign will drive delivery towards meeting both the literacy and numeracy targets

Quality of Data Systems

Progress is measured through the LSC's ILR, which records all publicly funded learning aims undertaken.

Measurement of progress towards the target requires analysis of the volume of repeat learners for both literacy and numeracy indicators. These levels will be estimated annually by matching ILR data from different years.

Measurement of the numeracy indicator also requires an estimate of the proportion of entry level numeracy achievements which are at entry level 3. This will be done by checking the proportion with the main awarding bodies. DIUS will review the accuracy of these estimates on a regular basis.

Impact of any changes in the way in which performance is measured or presented

The 2011 indicator is based on a threshold percentage of the population being qualified with Level 1 Literacy and Entry Level 3 Numeracy skills. The trajectories expressed in terms of percentages of the population (89% with functional literacy and 81% with functional numeracy) have been converted into the number of publicly funded achievements needed (i.e. 597,000 first literacy and 390,000 first numeracy achievements). This is both easier to plan for, and to measure if it has been met. (Note this indicator differs from the 2010 target which was based on the number of learners getting first Skills for Life achievement in either literacy or numeracy).

Main Contributing Department

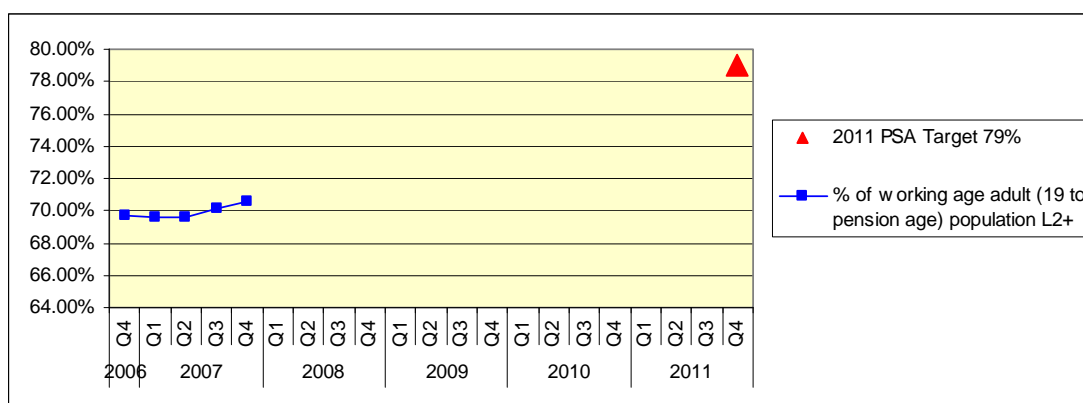
DIUS. Other contributing Departments: DWP/JCP, Home Office/ Prison Service and DCSF.

PSA2 Indicator 2

Adult Level 2: to increase to 79% the proportion of working age adults qualified to at least Level 2 by 2011.

The target indicator is to increase to 79 per cent the proportion of working age adults qualified to at least full level 2 by 2011. Formal measurement will not start until 2008/09, using Quarter 4 2008 data available in February 2009.

The graph below shows progress against the 2011 target indicator. At Quarter 4 2007, 70.7% of the working age population were qualified to level 2 or above, which represents 20.9 million people from a population of 29.6 million.



Progress towards proportion of working age adults qualified to at least full Level 2

Since Quarter 4 2001, the proportion of working age adults qualified to at least full level 2 has increased from 65% to 70.7% as at Q4 2007. Between Quarter 4 2006 and Quarter 4 2007, the proportion qualified to at least full level 2 increased by 0.8%, a statistically significant increase, although making progress to 2011 will be very challenging..

Growth will largely be driven by the number of publicly-funded first full Level 2 achievements, which has grown significantly in the past few years – over 165,000 first full Level 2 achievements in 2006/07, more than 3 times the number delivered in 2002/03 – and which are set to grow to around 400,000 by 2010/11.

Quality of Data Systems

The Labour Force Survey (LFS) is a large quarterly household survey which collects data on a wide range of socio-demographic characteristics such as qualifications. The survey results are weighted to give results that are intended to be representative of the whole working age population. In practice the LFS sampling frame covers about 97% of private households but not most communal establishments. Further details on sampling and the associated effects can be found in the LFS User Guide Volume 1: Background and Methodology. As the LFS is a sample survey there are sampling errors attached to each estimate, approximate 95% confidence intervals for estimates of attainment at level 2 and above are of the order of +/- 0.4 percentage points of the given estimate. The Department continues to assess the quality of the LFS qualifications data, that is the basis of the

measurement, and is working with Office for National Statistics (ONS) to take action to address issues identified.

Impact of any changes in the way in which performance is measured or presented

This indicator differs from the SR04 Adult Skills target, as it measures the whole adult working age population, whereas the Level 2 2010 target only measures skills of the workforce. Measurement is through the LFS.

Main Contributing Departments

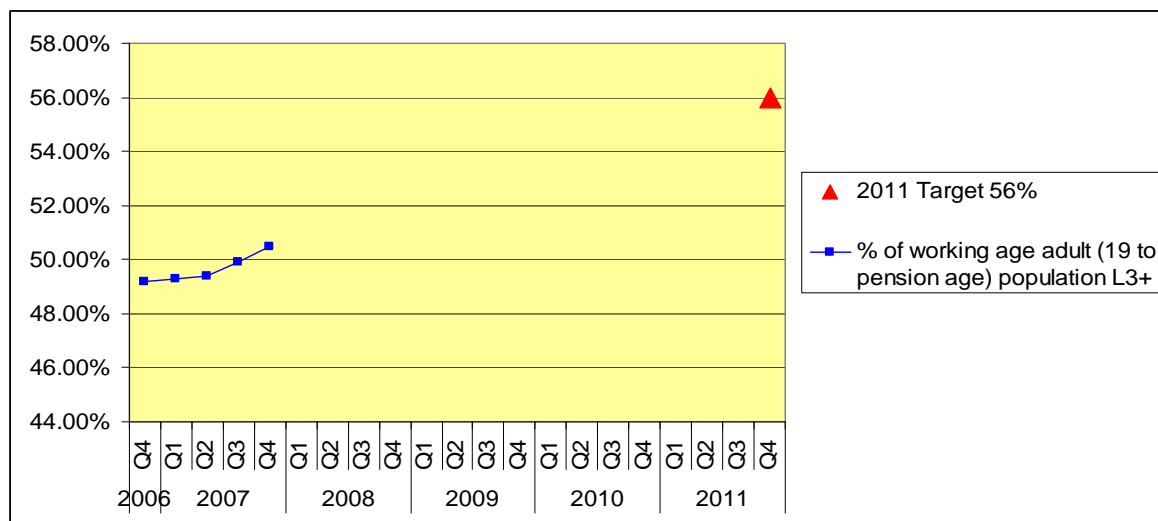
DIUS (lead Department) , DCSF (increasing the qualifications of young people, who subsequently move into the working age population), DWP (working jointly with DIUS on integrated employment strategy to provide employment and training packages for sustainable employment) and CLG (leading on Local Area Agreements, which include targets for first Level 2 and Level 3 achievements)

PSA2 Indicator 3

Adult Level 3: to increase to 56% the proportion of working age adults qualified to at least Level 3.

This is a new indicator; and as with Level 2, formal measurement will not start until 2008/09, using Quarter 4 2008 data available in February 2009. The target indicator is to increase to 56 per cent the proportion of working age adults qualified to at least full level 3 by 2011.

The graph below shows progress against the 2011 target indicator. At Quarter 4 2007, 50.6% of the working age population were qualified to level 3 or above, which represents 15 million people from a population of 29.6 million. Data is taken from the quarterly LFS.



Progress towards proportion of working age adults qualified to at least full Level 3

Since 2001, the proportion of working age adults qualified to at least full level 3 has increased from 44.7% to 50.6% as at Quarter 4 2007. Between Quarter 4 2006 and Quarter 4 2007, the proportion qualified to at least full level 3 increased by 1.3% - a statistically significant increase.

Growth will be driven by both publicly and privately funded first Level 3 achievements. Publicly funded first Level 3 achievements have grown from 38,000 in 2002/03 to over 56,000 in 2006/07. We expect the new entitlement to a free first full level for all 19-25 year olds to drive our growth ambitions for 2009/10 and 2010/11.

Quality of Data Systems

The narrative for indicator 2 also applies to Level 3 in relation to LFS (see above)

Impact of any changes in the way in which performance is measured or presented

This is a new indicator, and like the Level 2 and Level 4 indicators, is measured through the LFS.

Main Contributing Departments

DIUS, with DCSF, DWP, CLG (in relation to Regional/ local agenda).

PSA2 Indicator 4

Apprenticeships: 130,000 to complete the full Apprenticeship framework in 2010/11.

The baseline measurement will be 2007/08 achievement data, which will be available in late December 2008. The latest available figures show that there were 184,400 starts and 111,800 completions in 2006/07. Both these figures are encouraging, with almost 10,000 more starts than in 2005/06 and completion rates remaining high, at 63%. If starts continue to grow and completion rates remain at this level then we would expect to progress to 130,000 framework completions by 2010/11.

Quality of Data Systems

Progress is measured through the LSC's Individual Learner Record (ILR). No estimation of any supplementary information is needed.

Impact of any changes in the way in which performance is measured or presented

This is a new target.

Main Contributing Departments

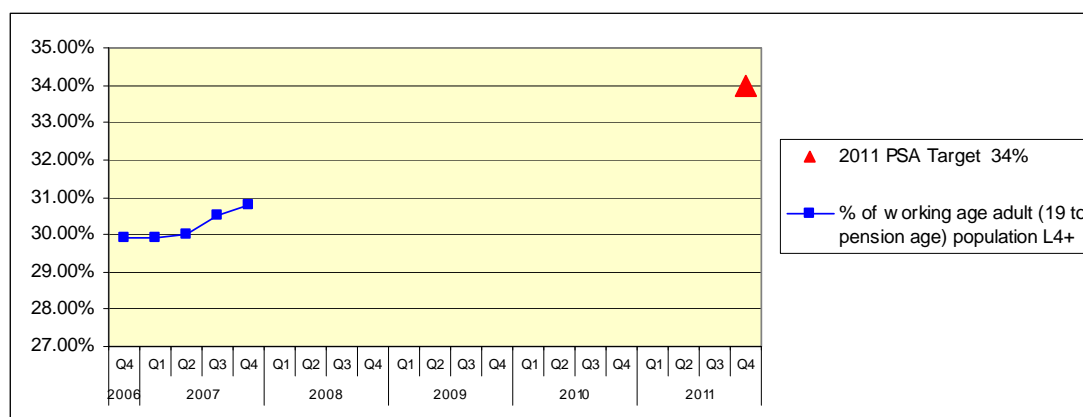
DIUS and DCSF

PSA2 Indicator 5

Adult Level 4: to increase to 36% the proportion of working age adults qualified to at least Level 4 by 2014, with an interim milestone of 34% by 2011.

This is a new PSA indicator and, as with Level 2 and Level 3, formal measurement will not start until 2008/09 with baseline data available in February 2009. The graph shows progress against the target of 36% of working age adults qualified to Level 4 and above by 2014, with an interim milestone of 34% by 2011. In Quarter 4 2007 30.9% of working age adults were qualified to at least Level 4, up from 30% in 2006. The annual progress combined with evidence of current and future growth in HE volumes, based on

recent trends in the number of HEI qualifiers and UCAS acceptances¹, suggest that we are currently on track to achieve this indicator.



Progress towards proportion of working age adults qualified to Level 4 and above

Quality of Data Systems

The narrative for Level 2 and Level 3 indicators also applies to Level 4 in relation to LFS.

Impact of any changes in the way in which performance is measured or presented

This is a new indicator, and like the Level 2 and Level 3 indicators, is measured through the LFS.

Main Contributing Department

DIUS

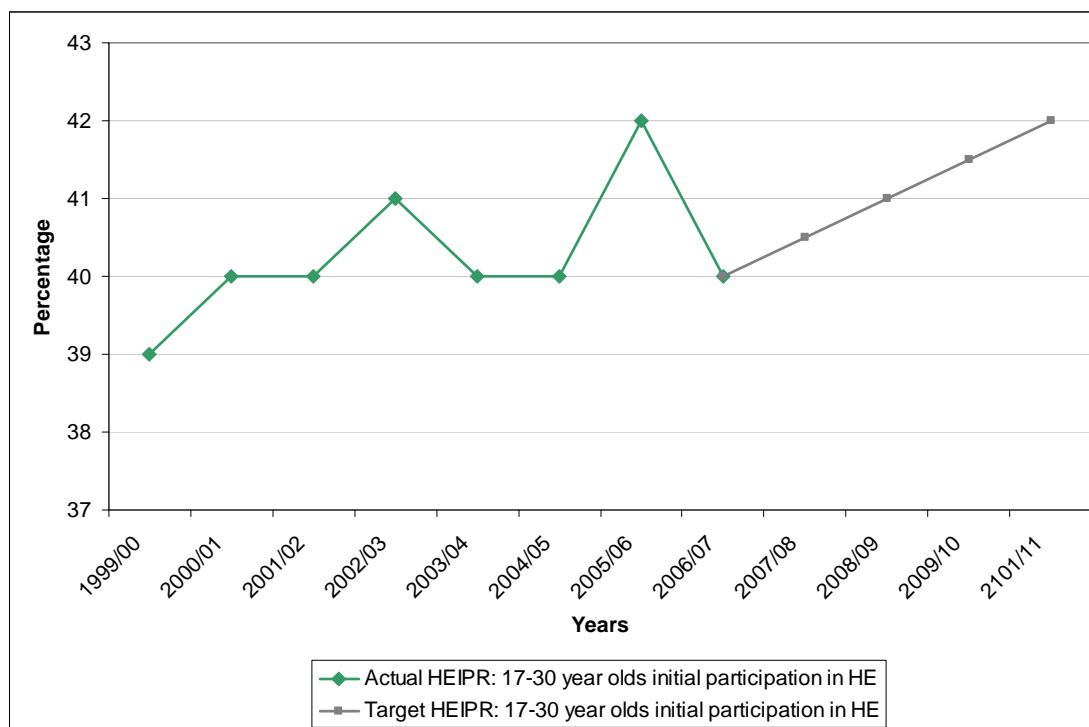
PSA2 Indicator 6

Higher Education Initial Participation Rate: Increase participation in Higher Education towards 50% of those aged 18 – 30, with growth of at least a percentage point every 2 years to 2010/11.

The baseline is the 2006/07 HEIPR figure, of 40%, published in March 2008. The graph shows progress towards the target of increasing participation in Higher Education towards 50% of those aged 18-30 with growth of at least a

¹ HEI qualifiers increased from 309,000 in 2003/04 to 331,000 in 2006/07; UCAS acceptance data for 2007/08 showed over 6% increase in acceptances, with latest 2008/09 data indicating a further 6% growth, as volumes recovered following introduction of fees.

percentage point every two years to the academic year 2010/11. In 2006/07 the initial participation rate was 40% - this means that people aged 17 in 2006/07 had a 40% probability of participating in HE by the age of 30. The 2007/08 figure will become available in March 2009.



Progress towards HE Initial Participation Rate (HEIPR)

Whilst there was a 2.7% drop between 2005/06 and 2006/07, UCAS acceptance data for 2007/08 showed over 6% increase in acceptances as volumes recovered following the introduction of fees. It is expected that the position will continue to recover – which evidence suggests it has, with the latest figures for UCAS applications showing an increase of 6% or 17,700 applicants from England for 2007/08 university entry compared to 2006/7. These highest ever figures – which look set to continue for 2008 entry - show that variable tuition fees are not deterring people from applying to HE. The HEIPR relies on the latest population figures which are revised annually. Significant changes in the underlying population figures can however have a significant impact on the HEIPR.

Quality of Data Systems

The Higher Education Initial Participation Rate is a National Statistic, published annually in a Statistical First Release.

(<http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000780/sfrdius02-2008.pdf>). It

covers higher education study at publicly-funded UK higher education institutions and English, Scottish and Welsh further education colleges. It does not cover privately-funded higher education. The latest figure (for 2006/07) is provisional, pending updates to the underlying sources. This will be revised for the 2009 release.

Impact of any changes in the way in which performance is measured or presented

No changes in presentation since last APR.

Main Contributing Department:

DIUS

DEPARTMENTAL STRATEGIC OBJECTIVES

Three of the Department's Strategic Objectives (DSOs) support the delivery of PSA2. Progress against these DSOs is described below.

DSO	Objectives
DSO2	Improve the skills of the population throughout their working lives to create a workforce capable of sustaining economic competitiveness, and enable individuals to thrive in the knowledge economy.
DSO3	Build social and community cohesion through improved social justice, civic participation and economic opportunity by raising aspirations and broadening participation, progression and achievement in learning and skills.
DSO5	Strengthen the capacity, quality and reputation of the further and higher education systems and institutions to support national economic and social needs.

Progress against DS02 and DS03

Indicators 1, 2, 3, 4, 5, and 6 under PSA 2 apply.

Progress against each of these indicators is as assessed in the section covering PSA 2. Therefore as reported against these indicators overall progress against DSOs 2 and 3 is not yet assessed.

It will be crucial to drive up employer demand through Train to Gain. Train to Gain is close to or exceeding profile on employer engagements, and there is strong growth in both starts and achievements. However, the scale of expansion required over the CSR period remains stretching. Trials of

integration of the delivery of employment and skills were launched in the West Midlands in September 2008, with national rollout planned for 2010/11. The aim is to link up welfare and skills so that those who are in employment can progress in work and those who are out of work or inactive can develop the skills for sustainable employment.

Since national roll-out to July 2008, Train to Gain has engaged over 101,000 employers and delivered over 290,000 achievements. Sector compacts agreed with Sector Skills Councils are designed to drive up demand for Train to Gain and tailor it to the needs of employers in specific sectors. Ten sector compacts have been agreed, and discussions with other Sector Skills Councils are continuing up to summer 2009.

Skills Account trials were also launched in September 2008 in the South East and East Midlands, with national rollout planned from September 2010. Prototypes for the Adult Advancement and Careers Service will commence in November 2008, with the service becoming fully operational by September 2010.

In relation to employers, we are making excellent progress with the Skills Pledge. By September around 7,628 employers had committed to the Skills Pledge covering over 5.1 million employees. Skills Pledge is a public commitment by employers to support their employees to improve their skills and gain qualifications.

Since its launch in April 2008, the UK Commission for Employment and Skills (UKCES) has been developing proposals for the simplification of the skills system in England, in particular to simplify the service to employers. The Commission is also advising on employability skills. Work is also in hand on the relicensing of Sector Skills Councils (SSCs) to provide a clearer remit focused on raising employer engagement, demand and investment in skills. SSCs will be relicensed between autumn 2008 and the end of 2009.

Progress towards the ambitious vision set out in World Class Apprenticeships (DIUS, January 2008) is strong. The National Apprenticeship Service will become fully operational in April 2009. Work is on-going to agree its remit, structure and governance and ensure alignment with decisions being made on the Skills Funding Agency and Young People's Learning Agency.

Progress against DSO5

Indicator: Balanced scorecards for measuring FE and HE sector performance are under development

As the balanced scorecards for measuring FE and HE sector are under development overall progress against this DSO is not yet assessed.

The balanced scorecard for measuring FE sector performance is being developed through the Framework for Excellence (FfE). The development and implementation of FfE is on schedule. FfE became operational in all FE colleges and work based learning providers in August 2008. First full published results is planned for spring 2010. The framework is planned to be operational across all post 16 sector providers from August 2010.

Progress with delivery and standards in FE remains strong. Our FE system is good, and it is getting better. The performance of our provider base now matches the best in the world, with overall FE college success rates up from 59% in 2000/01 to 78% in 2006/07. We have increased public investment in the FE system by a record 53% in real terms between 1997 and 2007. We have also invested over £2 billion in the FE sector's buildings and facilities since 1997 and will invest a further £2.3 billion over the 3 years beginning 2008-09.

Under the Machinery of Government (MoG) changes responsibility for commissioning and funding education and training provision for 16-18 years olds will transfer from the Learning and Skills Council to Local Authorities; and for post 19 to a new Skills Funding Agency. The scale and complexity of the MoG changes are challenging but good progress is being made. The development of the business model and organisational design of the Skills Funding Agency is progressing well, and is taking account of opportunities for streamlining roles and responsibilities arising from the new post 19 landscape.

The vocational qualification reform (VQR) programme will reform and rationalise qualifications so that they reflect employers and learners needs. A new unit and credit based qualifications framework will be introduced, making it easier for employers and learners to gain the mix of skills that they need. The programme has entered a critical phase as we submit recommendations

on the business case for Qualifications and Credit Framework and options for implementation.

With respect to higher education, DIUS continues to work with HEFCE and other key partners to maintain and strengthen the quality of the HE sector, and over the past year no institution has moved into HEFCE's at-risk category. Work is continuing with HEFCE to develop a scorecard to assess overall performance across the sector.

Public funding for HE rose in real terms by 24% from 1997-98 to 2008-09, and will have increased by over 30% in real terms by 2010-11 when spending will be around £11 billion. In addition, other initiatives are in hand to help increase the resources available to the sector - for example, a matched funding scheme to promote voluntary giving to HE Institutions was successfully launched in August 2008.

The sector continues to perform well both nationally and internationally. Student numbers continue to increase, and we have seen a particularly strong increase in demand from international students: their numbers in the UK are up 54% since 1997/98 to stand at 316,000 in 2006/07 (65% are from outside the EU, 35% from inside). Graduates in England continue to do well in the labour market, with an employment rate of 87% compared with 70% for non-graduates; they also have lower unemployment rates: 2.5% for those holding HE qualifications against 7.1% for those without. According to the latest National Student Survey (2008) 82% of students are satisfied overall with their courses, maintaining the high levels of previous years.

PSA 4: Promote world-class science and innovation in the UK

World-class science and innovation in the UK are crucial to maintaining economic prosperity and responding to the challenges and opportunities of globalisation. In the global knowledge economy the UK's competitive advantage will rely on the ingenuity and capabilities of the UK population and will be dependent on the UK having an innovative system that can take advantage of the opportunities on offer.

As well as maintaining the UK's prosperity, science and innovation play a vital part in addressing key global and domestic challenges, such as climate change and security. Science and innovation also deliver improvements in public service delivery and contribute to improvements in areas such as education, health and culture.

The delivery strategy for the PSA has been informed by key policy documents published in previous years including the *Science and Innovation Framework 2004-14*, the *Lambert Review of Business-University Collaboration*, the *Cooksey Review of UK Health Research Funding*,² the *Gowers Review of Intellectual Property*³ and the *Sainsbury Review of Science and Innovation*.⁴ The Department reviewed these policies during the first part of 2008 and a White Paper *Innovation Nation* was published in March 2008 which brought together previous science and innovation policies and set out a new policy agenda and a number of areas for action.

Some key actions are currently underway that will drive delivery including:

- Driving forward the policies set out in *Innovation Nation* to make the UK the leading place in the world to be an innovative organisation and publishing the first annual innovation report.
- Developing and implementing an international strategy which includes effective leadership of the Science and Innovation Network.
- Working with the research community to ensure that the Wakeham and McKillop reviews are successful.
- Establishing a refreshed strategy on science and society, including through a revised and expanded Science, Technology, Engineering and Maths (STEM) agenda.
- Maximising the effectiveness of the refocused Intellectual Property (IP) strategy in translating IP into value.

² A review of UK healthcare funding, Sir David Cooksey, December 2006.

³ The Gowers review of intellectual property, HMT, December 2006.

⁴ The race to the top: A review of Government's science and innovation policies, HMT, October 2007.

- Work with other Government Departments to deliver Government's wider priorities including promoting the low-carbon economy, community cohesion and delivering a successful 2012 Games.

Evaluation Assessment

Under the Treasury assessment criteria, the PSA has been assessed as making strong progress as more than 50% of indicators have improved.

Factual Assessment

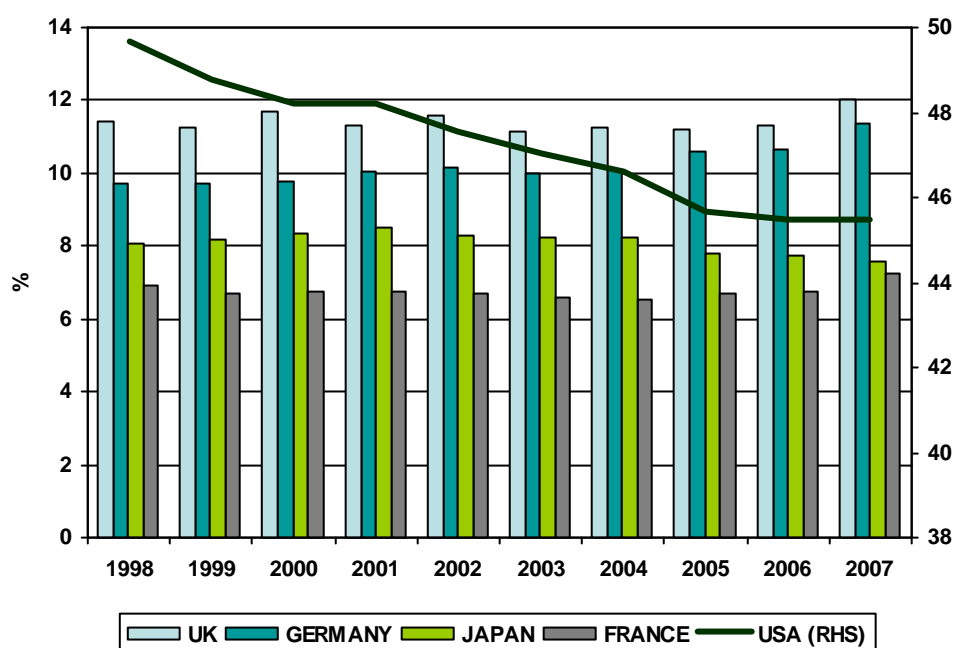
There are six indicators against which delivery is measured. Early indications are that the PSA is showing strong progress with four of the six indicators moving in a positive direction. The other two indicators have yet to be assessed.

Data Statement by indicator

PSA 4 Indicator 1

The UK percentage of citations in the leading scientific journals.

Latest data for 2007 show that the UK's citation share increased to 12% and the UK continues to lie second in the world to the USA. There are long time lags between investments in research and citations and this means that the funding increases made over the past decade should continue to feed through into strong UK citation performance.



Quality of Data systems

Data is provided annually by DIUS from the Thomson Scientific database of journal outputs and their citations and analysed by an independent contractor. Thomson Scientific is the world's premier source of information on journal outputs and their citations, and indexes over 8000 journals in 35 languages, which is agreed to represent most or all of the material likely to be recognised as having significant value to others for most science fields.

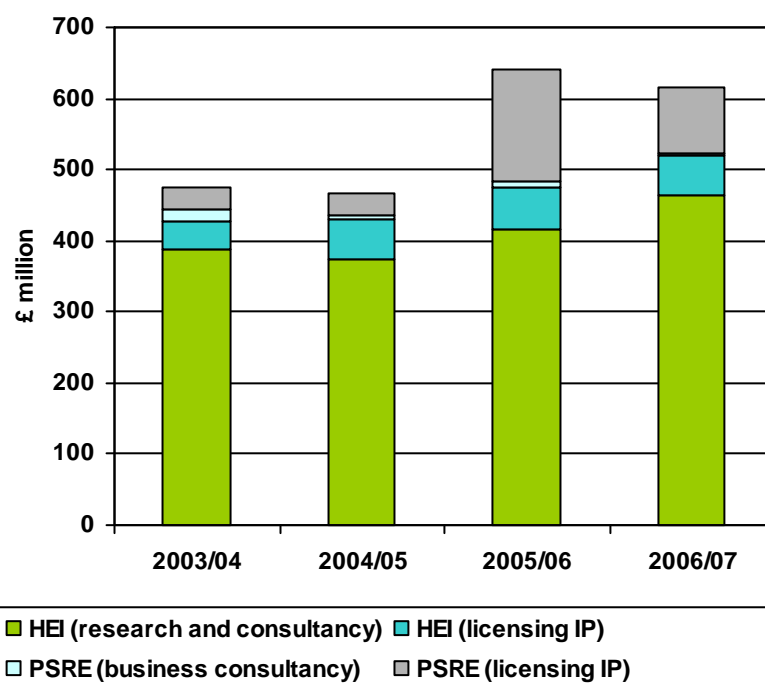
Main contributing Department:

DIUS

PSA 4 Indicator 2

Amount of income generated by UK Higher Education Institutions (HEIs) and Public Sector Research Establishments (PSREs) through research, consultancy and licensing of intellectual property.

Latest data shows a continued increase in income from business, pulling up the three year moving average from £564 million per annum to £611 million per annum. Investment in knowledge transfer through the HEI fund and PSRE fund will continue to increase over the CSR period.



Source: HESA.

Quality of Data systems

The indicator is reported on annually and comprises of the sum of two separate data items, aggregated for Higher Education Institutions (HEIs) and for Public Sector Research Establishments (PSREs):

1. Income from business (Research and consultancy)
2. Income from licensing property

The data is collected by the Higher Education Statistics Agency from HEI. An independent contractor is engaged to administer the survey of PSREs.

Main contributing Department:

DIUS

PSA 4 Indicator 3

The percentage of UK business with 10 or more employees that are 'innovation active'.

This indicator is yet to be assessed. The latest survey data from the 2007 UK Innovation Survey found that 64 per cent of businesses with 10 or more employees were innovation active. Next data is due to be collected in 2009.

Quality of Data systems

The data set used is the UK Innovation Survey which is provided by the Office for National Statistics (ONS) on behalf of DIUS. Data is collected from enterprises with 10 or more employees with the definition of 'innovation active' following guidelines set out in the Organisation for Economic Cooperation and Development (OECD) publication, the Oslo manual (OCED, 2005).

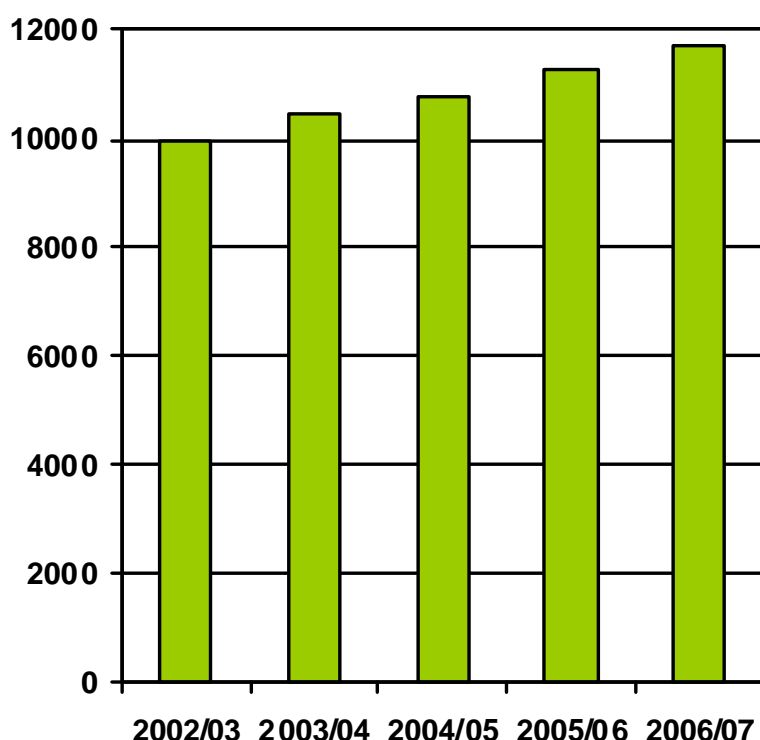
Main contributing Department:

DIUS

PSA 4 Indicator 4

The annual number of UK PhD completers in Science, Technology, Engineering and Mathematics (STEM) subjects.

The latest qualifications figures for 2006/07 showed a continued increase in the number of PhDs, rising to 11,730.



Source: HESA

Quality of Data systems

The Higher Education Statistics Agency (HESA) provides data from their records of enrolments and qualifiers on higher educational courses. The HESA Student Record records details of enrolments on higher education courses including PhD courses at UK HEIs. It records qualifiers by subject and country of domicile year. STEM subjects are as defined by HESA.

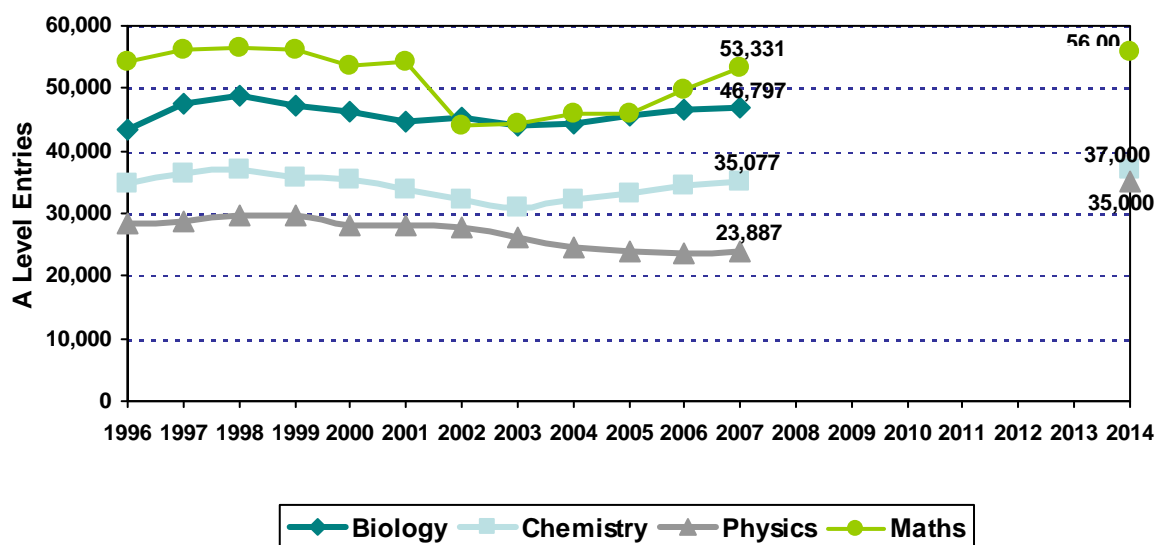
Main contributing Department:

DIUS

PSA 4 Indicator 5

The number of young people in England taking 'A' Levels in mathematics, physics, chemistry and biological sciences.

Latest full data for 2007 suggests that prospects for meeting the targets for 2014 are good for mathematics, biology and chemistry. The rate of change in Physics A Levels, if continued at current levels, would not however meet the target for 2014.



The number of young people in England taking 'A' Levels in mathematics, physics, chemistry and biological sciences.

Quality of Data systems

Data on A Level entries by young people aged 16-18 in England is provided by annually by DCSF.

Main contributing Department:

DCSF

PSA 4 Indicator 6

Business research and development (R&D) expenditure – the average UK R&D intensity in the six most R&D intensive industries, relative to the US, Japan, France and Germany.

This indicator is yet to be assessed. This indicator is based on data from national statistical offices that is compiled by the OECD. Latest data is only available to 2006 since when UK public funding incentives for R&D have increased.

Quality of Data systems

Data for the UK is provided by the Office of National Statistic business enterprise R&D (BERD) survey for the UK and by the OECD for the rest of the G7. The ONS BERD survey measures expenditure (and similar surveys in other countries on which the international comparisons are based) measures

expenditure on research and development in businesses. This is estimated using a standardised survey methodology based on international guidelines published by the OECD in the Frascati manual.

Main contributing Department

DIUS.

DEPARTMENTAL STRATEGIC OBJECTIVES

Supporting the delivery of PSA 4 are three of the Department's Strategic Objectives (DSOs). Progress against these DSOs is assessed below.

DSO	Objectives
DSO1	Accelerate the commercial exploitation of creativity and knowledge, through innovation and research, to create wealth, grow the economy, build successful businesses and improve quality of life.
DSO4	Pursue global excellence in research and knowledge, promote the benefits of science and society, and deliver science, technology, engineering and mathematics skills in line with employer demand.
DSO6	Encourage better use of science in Government, foster public service innovation, and support other Government objectives which depend on DIUS expertise and remit.

Progress against DSO1

Progress of this DSO is measured through five indicators. Overall progress is currently rated as not yet assessed since three of the indicators are yet to be assessed.

Indicators

1. Amount of income generated by UK Higher Education Institutions (HEIs) and Public Sector Research Establishments (PSREs) through research, consultancy and licensing of intellectual property.

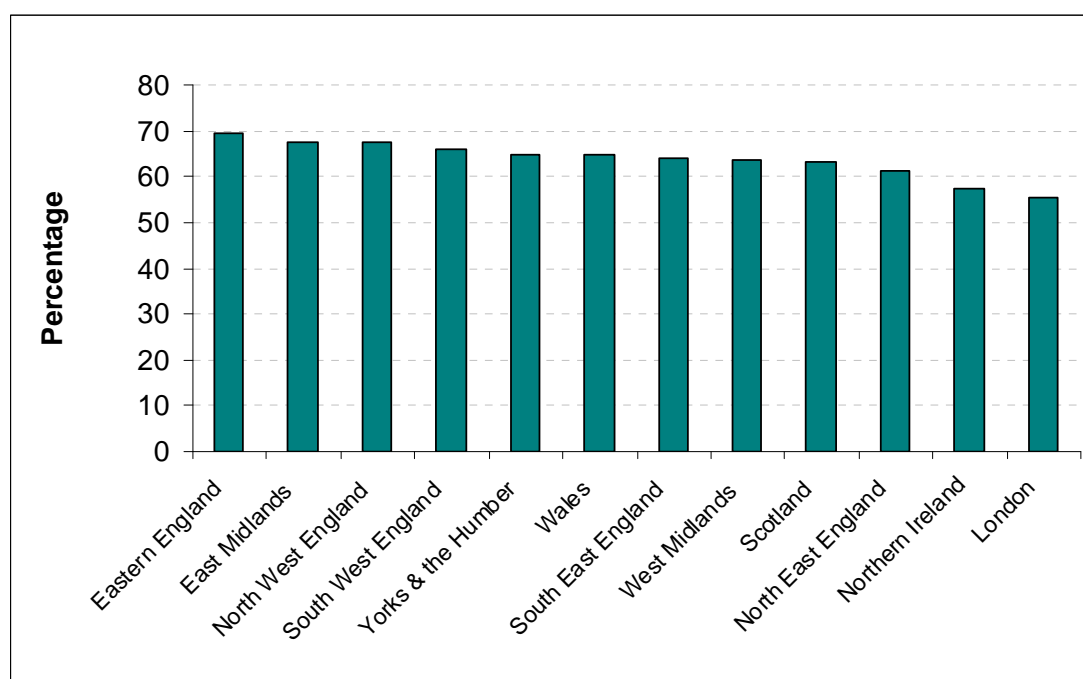
This indicator is the same as indicator 2 of PSA 4 above.

2. Business research and development (R&D) expenditure – the average UK R&D intensity in the six most R&D intensive industries, relative to the US, Japan, France and Germany.

This indicator is the same as indicator 6 of PSA 4 above which is not yet assessed.

3. Regional breakdown of percentage of UK businesses with 10 or more employees that are innovation active

This indicator is yet to be assessed. The latest data from the 2007 survey, however, show the following pattern of innovation activity across the countries of the UK and the English regions.



Source: UK Innovation Survey 2007, all enterprises with 10 or more employees.

4. Key knowledge transfer outputs from public sector research base

Knowledge transfer measure	2004/05	2005/06	2006/07
Patents applied for	1938	1826	2229
Patents granted	859	772	819
Licensing agreements	3772	4311	3890

Income from intellectual property licensing	103	244	174
Spin outs	232	261	337

Sources: HEBCI and PSRE surveys

The period since 2000 has seen steady increases in commercial exploitation of knowledge from Higher Education Institutions. Since 2003/04 data have also been collated from PSREs. These show more year to year variation, however the majority of aggregated measures have increased.

Quality of Data systems

The indicator uses five variables each aggregated from HEBCI and PSRE surveys which cover patents applied for, patents granted, licensing agreements, income from licensing and spin outs.

5. Basket of measures of take-up of intellectual property.

This indicator is yet to be assessed. The basket of measures covers the number of UK registered patents, registered community designs and trade marks per head of the population.

Progress against DSO 4

Progress against DSO 4 is assessed as showing strong progress measured through the following five indicators.

Indicators

1. The UK percentage of citations in the leading scientific journals.

This indicator is the same as indicator 1 of PSA 4 above.

2. The annual number of UK PhD completers in Science, Technology, Engineering and Mathematics (STEM) subjects.

This indicator is the same as indicator 4 of PSA 4 above.

3. The number of young people in England taking 'A' Levels in mathematics, physics, chemistry and biological sciences.

This indicator is the same as indicator 5 of PSA 4 above.

4. Survey of public attitudes to science

The latest survey of public attitudes to science and technology, conducted on behalf of RCUK in 2007, was published in 2008. Comparisons with questions from the 2000 survey show an increased interest in science: the percentage of the adult population who agreed or strongly agreed that “Science is such a big part of our lives that we should take an interest” increased from 74% in 2000 to 79% in 2008.

Quality of Data systems

The public attitudes to science and technology survey is conducted by RCUK to build on previous surveys commissioned by the Office of Science and Technology (OST). These were conducted in 2005 and 2000. The indicator measures the percentage of people who think that science makes a positive contribution to society

5. Number of STEM graduates

In 2006/2007, administrative data showed that there were 130,705 first degree qualifiers from UK higher Education Institutions in STEM subjects. This was a very small increase on the previous year and accounted for 42 per cent of all first degree qualifiers.

Quality of Data systems

The Higher Education Statistics Agency (HESA) provides data from their records of enrolments and qualifiers on higher educational courses. The HESA Student Record records details of enrolments on higher education courses at UK HEIs. It records qualifiers by subject and country of domicile year. STEM subjects are as defined by HESA.

Progress against DSO6

Overall progress against DSO 6 is currently rated as not yet assessed as the three indicators have yet to be assessed.

Indicators

1. Policy making is underpinned by robust scientific evidence and long term thinking

This indicator has not yet been assessed, for the majority of the KPIs we are establishing baselines on the basis of self-assessment information from

individual Departments. This data also gives an initial appreciation of departmental performance.

Quality of Data systems

Most of the Department's work in this area is about influencing the work of others. As this can be difficult to assess a basket of indicators has been established, but the measurement of these is still to be validated. Early indications suggest that progress is being made, but budget pressures on departments could present new challenges.

2. International comparisons of growth in, and benefit from international collaboration in science.

This indicator has yet to be assessed.

3. Use of Foresight generated evidence by Government and others.

The measure is informed by the implementation of reviews of Foresight projects by sponsor departments. The indicator has not yet been assessed as this is the first year data has been collected so there is no previous data against which to measure improvement.

Chapter 2

DIUS' contribution to other PSAs

Introduction

As part of the 2007 Comprehensive Spending Review, the Government moved from its previous 110 PSA targets to a much smaller number (30) of truly cross-cutting PSAs. Explicit in this change is the expectation that Departments will work closely together to deliver the PSAs. DIUS is playing an active part in the delivery of those PSAs that are led by other departments. This chapter sets out DIUS' contributions to these.

PSA 1: Raise the productivity of the UK economy

Innovation and skills are two of the five drivers which contribute to improvements in UK productivity. The Department's work to deliver the targets in the skills and science and innovation PSAs, for which it is responsible, also, therefore contribute to the achievement of the goals of the productivity PSA. The mechanisms by which they contribute are however complex and there are considerable time lags in the response seen in productivity measurements to investments in intangibles such as innovation and skills.

In the last year, DIUS has contributed to policy development in a number of areas relevant to productivity improvement - for example through publication of the Innovation Nation White Paper which set out new policies to promote innovation through government procurement and regulation, and in further education. It also contributed to the Manufacturing Strategy published jointly by the Department for Business, Enterprise and Regulatory Reform (BERR) and DIUS, which set out how the Department's work will contribute to the future success of the UK's manufacturing sector, including the skills needed to make a successful transition to a low carbon, resource efficient economy.

PSA 3: Ensure controlled, fair migration that protects the public and contributes to economic growth

DIUS' interest in this PSA is in the last of the four key delivery priorities: "Boosting Britain's economy by bringing the right skills here from around the world and ensuring that this country is easy to visit legally". We want to ensure that British people have the skills they need so that no-one loses out on a job to someone from another country because they do not have the right skills. But we also want to attract the best talent to the UK, both to study, research and work in our colleges and universities and to contribute to business success. It is also important that legal migrants have access to necessary skills support so they can play a full part in their communities.

We are therefore working with the Home Office to ensure that migration policy maintains a balance between strengthening borders and ensuring the UK remains an attractive place to work and study. We also support government initiatives to combat illegal immigration by controlling student visas and bogus colleges and work to prevent extremism in our educational establishments.

DIUS is represented on the UK Border Agency's Migration Management Delivery Board which has specific responsibility for monitoring indicator 5 of this PSA: "By the effective management of migration reduce the vacancy rate in shortage occupations".

PSA 6: Deliver the conditions for business success in the UK

DIUS contributes to PSA 6 through its responsibilities for the UK's standards, metrology and accreditation infrastructure. BSI, the National Standards Body, continues to facilitate the development of market relevant standards. In its role to support legal metrology, the National Weights and Measures Laboratory, working closely with the BERR Consumer Law Review, has embarked on an ambitious programme of reform of the complex legislation which regulates weights and measures. Also, DIUS, with the UK Accreditation Service and BERR, is implementing the EC Regulation on Accreditation and Market Surveillance to establish a legal framework for accreditation

PSA 7: Improve the economic performance of all English regions and reduce the gap in economic growth between regions

DIUS continues to work closely with the Regional Development Agencies (RDAs) on the skills and innovation agenda, particularly with the South East

England Development Agency (SEEDA), in their capacity as lead Regional Development Agency for innovation. Successes this year have included the development of Innovation Nation - particularly the recognition of the importance of place; the agreement of the innovation products within the Business Support Simplification Programme; and progress towards the alignment of activities between the RDAs and the Technology Strategy Board (TSB).

Key areas for delivery over the next year include the piloting of innovation vouchers, continued collaboration with the TSB and launching the Business Support Simplification Programme innovation products.

DIUS has continued to support the work of the Northern Way in progressing their innovation in industry agenda for the North of England. DIUS collaborated with BERR and the Northern Way to support the OECD to research and publish a report on Innovation in the North. This report highlights a number of issues and challenges that the government will work on, with The Northern Way, to appropriately address.

DIUS has agreed to report on achievements against its skills targets as part of its commitment to supporting efforts to improve regional economic performance.

RDAs are key members of Regional Skills Partnerships (RSPs), bringing together all the key partners at regional level - RDAs, the LSC, Jobcentre Plus, Skills for Business and others. RSPs have a key role to play in identifying skills priorities at the regional level and ensuring that they support wider economic priorities within the region.

From April 2009, RDAs will have responsibility for integrating Train to Gain brokerage with Business Link to improve access for employers to government Support on skills.

PSA 8: Maximise employment opportunities for all

DIUS is contributing to the achievement of this target through its work on integrating employment and skills services. DIUS is working with DWP (and with Jobcentre Plus and the Learning and Skills Council) to put in place

integrated services that will increase people's chances of entering and sustaining employment with skills progression. In 2010-11 we plan to support over 100,000 people to gain sustainable employment and to achieve a recognised qualification. Working together towards achieving this shared ambition will encourage all partners to deliver accessible, consistent and joined-up services that will help individuals into sustainable employment with progression.

PSA 10: Raise the educational achievements of all children and young people

DIUS is contributing to the achievement of this PSA through reforms to the Further Education (FE) sector. The reforms include strengthening the sector's performance management systems with an increased emphasis on self regulation, reforming and strengthening the FE workforce and putting the needs of learners and employers at the heart of learning. We are working with the Department for Children, Schools and Families (DCSF) to support the successful transfer of pre-19 FE funding to Local Authorities. DIUS has particular responsibility for the delivery of a proportion of Level 2 and 3 at 19 targets, through growing the number of opportunities for Apprenticeships, implementing the Foundation Learning Tier qualifications and the delivery of basic skills to adults – which will help parents develop skills that can make it easier for them to help their children.

PSA 11: Narrow the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers

DIUS leads on the sixth Indicator for this PSA, which is, 'the gap between the initial participation in full-time higher education rates for young people aged 18, 19 and 20 from the top three and bottom four socio-economic classes'

Evidence shows that in the 2002/3 academic year, 44.1% of 18-20 year olds from higher socio-economic classes participated in HE, compared with 17.5% of those from lower socio-economic classes – a gap of 26.5%. By 2006/7, the participation rate of higher socio-economic classes had fallen to 39.5% and that of lower socio-economic classes had risen to 19.0% - reducing the gap by 6 percentage points to 20.5%

We are working actively with DCSF colleagues to help raise both levels of attainment and aspiration amongst people from lower socio economic groups, to encourage progression to HE. We do this through joint work on initiatives such as Aimhigher and by encouraging deeper and more structural links between schools and universities, particularly including schools and universities in City Challenge areas.

Whilst the overarching goal is to increase the number and proportion of people from lower socio-economic classes participating in HE overall, we are concerned also about the distribution of those people across the HE sector (the “fair access” agenda). We want people to be able and willing to access the HE that best fits their potential and merit, including on courses and in higher education institutions where competition for places is fiercest. Nine of the most selective universities have agreed to extend opportunities for the best performing students from the most challenging backgrounds to show what they can achieve, building on existing work in the sector. The universities are working together to find ways to ensure they do not miss out on the most talented students, whatever background they come from. This initiative will build on the work universities already do in reaching out to pupils in schools and colleges in their communities, raising aspirations and offering support in applying to university.

PSA 13: Improve children and young people's safety

DIUS is tackling learner safety by working closely with DCSF and other Government departments to deliver the *Staying Safe* action plan. In particular, we are developing training to ensure that FE institutions offer a safe and secure environment for all learners. DIUS is also working with DCSF to produce guidance, training tools and materials on tackling bullying in educational settings outside schools, such as FE institutions.

PSA 14: Increase the number of children and young people on the path to success

DIUS is contributing to the achievement of this PSA through its reforms to Further Education. These reforms include work with DCSF to expand Apprenticeships and to introduce Diplomas. DIUS is working with the Targeted Youth Support team in DCSF to support vulnerable young people in

Further Education. We are also supporting DCSF to ensure that FE students receive good quality Information, Advice and Guidance. In addition, DIUS will be positioning FE colleges to support particular developments which will contribute towards achieving this target. These include work with the Department of Health to improve the health and wellbeing of students and staff in FE, with DCSF to strengthen education to combat substance misuse, and with DCSF and the Home Office to implement the Youth Crime Action Plan.

DIUS is working with DCSF to ensure that colleges are recognised and supported as partners within Children's Trusts by bringing colleges on board and ensuring that the inspection framework clearly shows the contribution made by colleges to the Every Child Matters outcomes. DIUS is also encouraging a wider role for FE colleges in meeting the needs of the local community.

DIUS is also working with DCSF on strengthening the contribution of work-based learning providers towards achieving this target.

PSA 15: Address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief

DIUS is responsible for three closely-linked strands of policy – Further Education and Skills, Higher Education, and Science and Innovation activities. They are all critical to determining Britain's future economic and social wellbeing. Britain can only succeed in a changing world if we develop our skills to the fullest possible extent, carry out world-class research, and apply knowledge to create innovative products, services and companies. It is therefore critical that DIUS policies can engage and have real impact across different groups in society – be it as employees or employers, as individuals or as members of local communities.

DIUS leads on policies to support low-skilled adults, and to help people learn what they need to enter and progress in the labour market. DIUS policies aim to increase employment and participation rates in Further and Higher Education; and in science activities by ensuring science and innovation plays its role in reducing inequalities by actively engaging the public and

encouraging more young people to pursue science studies beyond age 16; hence placing particular attention on the skills and human capital dimension. For some groups such as women from some ethnic minority groups and older people, it is possible that due to a lack of skills and/or human capital, individuals will find places at the lower end of the wage distribution, which widens pay gaps.

The Further Education Reform agenda led by DIUS, alongside implementation of the Leitch Review of Skills, will bring a greater emphasis on personalisation and choice in the way that learning and skills are delivered - for example, through the introduction of Skills Accounts for adults. The existing information, advice and guidance services for adults are being re-shaped into a universal careers service that supports adults in making informed choices about training and work. DIUS is also working with partners to develop a national strategy on equality and diversity in apprenticeships to improve participation and success levels of all under-represented groups.

The Government's aim of creating an economy in which every person has the opportunity to realise individual potential, overcome disadvantage and achieve economic wellbeing, will also help support people in gaining sustainable employment. The benefits derived from being in work include effects on health and well-being, housing affordability, and poverty reduction. Equipping adults with the skills and support they need to get jobs and build careers makes a significant contribution to independence and choice.

PSA 16: Increase the proportion of socially excluded adults in settled accommodation and employment, education or training

DIUS is contributing to this target by providing individuals with the skills they need to get into sustainable employment and to make progress in work. By prioritising services to socially excluded and vulnerable adults, and by offering them appropriate training in skills we have a powerful contribution to make in support of this target.

The PSA16 activity represents particularly strong cross-department working, building on our contribution to PSA 8 and our leadership of the offender skills and employment programme (one of the seven pathways towards reducing re-offending) which has a similar cross-department focus. This allows us to

make a strong contribution not only to the PSA's focus on offender employment, but also to the skills and employment agenda for each of the PSA 16 groups through our close links with partners in the Department for Work and Pensions, Department of Health and DCSF.

PSA 18: Promote better health and wellbeing for all

The lead Department is the Department of Health. DIUS does not directly contribute to the delivery of the indicators for this PSA, however through our work towards other PSAs and the department's DSOs, DIUS and its delivery partners are in a position to contribute towards some of the indicators. These are the first – the all age all cause mortality rate, the second – the gap in the all age all cause mortality rate between England and spearhead areas, and the fourth - proportion of people supported to live independently through a social care assessment. Key activities include:

- The National Prevention Research Initiative is a partnership of government departments, research councils and medical charities supporting high-quality and multi-disciplinary research aimed at preventing the incidence of new cases of major preventable chronic conditions and diseases. £11 million will be committed to studies in 2009.
- DIUS contributes to tackling health inequality through our target to increase participation in HE towards 50% of those aged 18 – 30. Research shows that graduates are more likely to enjoy better health. Latest participation figure (2006/07) is 40%. Our current aim is for 42% participation by young people in HE in 2010/11.
- The Economic and Social Research Council (ESRC) has led a funding partnership under the auspices of the UK Clinical Research Collaboration (UKCRC) to fund 5 major new Centres of Excellence in Public Health. The funders are Cancer Research UK, British Heart Foundation, Wellcome Trust, ESRC, The Medical Research Council (MRC), DH, Welsh Assembly Government and R&D Office of Northern Ireland. The centres will provide infrastructure and capacity building on which to build high quality research into physical activity, diet and nutrition and smoking, alcohol and drugs as well as addressing issues around health inequalities.
- Ageing: Life Long Health and Wellbeing (LLHW) is a major cross-Council research theme and the MRC is leading on ageing research as part of the strategic coordination through Office for Strategic Co-ordination of Health

Research (OSCHR) with The National Institute for Health Research (NIHR). In April 2008, a total of £10 million was awarded to three LLHW Centres investigating the ageing brain, frailty and quality of life. The second call in LLHW will be launched later in 2008.

PSA 21: Build more cohesive, empowered and active communities

This PSA is about creating communities that people want to live in – where people get along together, feel empowered to make a difference in their local area and are active members of society. DIUS is involved in the governance of the PSA through its role on the Oversight Board.

Key DIUS contributions to this PSA are likely to come from the impact of Further and Higher Education institutions on the economic and social well being of communities (including through citizenship, student volunteering and wider community access to facilities as well as raising the skills of communities); the contribution to integration from English for Speakers of Other Languages and informal adult education provision; as well as specific initiatives on cohesion in colleges and universities (including action on guns, gangs and knives and to promote integration and prevent violent extremism).

PSA 22: Deliver a successful Olympic Games and Paralympic Games with a sustainable legacy and get more children and young people taking part in high quality PE and sport

DIUS objective for maximising the employment and skills legacy is to use the Games to drive forward the broader employment and skills agenda, bring about systemic change and to ensure a nationwide legacy that is felt long term. In this way, a contribution can be made to increasing employment rates and skills levels using the Games as a catalyst for additional but sustainable activity and better partnership working. We are taking advantage of the opportunities which the Games afford to enhance skills levels across a wide range of occupations and industrial sectors, in line with the broader objectives of the national Skills Strategy.

Specifically, we will use the prestige and profile of the 2012 Games to:

- stimulate the number of people entering the workforce and raise their skills across the UK;
- unlock the talents of people across the country to develop a highly skilled workforce, matching the needs of employers and the jobs available - using innovative programmes such as the 'Personal Best' qualifications for volunteering programme;
- persuade employers to take advantage of these opportunities, both in the run up to the 2012 Games and through its legacy of investment, to ensure they have staff with the skills and talent they need to expand into new markets, fulfil supply contracts and sustain growth;
- maximise opportunities for the UK's visitor economy enabling careers in tourism, hospitality, retail, transport, leisure and other related sectors in the longer term.

PSA 26: Reduce the risk from international terrorism

DIUS is involved in the governance of this PSA through its role on the Programme Board. DIUS contributes, in particular, to the PREVENT strand – preventing people becoming or supporting terrorists or violent extremists. We contribute to all the PREVENT objectives – undermining extremist ideology; strengthening our institutions; supporting individuals at risk of radicalisation; helping our communities resist violent extremism and addressing the grievances on which extremists prey.

Key activities include improving Islamic scholarship in Higher Education (with the aim that the UK will be a benchmark in Islamic Studies outside the Islamic world); providing guidance to, and working with, Higher and Further Education institutions and student bodies to build their resilience to violent extremism (including through a network of “champion” Principals in FE), with an emphasis on shared values and breaking down segregation; a series of debates, led by DIUS Ministers, which explore how we can maintain the academic freedom of our universities while ensuring that extremists can never stifle discussion or impose their views; and work with Universities UK to look at the need for specific guidelines for universities on handling and researching extremist materials.

PSA 27: Lead the global effort to avoid dangerous climate change

The Government's strategy, led by Department of Energy and Climate Change (DECC) focuses at the international and domestic level on mitigation by reducing global greenhouse gas emissions and adaptation to unavoidable climate change. DIUS partners contribute by providing funding for research that develops understanding of causes, mechanism and effects; relevant technology; and mitigation. Key activities include:

- The Natural Environment Research council led 'Living With Environmental Change' was launched in June. This is a ten year £1 billion programme that will look to provide decision makers with the best information to effectively manage and protect vital ecosystem services. This activity also contributes to PSA 28.
- DIUS published its first Sustainable Development Action Plan (SDAP) in July 2008 and we have sought to embed sustainable development principles into our operations and those of our delivery partners. Developments include a commitment in the 'Building Colleges for the Future' strategy that all new college buildings will be zero carbon by 2016, and will be required to reach the new 'Excellent' Building Research Establishment standard. We are now working with the Sustainable Development Commission to develop and improve it further and are establishing a high level steering group to embed sustainable development across DIUS. This activity also contributes to PSA 28.
- The TSB is developing a range of initiatives relating to low carbon agenda. These include two of its Innovation Platforms - 'Low Impact Buildings' (in partnership with DCLG and DECC), and 'Low Carbon Vehicles Innovation Platform' (in partnership with Department for Transport). This activity also contributes to PSA 28.
- The Research Councils are committed to invest some £300 million in the period 2008-2011 in energy related research and postgraduate training through the Research Councils Energy Programme. The Energy Technologies Institute was established in December 2007 as private-public partnership to fund projects to develop low carbon energy technologies and solutions.

- DIUS has delivered on the requirement to work with BERR and DECC to develop a strategy for the Environmental Transformation Fund (ETF).
- BNSC is coordinating a decision on the UK subscription to the European Space Agency's Global Monitoring for Environment and Security (GMES) programmes, which will supply the satellite infrastructure to underpin European scale and wider environmental monitoring. This activity also contributes to PSA 28.

PSA 28: Secure a healthy natural environment for today and the future

DIUS' responsibility for higher and further education and training systems is critical to prepare young people and adults with the skills and knowledge that are necessary for the productive and competitive economy that underpins our quality of life. Science, Technology, Engineering and Maths (STEM) skills will also be particularly important in ensuring our workforce is equipped to respond to the transition to a sustainable, resource efficient economy. Through our support for science and society initiatives such as STEMNET (enrichment activities for schools) and the UK Resource Centre for Women in Science, Engineering and Technology, we are working to maintain and increase the supply, quality and diversity of the STEM workforce and the general scientific literacy of the population as a whole.

DIUS partners also provide funding for research that develops understanding of causes, mechanism and effects; relevant technology; and behaviours. Key activities not already listed under PSA 27 include:

- The National Measurement System funds research programmes relating to securing a natural and healthy environment.
- Through its public engagement programme Designs of the Time (Dott), the Design Council is engaging the public in new ways to tackle issues relating to sustainable living. Furthermore, through the UK Design Skills Alliance, the Design Council is supporting the development of eco-design skills, including ensuring sustainability is embedded into the design curriculum,

as well as raising awareness of sustainable design practice through Designing Demand, a business support programme for SMEs.

Chapter 3

2004 Spending Review Public Service Agreements

Introduction

This chapter reports on the three PSA targets that the Department for Innovation Universities and Skills took over from the former DTI and DfES. The progress report is in the context of some deliverables being in 2010, and data lags on some of the measures. The table below summarises the targets and the overall assessment of delivery. Further details of each target are then given on the following pages.

SR04	Target	Status
PSA2 (DTI)	<p>Science and Innovation Improve the relative international performance of the UK research base and increase the overall innovation performance of the UK economy, making continued progress to 2008, including through effective knowledge transfer among universities, research institutions and business.</p>	On course
PSA13 (DfES)	<p>Tackle the adult skills gap Increase the number of adults with the skills required for employability and progression to higher levels of training through:</p> <ul style="list-style-type: none"> ▪ improving the basic skills levels of 2.25 million adults between the launch of Skills for Life in 2001 and 2010, with a milestone of 1.5 million on 2007; and ▪ reducing by at least 40 per cent the number of adults in the workforce who 	On course

	lack NVQ2 or equivalent qualifications by 2010. Working towards this, one million adults in the workforce to achieve Level 2 between 2003 and 2006.	
PSA14 (DfES)	<p>Raise and widen participation in higher education</p> <p>By 2010, increase participation in higher education towards 50 per cent of those aged 18 to 30 and also make significant progress year-on-year towards fair access and bear down on rates of non-completion.</p>	On course

PSA2 (DTI): Science and Innovation

Improve the relative international performance of the UK research base and increase the overall innovation performance of the UK economy, making continued progress to 2008, including through effective knowledge transfer amongst universities, research institutions and business.

Overall progress

Progress against this target is measured using a range of 25 indicators across five broad attributes of the science and innovation system⁵. Overall progress remains on course though significant challenges still remain, particularly in raising business research and development (R&D) and increasing the supply of science, engineering and mathematics skills available to the economy

Element 1: World-class research at the strongest centres of excellence in the UK

⁵ There is significant read across between these indicators and those used to measure progress on the Science and Innovation Investment Framework 2004:2014. www.hm-treasury.gov.uk/spending_review/spend_sr04/associated_documents/spending_sr04_science.cfm

Current Position

Progress against this element was judged using a basket of six indicators including aspects of scientific excellence, productivity and development of trained researchers. These indicators were derived from Evidence Ltd's international benchmarking study into the performance of the UK research base⁶. Citation productivity remained on target throughout the period, however, overall percentage share of world citations dipped just under target for the first time in 2006⁷, researchers per thousand workforce were also just below target at 6.13 in 2006.

This element is now taken forward in DIUS (2008-11), PSA 4 Indicator 1

Indicator ⁸	2002	2003	2004	2005	2006	2006 Target
Share of world citations	11.9%	11.9%	12.2%	11.9%	11.3%	11.5%
Share of world citations in each of the 9 broad science disciplines	Top 3 in 7	Top 3 in 7	Top 3 in 7	Top 3 in 7	Top 3 in 7	Top 3 in 7 out of 9 ⁹
Researchers per 1000 workforce	5.8	5.9	5.9	5.8	6.13	6.3
Citations per £1 of publicly performed R&D	Lead G8	Lead G8	Lead G8	Lead G8	Lead G8	Lead G8
Citations relative to GDP	Lead G8	Lead G8	Lead G8	Lead G8	Lead G8	Lead G8
Citations per researcher	Lead G8	Lead G8	Lead G8	Lead G8	Lead G8	Lead G8

Element 2: Sustainable and financially robust universities and public research institutes

Current position

Universities:

The sustainability of the UK University research system is assessed biennially by the Funding Councils based on a set of 18 'trigger metrics'¹⁰ updated annually and consideration of university sustainability plans prepared every 2

⁶ http://dius.ecgroup.net/files/75-08-R_on.pdf

⁷ UK world citation share in 2007 was 12%.

⁸ Sources Thomson ISI, OECD

⁹ Biological 2nd, Clinical 2nd, Engineering 4th, Environmental 2nd, Maths 3rd, Physical Sciences 4th, Pre-Clinical and Health 2nd, Social Sciences 2nd and Business 2nd. The broad disciplines are an amalgamation of the 68 Research Assessment Exercise (RAE) subject units of assessment.

¹⁰ Trigger metrics provide data under four broad categories - 'Money', 'People', 'Buildings' and Equipment.

years. The latest biennial assessment (July 2008)¹¹ concluded that in 2006/07 only a small proportion (1.7%) of research is undertaken at Higher Education Institutions (HEIs) over which there were some concerns about their long-term sustainability

The 'trigger metrics' show improvements in universities overall operating surpluses and whilst the level of capital expenditure was lower in 2006-07 the condition of buildings continues to show improvement for the UK as a whole.

Public Sector Research Establishments (PSREs):

Three annual monitoring exercises on PSRE sustainability covering 2005, 2006 and 2007 have been completed¹², with notes on the outcomes of the exercise being published to coincide with the Annual Report on the Science and Innovation Investment Framework: 2004 to 2014. The third monitoring exercise showed overall that major improvements made between round 1 and round 2 have been sustained and the PSREs continue to report progress on sustainability. However, the progress since round 2 has been more gradual, reflecting the fact that there are less difficult issues to address, and some of these represent long term problems.

Assessments will continue to help individual PSREs and their parent departments identify the issues they need to address in terms of the nature of business, governance and management, financial management, physical infrastructure and staff, income profile and overall sustainability to reach the long term goal of achieving sustainability.

Other comments on performance

World class science needs world class infrastructure. A key element of the Government's programme for investment in science is to ensure that the infrastructure and sustainability of the HE research base are improved in order to keep the UK at the leading edge. In 2008 the Capital Investment Fund was created to provide stable and predictable funding to support university research infrastructure based on Research Council income. This replaces the Science Research Investment Fund (SRIF) which has successfully completed its task of making good the backlog in investment in research infrastructure. The new fund worth £509 million over the current spending review period will

¹¹ "Monitoring financial sustainability in HEIs," Report to the Research Base Funders Forum

¹² www.dti.gov.uk/files/file32024.doc

help Universities maintain their research infrastructure and avoid the backlog in investment re-occurring.

Element 3: Greater responsiveness of the research base to the needs of the economy and public services

Current position

Progress against this attribute is measured by an increase in a basket of indicators from the Higher Education Business and Community Interaction Survey. The latest available data (covering academic year 2006/07) continues to indicate an upward trend in the majority of measures.

Higher Education Business Community Interaction (HEBCI) Survey Indicators¹³

Indicator - HEIs	2002-03	2003-04	2004-05	2005-06	2006-07
FTE staff employed in commercialisation offices	2,283	2,706	3,077	3,448	7,440
Number of patent applications	1,222	1,308	1,649	1,537	1,913
Number of patents granted	377	463	711	576	647
Number of licensing agreements	758	2,256	2,099	2,699	3286
Income from IP licensing	£37m	£38m	£57m	£58m	£58m
Number of spin-outs	197	161	148	187	226
Income from business consultancy	£168m	£211m	£219m	£236m	£288m

Progress against this attribute can now also be measured for PSREs through the PSRE Knowledge Transfer Survey. The majority of indicators show an upward trend in the first four years covered.

Indicator – PSREs	First annual survey 2003-04	Second annual survey 2004-5	Third annual survey 2005-6	Fourth annual survey 2006-7
Business representatives on governing	175	214	247	207

¹³ www.hefce.ac.uk/pubs/hefce/2008/08-22/

Indicator – PSREs	First annual survey 2003-04	Second annual survey 2004-5	Third annual survey 2005-6	Fourth annual survey 2006-7
bodies				
FTE staff employed in commercialisation offices	385	368	513	669
Number of patent applications	316	335	290	316
Number of patents granted	228	148	193	172
Number of licensing agreements ¹⁴	621	352	286	604
Income from IP licensing	£33m	£46m	£186m	£116m
Number of spin-outs	69	84	74	101
Income from business consultancy	£36m	£31m	£26m	£43

Element 4: Increasing business investment in R&D and increased business

Current position

The target for overall performance is to narrow the gap with the UK's leading international competitors. There are seven indicators for progress against this target. Two of the indicators - on business enterprise research and development expenditure (BERD), and on UK patenting - are available annually with a lag of approximately ten to twelve months.

*Business R&D as share of GDP*¹⁵

Country	1988	1993	1999	2000	2001	2002	2003	2004	2005	2006
Canada	0.75	0.88	1.06	1.16	1.29	1.17	1.13	1.12	1.07	1.03
France	1.30	1.47	1.36	1.34	1.39	1.41	1.36	1.36	1.34	1.34
Germany	1.98	1.53	1.67	1.73	1.72	1.72	1.76	1.74	1.72	1.75
Italy	0.69	0.59	0.50	0.52	0.53	0.55	0.52	0.52	0.55	0.54
Japan	1.92	1.88	2.14	2.16	2.30	2.36	2.40	2.38	2.54	N/A
UK	1.39	1.33	1.22	1.18	1.18	1.16	1.12	1.06	1.07	1.08
USA	1.87	1.75	1.98	2.05	2.01	1.86	1.84	1.79	1.83	1.84
OECD avg	1.52	1.40	1.51	1.55	1.57	1.51	1.51	1.49	1.53	N/A

¹⁴ A new definition of licensing agreements covered excludes the large number of agreements by cultural institutions for licensing copyright images to third parties. Figures for previous years have been amended to incorporate this change.

¹⁵ Source: ONS for UK, OECD remainder.

BERD as a proportion of GDP was 1.08% in 2006, up slightly from the revised value of the previous year. The figures show that BERD¹⁶ in real terms fell in 2003 and 2004, resulting in a decline in the ratio in 2003 from 1.16% to 1.12% of GDP, and in 2004 from 1.12% to 1.06%.

However, it is likely that this performance reflects the sectoral mix of the UK economy, where 75% of output is accounted for by service sectors that invest in other categories of innovation than traditional R&D. R&D investment in the UK is dominated by 5 sectors: pharmaceuticals & biotechnology; aerospace & defence; software & computer services; fixed line telecommunications; and automobiles & parts. Investment by companies in these sectors is comparable with global averages, as benchmarked in the UK's R&D Scoreboard. In 2006, the top 850 companies in Research and Development increased their spending on R&D by 9%. The UK's 75 largest R&D investors (accounting for two thirds of R&D in the UK) increased investment in R&D by 11.9% in 2006; globally, the average increase was 9.9%. Although the level of increase was lower, smaller companies within the top 850 also increased their investment.

*Patent grants at the US Patent Office per million population*¹⁷

Falls in the patenting rate from 2003 were experienced by all countries in the table below, this may be largely due to administrative and legal delays experienced in the US Patent Office. The UK's patenting rate has remained relatively robust in 2005, and its growth from 1995 is second only to Germany

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Change 95-05
USA	208.3	225.8	225.3	289.7	299.4	300.2	306.0	300.7	301.0	285.7	250.6	20.3%
Germany	80.9	83.6	85.5	111.1	114.2	124.8	136.9	137.1	138.9	130.7	109.6	35.5%
France	47.5	47.0	49.6	61.5	63.4	63.2	66.5	65.6	62.6	54.7	46.3	-2.4%
UK	43.0	42.6	46.4	59.7	61.4	62.6	67.3	64.9	61.2	58.0	52.4	21.7%
Italy	19.2	21.1	22.1	28.1	26.4	29.9	30.3	30.8	29.9	27.6	22.5	17.2%

Innovation in the market

R&D and patents are not the only measures of business innovation. The UK's strengths in knowledge intensive services and creative industries – where innovation is less likely to be picked up in indicators such as R&D – probably

¹⁶ <http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=8206>

¹⁷ Source: US Patent and Trademark Office and OECD's Patent Database and Main Science and Technology Indicators. The data is for the inventor's country of residence..

mean that the UK's innovation performance has been under-stated by R&D based indicators. It is estimated that only one third of business expenditure on innovation in the UK takes the form of R&D (UK 2007 Innovation Survey). Other measures are derived from the Community Innovation Survey (CIS). The 2007 CIS, covering the period 2004-2006, has shown a significant improvement in the headline innovation-active indicator. International comparisons for the 2005 CIS are available on the EuroStat New Cronos website.¹⁸

Indicator	2005	2007
Percentage of establishments that had introduced a new product, service or process improvement in the three years preceding the survey:		
• product	25%	23%
• process	16%	12%
Average percentage of turnover in establishments that was accounted for by new or significantly improved products and services in the three years preceding the survey	41%	56%
Percentage of establishments that were "innovation active" in the three years preceding the survey	57%	64%
Employment of qualified scientists and engineers in business	7%	5%
Proportion of businesses that collaborate with HEIs	4%	3%

International Comparisons:

The gap between the UK and other major economies on innovation indicators has closed or, in some cases, been eliminated since the previous innovation survey. For example, in product innovation (goods and services) indicators (figure 1) show the UK out-performing France, Italy and the Netherlands and similar to Finland. (Germany is still ahead of all, but there are statistical reasons for thinking their results are over-optimistic). UK firms fare less well on process innovation against their European competitors (figure 2), but this has still been an increase in activity.

¹⁸ http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1090.1&_dad=portal&_schema=PORTAL

Figure 1

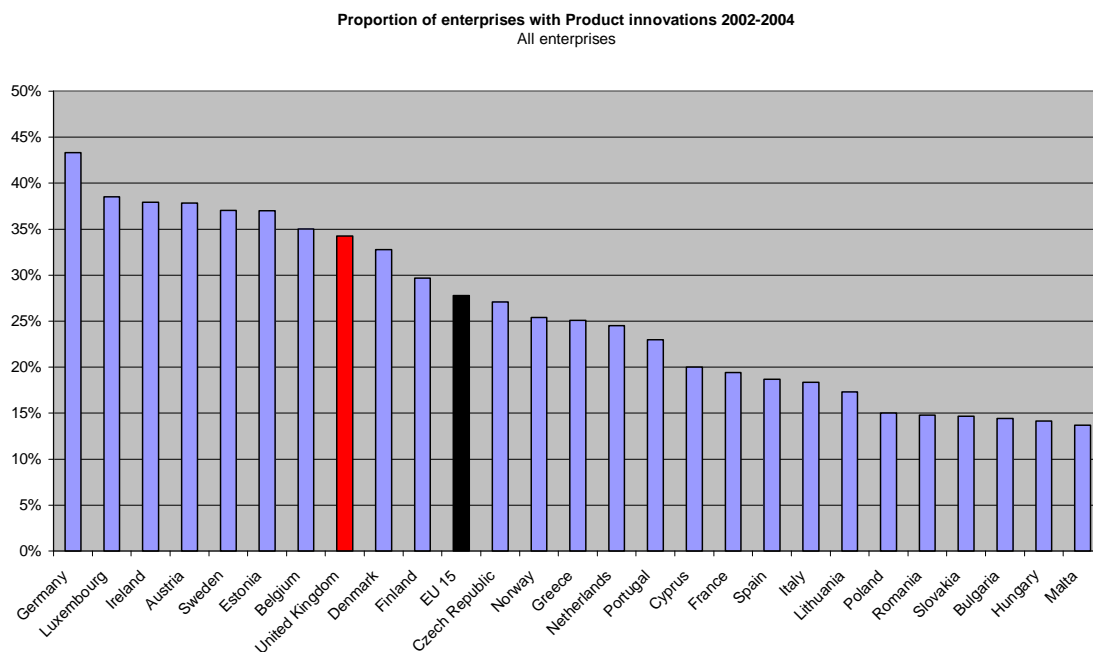
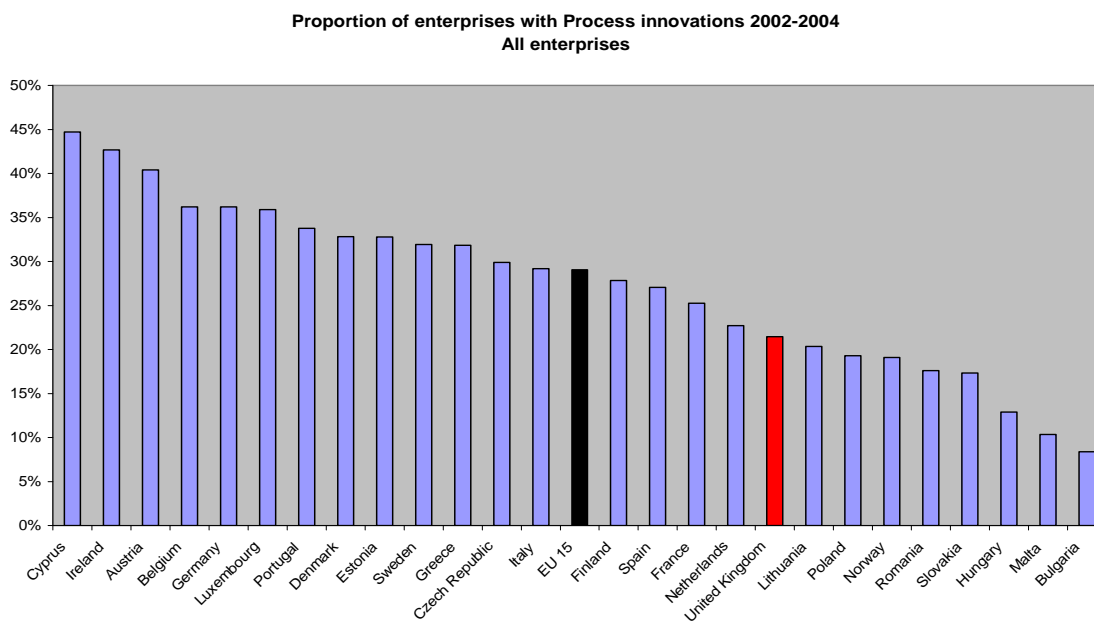


Figure 2



It is notable that many smaller countries and new member states of the EU record relatively high shares of businesses with innovation, especially in organisational and marketing innovation. We think this mostly reflects a process of catching up with the more advanced economies, rather than indicating that effective innovation in these countries is ahead of the UK.

Other comments on performance

On R&D, several studies (e.g. R&D Scoreboard,¹⁹ OECD review of UK²⁰ and DTI economics paper no 11²¹) have shown that one of the most important factors influencing the long-term trend of a country's Business Enterprise Research and Development to GDP ratio is its industrial structure. This tends to change slowly over time and the direction of that change can be hard to predict. Short-term changes in the ratio (such as the 2004 drop for UK figures) can be due to unrelated factors such as the cyclical nature of some business sectors.

Element 5: A more responsive supply of science, technology, engineering and maths skills to the economy

Current position

On the two indicators for this attribute the target is:

- to increase the numbers of science students receiving enterprise training; and
- for the UK to maintain its international ranking (second place) within the G8 countries for PhDs awarded per head of population.

In 2005 (the most recently available data), the UK lay second (behind Germany) within the G8 for PhDs awarded per head of population.

Indicator ²²	2001	2002	2003	2004	2005
Number of science and engineering students receiving enterprise training	11,143 ²³	7,908	N/A	N/A	N/A
PhDs awarded per 1,000 population	0.24	0.24	0.25	0.26	0.26

¹⁹ www.innovation.gov.uk/rd_scoreboard/index.asp

²⁰ www.oecd.org/publications/html

²¹ www.dti.gov.uk/files/file9656.pdf

²² Sources: Science and Enterprise centres, HEBCI survey; OECD

²³ Includes one-off initiative to provide short computer based courses to all SET students in Scotland; if excluded from the return, the figure would be 3,032.

Other comments on performance

The Government is investing £100 million per year to implement the key recommendations of the Roberts review²⁴ on the supply of scientists and engineers with regard to improving significantly the pay and training offered to Research Council PhD students and postdoctoral researchers.

PSA13 (DfES): Tackle the adult skills gap

Increase the number of adults with the skills required for employability and progression to higher levels of training through:

- **improving the basic skills levels of 2.25 million adults between the launch of Skills for Life in 2001 and 2010, with a milestone of 1.5 million on 2007; and**
- **reducing by at least 40 per cent the number of adults in the workforce who lack NVQ2 or equivalent qualifications by 2010. Working towards this, one million adults in the workforce to achieve Level 2 between 2003 and 2006.**

Overall progress

Overall progress is that we have met element 1 (improving the basic skills levels of 2.25 million adults between 2001 and 2010) 2 years early; and that we are on course to achieve element 2 (reducing by at least 40% the number of adults in the workforce who lack NVQ2 or equivalent qualifications by 2010).

Element 1: Improving the basic skill levels of adults

Current position

The Skills for Life Strategy was launched in 2001 to tackle the legacy of adults with poor literacy, language and numeracy skills within England. Government set a very ambitious target for 2.25 million adults to improve their basic skills by 2010. Skills for Life provides free literacy, language and numeracy tuition for adults in England who have skills below Level 2 (broadly equivalent to a GCSE at grades A*-C).

The strategy aims to help create a society where adults have the basic skills they need to find and keep work and participate fully in society, through:

²⁴ www.hm-treasury.gov.uk/documents/enterprise_and_productivity/research_and_enterprise/ent_res_roberts.cfm

- Boosting demand for learning
- Ensuring capacity of the learning provider delivery system
- Improving standards of teaching and learning
- Increasing learner achievement

From a baseline of nil in 2001, 2,276,000 learners have achieved their first national qualification in basic skills, such as reading and writing and maths by the end of 2006/07. In June 2008, the Secretary of State for Innovation, Universities and Skills announced that the 2010 target had been met, at least 2 years early.

Achieving this target has improved the life chances of millions of people and paved their way into work or improved their job prospects. It is estimated that an individual with good literacy and numeracy could earn £50,000 more over the working life than someone with poorer skills. Although achieving the most basic level in numeracy and literacy does not always increase earnings or job prospects in the short term, the increased self-confidence and motivation learners gain from completing a course is of huge personal value and helps them start the process of transforming their lives.

Skills help people get into and on at work, provide a stepping stone to further qualifications and can also help parents with basic tasks like supporting their children with their homework or reading to them. A lack of literacy, language and numeracy skills can often trap people into low-skilled, poorly-paid jobs. 45% of those with literacy Level 1 or below in work earn less than £10,000 a year, this compares to only 25% with literacy skills at Level 1 or above. Research also shows that 98 per cent of jobs are closed to people with basic skills below entry level with 50 per cent of jobs closed to people with basic skills below level.

An external study found that Skills for Life has set the standard for government-led intervention and is seen as the benchmark against which other countries measure their own commitment and achievements.

Details were published in a Press Notice on 23 June 2008
(<http://nds.coi.gov.uk/environment/dius/>)

Other comments on performance

In terms of quality of the administrative data used to measure the target, the Department has been working with the Learning and Skills Council to monitor progress on Skills for Life using Individual Learner Records data.

Adjustments are made to this data to reflect the fact that only first achievements count towards this target. Early administrative work in 2003 to match LSC learner achievements with other datasets indicated that around 10 per cent of Skills for Life achievers were repeat learners. In 2007, following recommendations from the National Audit Office, further work was done to validate this assumption, with detailed checks carried out by Fischer Family Trust, before confirming achievement of the target. Further details on the methodology surrounding this adjustment can be found at <http://www.dcsf.gov.uk/rsgateway/DB/TIM/m002020/index.shtml>

Element 2: reducing the number of adults in the workforce who lack Level 2 qualifications

Current position

The interim target of an additional one million adults in the workforce to achieve a Level 2 qualification between 2003 and 2006 was achieved. At Quarter 4 2007, 70.7% of the working age population were qualified to Level 2 or above, which represents 20.9 million people from a population of 29.6 million. This represents good growth towards the 2010 target, although the growth trajectory to 2010 remains very challenging. It requires a further 1.5 million adults with at least level 2 qualifications in the workforce by 2010, driven by increases to around 400,000 publicly funded 1st Level 2 achievements by 2009/10.

Other comments on performance

In terms of data collection, the Department continues to assess the quality of the Labour Force Survey (LFS) qualifications data, that is the basis of the measurement, and to take action to address issues identified. In May 2008, the Office for National Statistics (ONS) published new datasets for the Labour Force Survey, following the publication of new population estimates in November 2007. These have been reflected in revised LFS figures for Quarter 4 2007, published in June 2008, and in subsequent quarterly reports.

PSA14 (DfES): Raise and widen participation in higher education

By 2010, increase participation in higher education towards 50 per cent of those aged 18 to 30 (element 1) and also make significant progress year-on-year towards fair access (element 2) and bear down on rates of non-completion (element 3).

Overall progress

Progress against all the measures is positive, indicating that the Department is on course to achieve this target.

Element 1: increased participation

Current position

Baseline: 39 per cent in 1999/00 (238,000 entrants)

Latest outturn against trend: 40 per cent in 2006/07 (269,000 entrants)

The participation rate of 18-30 year olds - the Higher Education Initial Participation Rate (HEIPR) for 2006/07 is 40 per cent, down from the final figure for 2005/06 of 42 per cent.

The fall in the HEIPR was expected and most likely it is due to a large increase in entrants in 2005/06 prior to the introduction of variable fees in 2006/07, indicating that both years can be regarded as exceptional. There was also a steep increase in the underlying 17-30 population between these two years which has affected the HEIPR's progress. We expect the position to recover next year, reflecting the latest data from the Universities and Colleges Admissions Service (UCAS), which show that students accepted for entry in 2007/08 were up by six per cent on 2006/07, and that acceptances for 2008/09 entry were also up by 6% on 2007/08. So applications and acceptances for HE continue to rise significantly.

Element 2: progress towards fair access

Current position

Baselines:

1. State Sector: 84.1 per cent in 1999/00
2. lower socio-economic classes (NS-SEC): 27.9 per cent in 2002/03

3. lower participation neighbourhoods (LPN): 11.7 per cent in 1999/00

Latest outturn against trend:

1. State sector: 87.2 per cent in 2006/07
2. NS-SEC (lower socio-economic classes): 29.8 per cent in 2006/07
3. LPN (low participation neighbourhoods): the method for calculating entrants from LPNs has been revised. Under the new method, in 2005/06 9.2% of HE entrants came from LPNs – in 2006/07 this figure was 9.6%

The Performance Indicators are all at their highest ever levels since they were first collected. But they are still lower than we would like, so fair access to higher education remains a priority for the Government. This is reflected in the CSR07 PSA 11 led by DCSF on *narrowing the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers*. This includes a key indicator to narrow the gap between the initial participation in full-time higher education rates for young people aged 18, 19 and 20 from the top three and bottom four socio-economic classes. Between 2003/04 and 2006/07 this gap has closed by 6 percentage points. This indicator measures the difference between the proportion of young people from higher socio-economic classes who participate in higher education and the proportion of young people from lower socio-economic classes who participate. Element 2 of SR04 PSA14 is about the proportion of young entrants to HE who come from lower socio-economic classes. The PSA 11 measure is about socio-economic participation rates, the PSA14 is about the student population.

Element 3: bear down on rates of non-completion

Current position

Baseline: 15.9 per cent in 1999/00

Latest outturn against trend: 13.9% in 2005/06

Student retention rates in this country compare very well internationally, a fact acknowledged in recent NAO and PAC reports on retention in higher education. The UK rank 3rd in the OECD for first degree completion rates, out of the 27 countries who report data in this area.

Non-completion is not a key indicator for the CSR07 PSA *to improve the skills of the population, on the way to ensuring a world class skills bases by 2020*. The PSA contains an output measure, in the form of increasing the proportion of the workforce with higher level skills and as such the separate focus on non-completion *within the PSA* isn't needed – because students who do not complete will not count towards the target's achievement.

However we will continue to calculate and publish non-completion rates as one of a number of performance measures that do not form part of the PSA.

Minimising non-completion remains a priority – HEFCE is taking forward the the NAO and PAC recommendations and is working with the higher education sector to disseminate good practice and help higher education institutions learn from what works well elsewhere. HEFCE held regional workshops last Spring to examine these issues and they are joint funding seven projects with the Paul Hamlyn Foundation over the next three years to inform better targeting of institutional support for students.

Measurement

Data System:

Element 1 – Higher education Initial Participation Rate (HEIPR)

Element 2 – Annual performance indicators from table T1 published by HESA

Element 3 – Annual performance indicators from table T5 published by HESA

Method of data collection:

Element 1 – The HEIPR has been compiled from students domiciled in England in full-time or part-time higher education in the UK.

Element 2 – Measured by increases in the representation from:

- the State sector;
- lower socio-economic classes (NS-SECs);
- low participation neighbourhoods (LPNs); and
- in the UK-domiciled young (under 21) full-time first degree entrant population at English higher education institutions.

Element 3 – Measured by the proportion of full-time first degree entrants who are projected to neither obtain an award nor transfer to another course.

Issues with data systems:

Element 1 – The time series was revised down in March 2006. The baseline was reduced from 41 per cent to 39 per cent. The data system is robust and reliable and the majority of risks to data quality are addressed.

Element 2 – For the NS-SEC indicator, the wider population categorised in the lower socio-economic groups is falling over time. Maintaining the proportion of entrants coming from these groups is therefore increasing the proportion of the groups that participate in Higher Education.

Chapter 4

2004 Spending Review Efficiency Programme

Introduction

This Chapter sets out progress toward efficiency targets agreed by the former Department for Trade and Industry (DTI) and the former Department for Education and Skills (DfES) in the 2004 Spending Review Efficiency Programme.

The total target for efficiencies for ex-DfES was £4.35 billion and for the ex-DTI was £380 million by 2007/08. Following the Machinery of Government changes in June 2007, responsibility for the attainment of these targets was shared between the Department for Business, Enterprise and Regulatory Reform (BERR), the Department for Children, Schools and Families (DCSF) and the Department for Innovation, Universities and Skills (DIUS). The Efficiency Programme continued to be managed by the DCSF and BERR.

The total efficiency target allocated to DIUS on its formation was £622 million. DIUS also took on responsibility for the relocation of 223 posts out of London and the South East by 2010 from the former Departments and its partner organisations.

DCSF are also reporting in their Autumn Performance Report on those efficiency targets which had originally been owned by DfES which they continued to manage after the transfer to DIUS.

Summary

DIUS is reporting final net efficiency gains of £887 million (of which £558 million are cash releasing savings) against its target of £622 million at the end of March 2008. This is an over-achievement of £265 million. In addition DIUS delivered a further over-achievement of £198 million of gains, £154 million of which are cash releasing gains that Treasury has agreed can be rolled forward to count as early achievements towards its 2007 CSR commitment. This commitment will deliver further improvements and value for money of £1,543 million by the end of the CSR period. DIUS has also delivered a total

of 133 relocations by September 2008 and will continue to report on the achievement of the remainder of the target by 2010.

Overview of Projects

DIUS efficiency gains for the SR 04 period have been achieved through the following initiatives.

Greater use of e-learning in Further Education

Greater use of e-learning in further education has the potential to create efficiencies in the system through more productive use of time by managers and teaching practitioners. Savings have been achieved by FE practitioners using ICT and e-learning in their work as colleges become more “e-enabled”.

Further modernisation of the Further Education Estate

As part of the *Building Colleges for the Future* capital investment programme, record levels of investment are being made in the renewal and modernisation of the further education estate. This is radically changing the face of the FE sector, and is enabling learning to be delivered in inspirational, innovative and sustainable environments equipped with industry-standard facilities. As a part of this investment programme, the sector has realised efficiency savings as the overall floor space of the estate reduces relative to learner numbers and activity and becomes more cost effective to run. In addition, the space is increasingly flexible and can be tailored to meet demand more efficiently. This has helped to encourage increases in learner activity which has also contributed to a more efficiently managed estate.

Improved procurement in the lifelong learning sector

In recognition of the huge potential within the further education sector, a procurement efficiency programme was established, and has successfully raised the status of procurement in the sector. The programme has facilitated and supported a culture which encourages colleges to make good procurement decisions. This has included introduction of procurement solutions where none had previously existed, the removal and/or mitigation of barriers to good procurement behaviour and the establishment of systems and structures that encourage and support good procurement behaviour.

Improved delivery model for the lifelong learning sector: reducing the accountability burden

Efficiencies have been made by merging Adult Learning Inspectorate (ALI) and Ofsted inspection activity to bring together different inspections into one visit. The proportionate inspection arrangements introduced in September 2007 reduce the average inspector days through short inspections of good or excellent providers, while focusing on poorer provision.

Improved delivery model for the lifelong learning sector: single lead agency for quality improvement

Creation of the Quality Improvement Agency (QIA) was central to DIUS work to simplify and streamline the further education quality improvement landscape. It was also a key element in DIUS plans to move to an increasingly strategic role in response to the Gershon review. As such, the QIA assumed responsibility for functions previously undertaken by the Department's Standards Unit, the commissioning role of the former Learning and Skills Development Agency and aspects of quality related activities of the Learning and Skills Council. Savings were made from a combination of administrative efficiencies and related accommodation savings compared to predecessor organisations, along with programme efficiencies which enabled new, and additional activities, to be funded from within the existing resource baseline.

Improving corporate services efficiency in Further Education

The aim of this particular efficiency strand was to encourage the FE college sector to transfer as much spending as possible from non-teaching costs to front line learning activity. Colleges have responded positively, identifying effective ways of reducing non-teaching costs and re-directing those savings into front line delivery, ultimately benefiting the learners. The good practice which colleges have established through this efficiency strand is expected to continue and to benefit learners further.

Benefits of ICT in Higher Education

The Joint Information Systems Committee (JISC) Collections negotiates a wide range of agreements for online resources. Some of these agreements are licences for datasets which are continually updated. JISC Collections aims to achieve deeply discounted annual subscription fees for its community. Efficiencies were delivered by the JISC through electronic content deals for English HEIs, including dynamic datasets and Heritage Collections. Other

savings have been achieved by the National Electronic Site Licensing Initiative (NeSLi2) negotiating agreements for current electronic journals for the sector.

Benefits of Science Research Investment Fund (SRIF) and improved use of Capital Assets

Capital funding provided from 1999-2000 onwards has increasingly focused on improving the condition of physical infrastructure. This has contributed to improving the utilisation of space. Efficiencies were achieved through improvements in condition of the HE estate, resulting in savings on maintenance costs, along with lower capital investment. Less space was required (despite increased levels of activity) as well as improvements to the application and assessment processes associated with capital funding.

Holding down drop out rates in HE

Higher Education Statistics Agency (HESA) data confirms a 1% increase in numbers expected to graduate over the three years equating to approximately 3,000 extra higher education qualifications. This has been achieved during a period when the student population has increased and its diversity widened. HEFCE works with institutions with poor drop out rates and the Department continues to improve communications to students, parents and stakeholders to ensure that drop out rates do not rise.

Improved procurement in HE

This was achieved from increased institutional procurement efficiency, through institutions' own contracts and increased use of e-procurement, as advised by HEIs through Efficiency Measurement Model (EMM) returns to HEFCE. There was also increased use by institutions of the national and regional contracts negotiated by the four English higher education regional purchasing consortia and through savings generated by collaborative procurement deals.

Local Authority cost savings arising from changes to administration of student loans

The introduction of simplified processes and national IT systems, including payments through BACS, led to a reduction in the unit cost of Local Authorities' assessment of student support applications and savings on SLC costs.

Improving collection of student loans

Improvements in HMRC and the Student Loan Company's processes for repaying income contingent loans have led to improved collection efficiency.

Reduction in DfES and NDPB administrative costs

A 15% reduction of administrative costs of former DfES and all its NDPBs has generated savings, a proportion of which was attributable to NDPBs within the DIUS family.

Regional Development Agencies (RDAS) gains

Savings have been delivered through driving efficiencies from: more innovative joint working with partner organisations; generation of private sector leverage; more effective use of funding programmes; reduced use of consultancy; consolidation of office accommodation; more efficient use of IT and greater use of green travel.

Research Councils efficiency programme

The Research Councils made significant efficiency gains through better management practices in the following areas:

- Reducing the proportion of Research Council expenditure attributable to administration costs;
- Effectively reprioritising programme spend high priority areas and the highest quality projects and researchers.
- Increasing the efficiency of Research Council Institutes.
- Growing the level of co-funding of research and postgraduate training with business, charities and other sponsors.

Science Base - SRIF and HEIF

Savings were made by focusing the Science Research Infrastructure Funds and Higher Education Investment Funds on proposals of the highest quality.

Trading Funds & Agencies and NDPBs

The Intellectual Property Office is a front-line trading fund delivering intellectual property rights (IPR) to fee-paying customers. The Intellectual Property Office measures efficiency gains in terms of improvement in output

volumes delivered to customers measured against input costs for the trading fund as a whole, as measured by an efficiency index. Its targets are based around reducing back-office costs and increasing the number of IPRs granted and maintained relative to the total cost of the Office. The level of customer demand will dictate changes in total output volume and staff numbers. Savings generated are non-cashable.

NWML has produced efficiency savings through a combination of increased income while containing costs. These savings were achieved by the adoption of more effective ways of working and development of business into new markets.

SR04 Relocation Targets

Against a target of 223, DIUS' partner organisations have relocated 133 posts outside London and the South East. The remaining relocations of 90 posts are to be achieved by March 2010 and progress will continue to be reported until the target has been achieved.

Chapter 5

2007 Comprehensive Spending Review Value for Money

Introduction

Over the last ten years the Government has laid the foundations for improved public services – with sustained investment, more frontline professionals, increased efficiency and rigorous performance management.

The challenge is to continue this progress by creating world-class public services that respond to people's rising aspirations and equip the UK for global change. The 2007 Comprehensive Spending Review launched a new strategy for transforming public services over the decade ahead, focused on:

- driving forward the next stage of reform, including through a new performance management framework which defines the Government's top 30 priorities for the coming period, and empowers the public and frontline professionals to shape the services needed to deliver excellent outcomes and experiences for all;
- investing in Britain's future, with total public spending over the CSR07 period rising from £589 billion in 2007-08; and
- embedding Value for Money (VfM) across government – with savings of at least three per cent a year over the CSR07 period.

As part of the 2007 Comprehensive Spending Review settlement, DIUS signed up to delivering £1.543 billion cashable savings by 2010-11 contributing to the Government's continued drive to improve public services. DIUS has set a target of £668 million gains to be achieved in 2008-9 and has agreement from Treasury to roll forward into this programme and count as early delivery £154 million of the over-achievement from the SR 04 Efficiency programme.

Progress update

In December 2007, DIUS published its Value for Money Delivery Agreement for the CSR 07 period. This set its strategy for achieving the gains across the

full range of initiatives including improvement in procurement by its delivery partners, increasing co-funding by the private sector, and re-prioritisation of funding. The Department also put in place plans and systems to meet the target that has been set.

Due to the reporting cycles in the Further Education and Higher Education sectors, data on confirmed gains to date will not be available until the end of the year. Confirmed gains of £155 million have already been achieved in 2008-09 for Science and Innovation. This comprises £21 million from the Research Councils Efficiency Programme, a reprioritisation of £108 million of the science budget from the Science and Research Investment Fund and £26 million in the Innovation sector (details shown below). The Department is confident that the 2008-09 target will be met.

Further Education and Skills Initiatives

FES initiatives will contribute to DIUS overall VfM target through a range of actions including lower administration costs and reinvesting these in frontline delivery, substantial re-prioritisation of funding towards the Department's key skills priorities and channelling more resource through Train to Gain as a delivery channel providing a better response to employer needs. These VfM initiatives will be achieved through:

- Delivering a higher rate of full and first Level 2 qualifications via Train to Gain at a lower cost than achieving the same number of first and full Level 2 learner achievements through adult responsive provision.
- Improving procurement in the FE sector, through promoting collaboration, improving procurement processes and building capability through guidance and training, the savings in CSR07 will build on those achieved in SR04.
- Modernising and creating a more efficient FE estate, through the Building Colleges for the Future project, lowering running costs and supporting the learning and training environment more effectively.
- Reprioritising funds towards courses that offer the greatest opportunity to gain qualifications providing adult with the skills needed to participate fully

in the economy and in society: including full Level 2 and Level 3 achievements.

Train to Gain efficiencies

The FES overall VfM package contains the Train to Gain Priority Project. Train to Gain provides a service to employers covering all their skill needs, but providing public subsidy to costs/spend associated with particular qualifications at basic skills and NVQ level 2 and 3. Train to Gain is demand led so is responsive to employers needs; its costs and outcomes are affected by for example demand for different levels and qualifications. We have set ambitious trajectories for Train to Gain, in terms of the growth funding to support much higher numbers of employers and learners.

In addition, we have recently introduced new flexibilities; DIUS announced that small businesses will be the focus of £350 million of Government funds within Train to Gain to help them train their staff. As part of this package, we are introducing new flexibilities to allow funding for units or modules of accredited training in subjects known to be valuable to SMEs. We will also be supporting level 2 training for staff who already have a previous qualification at this level. Both of these changes potentially affect the level of our Train to Gain efficiency.

The efficiency itself is based on comparing the costs of delivering a full and first Level 2 qualification through Train to Gain with the cost of achieving the same number of successes of first full Level 2 through adult responsive provision.

The baseline and methodology for meeting this target have been set, and an assessment will be made of the impact of the recent flexibilities introduced in response to the economic challenges. The data for reporting progress of Train to Gain efficiencies are collected on the basis of academic years, thus creating data lags for reporting which follows financial year cycle. We are now collecting the data that will allow us to assess progress this year and throughout the CSR period.

Higher Education Initiatives

DIUS ambitions for CSR07 are underpinned by a strong focus on Value for Money delivering cash releasing savings that will be reinvested within the

sector to meet the challenges ahead. Gains in this sector will be achieved by improved stewardship of public funds through a combination of reprioritising existing resources, changing the incentives in the system to lever in more co-funding from external sources and working with institutions to use money more efficiently and effectively.

A review of programme funding streams has been carried out, scaling back or stopping lower priority activity in order to release resource to meet higher priority demands.

We have asked HEFCE to redistribute about £100 million a year by 2010 of institutional funding away from students who already have a first HE qualification and want to study another one at an equivalent or lower level towards first time entrants. This will enable us to make further progress in increasing and widening HE participation than would otherwise be possible.

Implementation of our employer engagement co-funding policy will enable us to lever in more funding from employers as part of our wider strategy to engage employers and develop stronger links between Higher Education and business. For 2008-09 we set HEFCE a target of delivering an additional 5000 co-funded places – the latest data shows that over 10,000 employer co-funded places in 2008-09 have been contracted, with 24 Higher Education Institutions.

Approximately a quarter of HE's VfM improvements will be delivered through more efficient use of resources at the level of individual institutions through better use of assets, better procurement, more use of shared services, and less bureaucracy. The improvement will not be achieved by any cash reductions in the level of funding for institutions, but by getting more from the investment in Higher Education.

Gains will also be achieved by reducing the cost of administering student finance through the implementation of the Student Finance Customer First Programme creating a centralised assessment function and increasing usage of on line channels, producing net savings of around £7 million in 2010-11, rising to around £20 million per annum steady state savings from 2012-13.

HEFCE's six monthly assessment on progress concludes that it is on course to meet its first year target.

Science and Innovation Initiatives

Within Science, Research and Innovation, DIUS aims to achieve savings of £215 million by a combination of increasing efficiency, reprioritisation and the ending of programmes.

£108 million of the science budget has been reprioritised from the Science and Research Investment Fund (SRIF) since the major repairs backlog in the science infrastructure, for which SRIF was set up, has now been significantly reduced. This has enabled the funding to be used for entirely new investment projects. This is in addition to the savings made as a result of the Research Council value for money programme (see below).

In addition innovation has made £26 million savings by implementing the following value for money programmes:

- Reprioritisation of activities by the British Standards Institution - £1 million.
- Ending of business support legacy schemes following restructuring of business support - £4 million.
- Knowledge Transfer Networks savings by holding baseline flat cash -£1 million.
- British National Space Centre efficiencies - £2 million
- Efficiencies in the National Measurement System- £9 million
- Withdrawal of the Globalwatch service - £9 million

Research Councils

The Science and Research Group's overall Value for Money package contains the Research Councils priority project. DIUS will focus on boosting the effectiveness and sustainability of the Research Councils. This will see them deliver VfM savings of £243 million by 2010–11 (against a baseline of 2007–08 expenditure, adjusted for inflation). Savings fall into a number of categories, including a reduction in the proportion of expenditure on administration, increasing the efficiency of Research Council Institutes, growing co-funding of research and postgraduate training and re-prioritising expenditure. Research Councils will also provide quarterly reporting and publish their Annual Delivery Plan reports in June 2009.

It is anticipated that actual savings in the first half of 2008-09 will at least equal the planned target of £40.5 million, of which £21 million have already been confirmed. All gains meet the CSR VfM definitions and the agreed measurement methodology. The savings are validated via well established data management systems.

CHAPTER 6

Progress on outstanding PAC Recommendations

Public Accounts Committee (PAC)

The Public Accounts Committee is the parliamentary committee that examines how well Government has used its resources. In the period from 1 January to 31 July 2008 four Treasury Minutes were published replying to reports concerning the Department and its associated bodies.

Follow-up Action on Recommendations in Recent Reports from the Public Accounts Committee

Details of the main recommendations in the four PAC Reports, the Government's Treasury Minute reply and subsequent action are given in the tables below.

The associated National Audit Office report can be accessed through www.nao.org.uk and the full PAC report (incorporating the transcript of the hearing) and Treasury Minute replies are available on the Public Accounts Committee site, accessible through www.parliament.uk.

Progress reports for earlier Treasury Minutes are contained in past Departmental Annual Reports.

1. Big Science: Public Investment in large scientific facilities

NAO report published: 24 January 2007 - HC 153 Session 2006-07

PAC hearing: 9 May 2007

PAC 60th report published: 13 November 2007 - HC 521 Session 2006-07

Treasury Minute published: 21 February 2008 - Cm 7322

Over the period 2000 to 2007, the former Department of Trade and Industry and the Research Councils allocated £860 million to constructing 10 large scientific facilities and earmarked £270 million for five more projects. These facilities range from the construction of a new Atlantic Research station (budget £26.2 million) for monitoring climate, ozone and space weather, to the erection of a new Diamond Synchrotron (£383.2 million for phases 1 and 2) which will produce intense X-rays and shorter wavelength emissions for examining structures at molecular and atomic level.

The Public Accounts Committee hearing examined how large scientific facilities are delivered and their value assessed. They took evidence from officials in the Department of Trade and Industry and the Science and Technologies Facilities Council.

In November 2007, the National Audit Office, DIUS and the Research Councils jointly published a handbook, *Large Scientific Facilities: Strengthening the Preparation of Project Proposals* which cites examples of best practice that have already been demonstrated by the Research Councils in the preparation of large scientific facility projects. The handbook aims to improve the quality and consistency of project appraisal and evaluation and gives practical guidance to project teams who are preparing proposals learning from the lessons of the NAO report.

More recently in 2008 a further £330 million has been earmarked for scientific facilities from DIUS' Large Facilities Capital Fund following the prioritisation of projects included in the 2008 Roadmap published by Research Councils UK.

In accordance with the recommendations made by the NAO report, the 2008 Roadmap was, for the first time, the subject of public consultation.

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>1. Although the first two projects have been delivered to time and budget, other projects still at an early stage are forecasting slippage. DIUS and the Research Councils should require project teams to apply the lessons learned from existing projects, for example by using incentives in contracts, and effective risk sharing. Project teams should explicitly consider these issues through the Gateway process when taking forward new projects.</p>	<p>All project teams will be asked to consider how to implement best practice as described in the handbook. Where possible the Research Councils will ensure that each new project board includes a member with experience in facility development projects. A 'lessons learned' document will be produced at completion which will be made available to all new and current projects. Project teams, typically consisting of in-house and external personnel, will be expected to follow Office of Government Commerce processes such as Gateway. They should share best practice across all Research Councils, and utilise the project expertise that is already available in Research Councils.</p>	<p>The importance of effective project management is stressed in all discussions with Research Councils and has been included as a condition in DIUS' most recent commitment of funds. OGC's Gateway process is now applied rigorously. Best practice has been shared for developing the format of business cases to be prepared by all Research Councils that are compliant with Treasury's Green Book. This has been based on the successful appraisal of the Medical Research Council's recently announced Laboratory for Molecular Biology facility in Cambridge.</p>
<p>2. Five of the six most mature projects have forecast significant increases in the initial estimates for operating costs, two in excess of 80 per cent. Research Councils should draw on</p>	<p>The establishment of a Research Council pool of expertise in project management and an increased awareness of whole life costing will enable more realistic estimates to be</p>	<p>Increased emphasis is now being placed by all Research Councils on the importance of understanding whole life costs.</p> <p>In the 2008 Round of the Large Facilities Capital Fund, Research Councils were asked</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>the wider experience in the private and public sectors, such as the Ministry of Defence (MOD), to prepare more robust whole-life cost estimates at an early stage. These estimates should be explicitly considered when approving the design of new facilities.</p>	<p>determined at an earlier stage of planning.</p> <p>If the costs, timescale or scope of projects changes at an early stage the projects will be resubmitted to Council (and DIUS, if necessary) to be reprioritised.</p> <p>In sharing best practice the Councils will see if knowledge can be gained from MOD and Department of Health projects, especially on whole-life costs.</p>	<p>to re-prioritise three projects (the Laboratory for Molecular Biology, the UK Centre for Medical Research and Innovation. and the High Performance Computing project) because of the changes in costs, timescale or scope for those projects.</p> <p>Reference was made to MOD practice by the Medical Research Council in their preparation of the final business case for the Laboratory for Molecular Biology.</p>
<p>3. Research Councils have had difficulty recruiting the project management expertise needed to deliver some projects. Research Councils should have regard to the significant impact such expertise can have on the achievement of value for money overall, and the high cost of using consultants if direct recruitment fails. Research Councils should jointly develop a cadre of project management expertise and seek to share those skills as new projects are taken forward.</p>	<p>Research Councils will continue to develop and retain staff with project management skills. Some Councils have strong skills but others are reliant on contracting out specialist project manager skills and sharing in-house general project management skills. The Research Council Procurement Organisation (RCPO) is working to ensure that there is a greater sharing of know-how and that best practice is applied more universally.</p>	<p>Research Councils are endeavouring to strengthen their project management teams. A number of key appointments have already been made. Constant attention will be needed in this area and it is encouraging that the Science and Technology Facilities Council proposes to establish a programme of workshops, in collaboration with other Research Councils and RCPO, to share know-how and best practice. A first event is expected in early 2009.</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>4. The 10-15 year road map of facilities which the Research Councils expect to be needed provides a structure for identifying priorities, but at present there is limited input from the wider scientific community and industry. To overcome the risks of leaving decisions on the selection of new facilities in the hands of a small group of scientists DIUS and the Research Councils should draw upon experience in the broader scientific community and industry to contribute to key points in the decision-making process.</p>	<p>With DIUS encouragement. Councils have made the Roadmap process more transparent and comprehensive. The Roadmap now explains the strategic context in which large facilities are being developed and describes all the current and proposed facilities that are of high strategic importance and require significant capital investment. The enlarged document provides the research community with a comprehensive picture of the large facilities landscape.</p> <p>The Councils have formally consulted on the 2007 version of the Roadmap which provided an opportunity for all stakeholders, including industry, to submit their views on prioritisation and ideas for future planning.</p>	<p>A full consultation was successfully implemented for the now finally published 2008 Roadmap. The document can be found on the website of Research Councils UK (RCUK) - http://www.rcuk.ac.uk/default.htm.</p>
<p>5. Research Councils have not always sufficiently evaluated options for locating new scientific facilities. If there is a choice of location, the Department should be explicit about the criteria to be used by</p>	<p>Research Councils will now undertake a full locations options appraisal as part of the business case and Gateway process.</p> <p>The handbook provides guidance on identifying</p>	<p>All business cases are now required to include an options analysis location considerations form a key part of this. Where appropriate international as well as alternative national locations will be considered.</p> <p>For many STFC facilities the two</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>Research Councils in assessing potential options.</p>	<p>options. Decisions about location can be sensitive but the Councils consider that decisions will be more transparent in the future.</p>	<p>prime locations (for those projects located in the UK) will be the Daresbury and Harwell Science and Innovation Campuses.</p>
<p>6. Research Councils have sometimes had difficulty in attracting a sufficient number of bidders for contracts to help build new facilities. Research Councils should educate potential suppliers on the new opportunities likely to be available in assisting the construction of new facilities. To overcome misplaced concerns about the technical demands of such projects Research Councils should brief them on the varied content of the available work, and where possible package the work so as to broaden the range of potential contractors.</p>	<p>Research Councils will continue to use competitive tendering involving both UK and overseas-based companies, but for some projects there will be a limited number of tenderers.</p> <p>RCUK will initiate discussions, on behalf of the Research Councils, with trade associations to develop a joint understanding of large facility investments. The publication of the Roadmap will also provide companies with information about the large capital projects they might be interested in.</p>	<p>Research Councils are developing their outreach to ensure that potential bidders are well informed about commercial opportunities.</p> <p>In some cases 'Meet the Buyer' events have been held to promote Research Council supply opportunities, particularly to smaller firms.</p>
<p>7. There is little information, in the UK or internationally, about the economic impact of hosting large scientific facilities. DIUS and the Research Councils should place greater emphasis on assessing both the immediate benefit to the local</p>	<p>Quantifying the benefit of these projects is complex. In 2007 SQW Consulting was contracted to assess the economic benefits resulting from the location of large-scale facilities in the UK, covering the immediate community and the UK</p>	<p>The report by SQW Consulting was published in early 2008 and concluded that the economic impact of hosting a large scientific facility was of benefit in terms of direct employment and to a lesser extent the stimulation of demand for advanced technology equipment and services from regional firms. There was also some evidence</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>economy and the potential impact on the national pool of technical skills. DIUS should track the economic impact of the current group of large-scale facilities and draw lessons for the development of future facilities.</p>	<p>research base.</p>	<p>of large facilities enhancing cluster development but large facilities of themselves were not sources of large scale new economic activity.</p>
<p>8. Performance indicators used by the Research Councils and project teams for monitoring the success of these facilities are not always sufficiently comprehensive or measurable. Before approving the business case for a new facility DIUS and the Research Councils should establish indicators to enable the success of the project to be measured. Measures should include the extent to which available capacity is utilised.</p>	<p>Success criteria will be defined for all projects at the time of initiation and refined as the project move through the approval process.</p>	<p>In the case of the Laboratory for Molecular Biology project, approved since the NAO report was published, clear objectives and success criteria were identified.</p>
<p>9. Research Councils need to make better use of the potential these facilities offer to inspire the next generation of scientists. DIUS and the Research Councils should have plans in place specifying how these facilities might bring the wider</p>	<p>The Research Councils recognise that these large facilities can play a leading role in encouraging people to take an active role in engaging with science, especially when the facilities become operational.</p>	<p>DIUS has made "Science and Society" a key programme activity and the Research Councils and their respective large facilities will be playing their part in it.</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
community into contact with science and encourage the choice of scientific studies, qualifications and careers.	The Councils will be discussing with DIUS and the Department for Children, Schools and Families how they can best market their activities and stimulate interest from schools.	

2. Staying the course: the retention of students on higher education courses

NAO report published: 26 July 2007 - HC 616 Session 2006-07

PAC hearing: 29 October 2007

PAC 10th report published: 20 February 2008 - HC 322 Session 2007-08

Treasury Minute published: 8 May 2008 - Cm 7364

The Public Accounts Committee took evidence from officials in the Department and the Higher Education Funding Council for England on their role in improving retention, progress by universities and at a national level, and variations in the retention of different groups of students.

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
1. That since 2002 there has been no reduction in the percentage of students in England not completing their higher education courses at their original institution: the figure remains at 22%. The UK has a higher estimated	DIUS and HEFCE agree that the UK has a high level of student retention when compared to most other OECD countries, and that this has been achieved and maintained during a period when higher education has been	HEFCE and the Paul Hamlyn Foundation have agreed to fund seven projects from 2008-11, focusing on different aspects of student retention, to help universities to share, evaluate and disseminate

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>national graduation rate than most other Organisation for Economic Cooperation and Development (OECD) countries, but actions to improve retention have had little overall effect. Universities need to concentrate their efforts on actions most likely to be successful. HEFCE should systematically evaluate the cost-effectiveness and impact of initiatives that it has directly funded. It should also provide guidance to universities on how best to assess the costs and outcomes of local initiatives.</p>	<p>opened up to both increased numbers and a greater diversity of students.</p> <p>DIUS and HEFCE support the recommendation that universities should concentrate their efforts on actions most likely to be successful. HEFCE is committed to understanding what works and why and will therefore evaluate the cost-effectiveness and impact of all projects that they fund directly.</p> <p>HEFCE and the National Audit Office held three regional events in March and April 2008 for senior managers in universities which provided an opportunity to identify and share good practice. HEFCE has announced a grants programme, in collaboration with the Paul Hamlyn Foundation, to help universities to share, evaluate and disseminate institutional good practice in relation to student retention.</p>	<p>institutional good practice.</p> <p>HEFCE and the Paul Hamlyn Foundation are also seeking to appoint an organisation to support the grants programme and help to ensure effective co-ordination across the funded higher education institutions and maximum impact across the HE sector.</p> <p>Many of the attendees from the regional events HEFCE held in March/April have expressed an interest in becoming part of a wider community of interest around the initiative.</p>
<p>2. Increasing and widening participation in higher education attracts more students from under-represented groups who are more likely to withdraw</p>	<p>DIUS and HEFCE agree that universities need to understand the needs of their changing student populations. There are already a number of</p>	<p>A number of the projects funded under the HEFCE-Paul Hamlyn Foundation student retention grant programme include a focus on students from</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>from courses early. These students may need more support to complete their courses and universities need to understand the needs of their changing student populations. They should use market research techniques such as customer segmentation to provide teaching and support services which appropriately reflect students' different cultural, social and economic backgrounds, for example through flexible timetabling of lectures. HEFCE should disseminate the lessons from its proposed review of the differences between universities in the proportions of students receiving Disabled Students' Allowances.</p>	<p>examples of good practice in this area and the joint programme with the Paul Hamlyn Foundation will encourage proposals that focus on recommendations in the NAO and PAC reports.</p> <p>HEFCE is funding eight pathfinder projects to support the development of flexible learning based on a range of models, including projects which look at the timetable and structure of the academic year; two year fast-track degrees; four-year extended degrees; work-based learning degrees; and distance learning. An evaluation report will be published in early 2009 and will include recommendations on how further flexibility in higher education provision might be developed.</p> <p>As part of the review of its policy as it relates to disabled students, HEFCE has commissioned research to look at, among other things, variation of support across institutions and how this impacts on varying levels of Disabled Students' Allowances take-up. This research will be completed in autumn 2008 and HEFCE will publish and disseminate its</p>	<p>under-represented groups. For example, the Aston University "Pathways to success through peer mentoring" project includes approaches which target specific students, such as mature and first generation learners that may be at a higher risk of dropping out.</p> <p>In addition, all seven funded projects have been asked to look in particular at disabled and part-time students to establish whether there is specific learning which can be disseminated relating to these groups.</p> <p>The research commissioned by HEFCE into the variation of support across institutions for disabled students has now been completed and a draft report received by HEFCE. The research team has been asked to undertake further work to explain the differential take-up of Disabled Students' Allowances. The report will be published and disseminated across the HE sector in early 2009.</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
	findings widely.	
<p>3. There is a wide variation in universities' performance in the continuation of students to a second year of study. In 2004-05, five universities achieved a continuation rate in excess of 97 per cent for full-time, first-degree students, whereas 12 had continuation rates below 87 per cent. Russell Group universities tend to have higher rates of retention than other types of university. For those universities with consistently low retention rates the Funding Council's regional teams should agree specific improvement plans. The Funding Council should encourage universities with better retention to share good practice with those that are less successful.</p>	<p>DIUS and HEFCE accept this recommendation. On average, the Russell Group universities have the highest continuation rates for full-time students and the universities created after 1992 have the lowest rates overall. These broad variations largely reflect the types of students they enrol and their level of pre-entry qualifications, and are not necessarily an indicator of best practice in retention and student success.</p> <p>It is important not to confuse genuine drop-out from a course with a student leaving a course to transfer to another higher education course at a different institution. While the proportion of full-time first degree starters who have gained a degree at their original institution has shown little change in recent years, the proportion of starters projected to neither obtain an award nor to transfer to another higher education institution has reduced from 15.8 per cent in the 1998/99 academic year to 13.8 per cent in the 2004/05 academic year in England.</p>	<p>HEFCE is consulting with the HE sector on changes to the teaching funding method to support teaching enhancement and student success, with the aim of creating a more strategic approach to rewarding student retention. This new allocation recognises that improving retention is fundamentally a part of learning and teaching enhancement, and that work in those two areas contributes to the success of all students. By distributing through a targeted allocation, the Funding Council is promoting strategic approaches to retention and encouraging HE providers to consider retention as one aspect of a wider approach to student success.</p> <p>Meanwhile, this year's performance indicators have shown that the proportion of full-time first degree starters projected to neither obtain an award nor to transfer to another higher education institution has shown little change, with a year-on-year increase of 0.1 per cent in the 2005/06</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
	<p>HEFCE is also concerned about institutions where continuation rates are significantly below benchmark – that is, where rates are lower after taking into account students' entry qualifications and subjects. HEFCE is already in discussions with several institutions about specific improvement proposals. HEFCE's regional teams will intensify the Council's work with institutions, agreeing specific improvement plans with institutions significantly below benchmark.</p> <p>HEFCE will look to link together institutions with similar intake but different retention outcomes, and institutions with similar good retention outcomes, but different means of achieving it, in order to contribute to a practice of continuous improvement across the sector. The joint programme with the Paul Hamlyn Foundation will also encourage collaborative proposals so that universities with better retention can share good practice with those that are less successful.</p>	<p>academic year, to 13.9 per cent. HEFCE is continuing its discussions with those institutions where continuation rates are significantly below benchmark, as part of its work to support higher education providers across England.</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>4. Universities can lose funding if they retain fewer students than expected, but can avoid this sanction by recruiting more students. Where a university with low retention seeks to maintain its student population through recruitment, HEFCE should agree clear expectations for planned improvements in retention in the university's improvement plan, to be met irrespective of any changes in levels of recruitment.</p>	<p>DIUS and HEFCE are not aware of any evidence that institutions are behaving in this way and do not believe that a strategy of this sort would be effective. This is because HEFCE only funds those students who complete their year, so universities that recruit students who drop out before the end of the academic year would incur greater costs with no income. Even after the 2009/10 academic year, when institutions will be funded for students completing part of a year, there is no incentive simply to replace students who withdraw. There remains a real financial penalty for failure to retain students.</p> <p>HEFCE will establish a clear expectation with the higher education sector for planned improvements in retention irrespective of changes in the level of recruitment.</p>	<p>As stated in the Treasury Minute, HEFCE is continuing to use its discussions with individual institutions to set out clear expectations for improvement with the sector.</p>
<p>5. Only around half of part-time students obtain a qualification within six years and there is no specific framework to encourage improvement. HEFCE should develop and publish indicators so that prospective part-time students can compare universities' retention of</p>	<p>HEFCE currently publishes continuation data for part-time students on the Unistats website (www.unistats.com). This enables potential applicants to higher education to compare continuation rates by subject, among institutions to which they are</p>	<p>HEFCE's Analytical Services Group (ASG) is in the latter stages of an analysis of part-time students that focuses on entry to, progress through, and completion of first degree programmes of study.</p> <p>It is anticipated that this</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>students who are unable to, or prefer not to, study full time.</p>	<p>interested in applying.</p> <p>There are currently no performance indicators for part-time study. This is because the interpretation of part-time completion is much more difficult than for full-time. Some part-time study is similar to full-time, with students following a structured course with a formal expected course length and with the intention of gaining a qualification. Some is highly flexible with most students having no intention of working through to a qualification.</p> <p>For a statistic to be a performance indicator, or a target, DIUS or HEFCE need to be sure that completion is an appropriate measure of performance. Following the review of performance indicators in 2007, HEFCE is considering how the range of performance indicators can be expanded to include part-time continuation and completion statistics. However, there are still problems in identifying the part-time provision where it can reasonably be assumed that completion is the aim. Preliminary work to establish the feasibility of performance</p>	<p>work, which provides details of trends and profiles observed amongst part-time students, will help inform our wider understanding of these students and their learning activities. In turn we will be better able to assess the feasibility of a performance indicator, and have a clearer idea of the technical considerations in developing such an indicator.</p> <p>It is anticipated that this work will be published in January 2009. The Performance Indicators Steering Group is due to meet in winter 2008 and a part-time indicator, with consideration of the key findings of ASG's analysis, will be among the items for discussion.</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
	<p>indicators relating to part-time continuation and completion will be completed in autumn 2008.</p> <p>In some cases completion of modules of a qualification may provide a significant benefit to individual learners and their employers - hence should be seen as a successful outcome. The increasing availability of credit for individual modules will help learners gain recognition for their achievements and return to learning at a later date.</p>	
<p>6. The first-year continuation rate in Mathematical Science, Computing and Engineering subjects is three percentage points below the national average for all subjects. Such subjects are of strategic importance to the nation's economic development, so universities need to have well-developed outreach programmes with schools. Programmes could include running summer schools for prospective students in these subjects and offering mentoring to help prepare students.</p>	<p>DIUS and HEFCE fully recognise the strategic importance of the Science, Technology, Engineering and Mathematics (STEM) subjects to UK's economic development. The Funding Council is supporting these subjects in a number of ways, including:</p> <ul style="list-style-type: none"> • providing £75 million extra support over three years to high-cost science subjects in universities; and • four pilot demand-raising projects: <ul style="list-style-type: none"> – London Engineering Project (£2.85 million, run by Royal Academy of Engineering and partners); 	<p>Progress in this area is on track. The Funding Council has now extended extra support to high-cost science subjects in universities for an additional year, ie £100 million extra support over four years.</p> <p>In addition, the integrated higher education programme set out in the Treasury Minute has been extended to include a focus on employer engagement and higher level skills.</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
	<ul style="list-style-type: none"> <li data-bbox="660 322 951 427">– Stimulating Physics (£1.785 million, Institute of Physics); <li data-bbox="660 461 938 607">– Chemistry for our future (£3.6 million, Royal Society of Chemistry); and <li data-bbox="660 640 967 1099">– More Maths Grads (£3.3 million, run by a consortium of mathematical societies and the Higher Education Academy Subject Centre for Mathematics, Statistics and Operational Research). <p data-bbox="649 1151 975 2011">HEFCE proposes to bring these four demand-raising projects together into an integrated higher education programme from August 2009, looking at enhancement and enrichment activities in schools; improving information, advice and guidance given to young people; increasing the capacity of teachers to deliver STEM subjects; and engaging higher education curricula and alignment with the national curriculum for schools. These activities are designed to prepare young people better for STEM subjects and to facilitate</p>	

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
	<p>better links between universities and schools.</p> <p>The Government has put in place a strong programme of work to create an education and training environment that delivers the best in science and mathematics teaching and learning in schools with the overall aim of getting more young people to study STEM subjects beyond 16. This includes making sure young people have the right sort of qualifications and skills they will need for further learning.</p> <p>In addition, HEFCE provides funding for outreach activities such as summer schools and mentoring to support STEM subjects through the widening participation allocation and Aimhigher.</p>	
<p>7. Some students feel that academic and pastoral support is limited and does not meet their needs. Universities should give personal tutoring a sufficiently high priority, with training and support to help tutors to be fully effective in their role. Reward systems for academic staff should give sufficient recognition to</p>	<p>DIUS and HEFCE recognise the importance of academic and pastoral support and will encourage universities to review such provision in the context of their management of their overall resource. Academic and pastoral support will also form part of the discussions that the Funding Council's regional teams have with</p>	<p>A number of the projects funded under the HEFCE-Paul Hamlyn Foundation student retention grant programme include a focus on academic and pastoral support. For example, the University of Leicester is exploring how students feel a belonging to an HE institution/department and the importance of the</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
performance in respect of personal tuition.	universities.	intimacy of an institution and its staff. The project aims to crystallise the elements that “make the difference” and also to identify the most effective blend of university-wide and more localised mechanisms of academic and pastoral support.
8. Information on why students withdraw from their courses is not reliable. Although some data is collected nationally it is often incomplete and inconsistent. Little is known, for example, as to the extent to which mental or physical illness or domestic circumstances contribute to withdrawal. HEFCE together with the Higher Education Statistics Agency (HESA) and universities should develop a common standard and principles, which define the types of retention information which need to be collected and reported.	Previous attempts to capture such information via HESA record did not deliver sufficiently reliable data. However, HEFCE will explore with HESA and universities how we can collect reliable data in this area. To ensure that the burden and cost implications for universities are proportionate, it may be necessary to consider methods which involve collecting data on a sample basis rather than collecting data centrally for every student, every year.	Discussions between HEFCE and HESA with respect to this recommendation will take place over the coming months.
9. There are substantial variations between universities in the proportions of students with disabilities that receive the Disabled Students' Allowances. DIUS and HEFCE are responding to this issue by centralising	DIUS fully agrees that access to the Disabled Students' Allowance should be straightforward and fair for all. The Department's plans for the Student Loans Company to administer the Disabled Students' Allowances (and	As stated in section 2 above, the research commissioned by HEFCE into the variation of support across institutions for disabled students has been completed and a draft report received by HEFCE. The research

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>the team that administers the Allowances. DIUS should aim to make access straightforward and fair for all, and HEFCE should follow up at university-level if its forthcoming research indicates that eligible students are missing out on their entitlement.</p>	<p>all other forms of targeted support) for new students applying to attend university in the 2009/10 academic year from September 2008 will ensure that a consistent, high quality service is available to all students wherever they live in the country. HEFCE has commissioned research from the University of Leeds to conclude in autumn 2008, which will inform future guidance for the sector.</p>	<p>team has been asked to undertake further work to explain the differential take-up of Disabled Students' Allowances. The report will be published and disseminated across the HE sector in early 2009.</p>

3. Helping people from workless households into work

NAO report published: 19 July 2007 - HC 609 Session 2006-07

PAC hearing: 24 October 2007

PAC 9th report published: 7 February 2008 - HC 301 Session 2007-08

Treasury Minute published: 8 May 2008 - Cm 7364

The United Kingdom has an employment rate of 74.4%, an historically high rate which exceeds that of many comparable industrialised countries. The Government aspires to raise the employment level to 80% and has introduced a range of support to address barriers to employment and to help people into work, including its New Deal programmes. There are, nevertheless, still some 3 million workless households, of which 80% comprise adults who are not actively seeking work. Workless households have been estimated to cost the Exchequer at least £12.7 billion a year in welfare benefits.

Many people in workless households have multiple barriers to work including skills deficits, disability and caring responsibilities. Early intervention and targeted support are essential for helping them back into work. The Learning and Skills Council has started to fund more basic skills and employability skills courses, but it is too early to measure the impact of this funding.

This work is particularly important in light of the current economic climate. DIUS is working closely with DWP and BERR to develop the skills and support the job search of those facing redundancy or already looking for work. Part of this package includes £158 million of European Social Fund money, which DIUS will match with a further £79 million, to increase resources for Next Steps advice services, and to provide a more tailored and flexible training offer, working with regional and local partners.

The Public Accounts Committee took evidence from The Department for Work and Pensions (DWP), Jobcentre Plus and the Learning and Skills Council (LSC) on the performance of employment support programmes; outreach services for workless households; and the provision of additional support for workless people with more complex needs.

The table below gives an account of progress on the recommendation addressed specifically to DIUS and LSC. The other recommendations, which are the responsibility of DWP and Jobcentre Plus, will be reported in the DWP's Autumn Performance Report.

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
1. It is too early to assess the impact of the Department for Innovation, Universities and Skills' decision to prioritise the funding of basic skills and employability skills courses. The early signs are positive, such as the increase in the number of learners on priority courses in 2005-06. The	The Department for Innovation, Universities and Skills (DIUS) agrees that workless people should be made aware of the Skills for Life opportunities through the Employability Skills Programme (ESP) and through effective marketing campaigns. The ESP was rolled out	Under the Skills for Job suite of activities for the economically inactive, the Employability Skills Programme (ESP) continues to be promoted and made available to Jobcentre Plus customers and sits at the heart of the pre-employment provision offer within the Integrated Employment and Skills (IES) service that is being

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>Department and the Learning and Skills Council should market these courses so as to ensure that workless people are fully aware of the impact that the qualifications will have on their employability.</p>	<p>nationally by the Learning and Skills Council (LSC) and Jobcentre Plus from 1 August 2007. The offer comprises nationally approved literacy/language, numeracy and employability qualifications delivered in the context of gaining or improving work related skills which will help unemployed individuals including workless households apply for and keep a job. Jobcentre Plus customers are able to access this programme from the first day of their new claim. The criteria for access to the programme have been widened to allow learners with a wider spectrum of needs to benefit from this type of provision e.g. claimants on Incapacity Benefits and lone parents.</p> <p>A range of information and promotional materials have been developed jointly by DIUS, DWP, LSC and Jobcentre Plus to encourage hard to-reach customers to engage in this type of learning. Training providers routinely market the courses and make customers aware of the impact qualifications will have on their</p>	<p>trialled in 5 regions, starting with the West Midlands from 29 September 2008.</p> <p>From August 2007 to July 2008, 12,778 Jobcentre Plus customers started on the ESP. However, over the same period, the Programme supported 15,331 learners to improve their basic and employability skills, including participants from 2006/07 academic year pilots who continued in learning beyond the start of the 2007/08 academic year. The numbers of learners supported by this programme is already planned to increase significantly by 2010/11 and a review of the programme, as signalled in the July 2008 <i>Work Skills</i> White Paper, will inform the extent to which ESP can support more learners more effectively.</p> <p>An independent evaluation of the ESP has been commissioned in September 2008, and findings will also inform future changes and review of the programme as committed in <i>Work Skills</i>.</p> <p>Information and promotional materials</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
	<p>employability. Promotional materials are available to Jobcentre Plus personal advisers as well as providers free of charge.</p> <p>DIUS and the LSC, together with a range of partners, promote basic skills (Skills for Life) courses through a wide variety of campaigns, events, outreach activities and ongoing promotional activity. The successful 'Get On' marketing campaign promotes both the employability and personal benefits of improved literacy/numeracy skills and gaining qualifications. The campaign running in March/April 2008 is focussing on numeracy skills with a high-profile national media campaign. Colleges and learning providers are able to link with the Get On campaign locally and target priority areas and priority groups of adults.</p>	<p>which were developed jointly by DIUS, DWP, LSC and Jobcentre Plus continue to be available for Training providers and Jobcentre Plus personal advisers free of charge.</p> <p>It must be noted that the ESP is not the only support available to Jobcentre Plus customers to improve their basic skills. Mainstream funded basic skills courses are also available to those in receipt of benefits.</p> <p>The LSC took over Skills for Life marketing from DIUS in October 2007. The current marketing campaign is focused on the numeracy challenge and was developed to contribute to 390,000 people attaining Entry Level 3 qualifications (or above) in numeracy by the 2010/11 academic year.</p> <p>The campaign was launched in March 2008 with TV, radio and press advertising, supported by public relations and media activity and was repeated in August. The campaign has been received well and has to date generated over 17,500 enquiries about numeracy provision. The campaign highlights</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
		the links between improved numeracy skills and improved quality of life.

4. Sustainable employment: supporting people to stay in work and advance

NAO report published: 14 November 2007 - HC 32 Session 2007-08

PAC hearing: 26 November 2007

PAC 13th report published: 28 February 2008 - HC 131 Session 2007-08

Treasury Minute published: 8 May 2008 - Cm 7364

Although the United Kingdom is experiencing high employment levels, many people still have difficulty staying in work. Of the 2.4 million Jobseeker's Allowance claims made each year over two-thirds are repeat claims. While some turnover is a natural feature of the labour market around 40% of people moving from Jobseeker's Allowance into work will make another claim for Jobseeker's Allowance within six months.

The Public Accounts Committee took evidence from the Department for Work and Pensions (DWP), DIUS, Jobcentre Plus and the Learning and Skills Council (LSC) on their efforts to deliver sustainable employment, focusing on the reasons why people are unlikely to stay in work; the contribution which education is making to improving employability; and whether employment programmes reflect the needs of business and local markets.

The table below gives an account of progress on the recommendations addressed specifically to DIUS and LSC. The other recommendations which are mainly the responsibility of DWP and Jobcentre Plus will be reported in DWP's Autumn Performance Report. Again, this work is especially important in light of the current economic climate, and DIUS is working closely with

DWP and BERR to ensure these issues are addressed as effectively as possible.

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>1. Thirteen weeks is too short a time for a job to be considered sustainable. DWP is now developing indicators to demonstrate its longer term impact on sustainable employment. Success also depends on skills development which is the responsibility of DIUS. Both Departments should implement an integrated performance measurement system that tracks the impact of their support over a longer period drawing on good practice internationally</p>	<p>The new Employment Public Service Agreement includes as an indicator the extent to which customers return to benefit after a period in work. DWP has given providers on a range of programmes, such as Workstep, incentives to deliver sustained job outcomes of longer than 13 weeks.</p> <p>DWP published a new commissioning strategy in February 2008. DWP will increasingly be including an element in the overall payment to providers which rewards sustained job outcomes of at least six months.</p> <p>In <i>World Class Skills</i> the Government welcomed Lord Leitch's recommendation to have a shared objective of sustainable employment and progression for DIUS and DWP. In order to have a truly shared objective, measuring both retention and progression, DWP and DIUS will need to be able to share analytical data both between themselves and with HM Revenue and</p>	<p>DWP has started reporting for the first time against this aspect of the Employment PSA, using 6 months of benefit as a proxy measure of sustainable employment.</p> <p>Building on the intention set out in the DWP's new commissioning strategy to reward sustained job outcomes of at least six months:</p> <p>i) Flexible New Deal (FND) contracts will be tighter than current new deal contracts in that they will reward periods of employment that last for 13 weeks, as opposed to those that are <i>expected</i> to last 13 weeks as is the case currently. In addition, FND contracts also contain an additional clause that will further reward periods of employment that last for 6 months or more.</p> <p>ii) DWP has announced its intention to undertake a series of Annually Managed Expenditure/Departmental Expenditure Limits (AME/DEL) pilots that will be designed to test,</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
	<p>Customs. There are clauses contained in the Education and Skills Bill currently passing through Parliament that will allow this necessary data sharing.</p>	<p>amongst other things, the most effective way to incentivise delivery of sustained job outcomes.</p> <p>The Education and Skills Act 2008 received Royal Assent in November 2008, and the relevant data sharing clauses are expected to come into effect in January 2009. DIUS and DWP are developing procedures for the sharing and linking of data. This involves setting up mechanisms to allow the routine (and secure) sharing of such data, and proof of concept testing both linking processes and the quality of linked outputs.</p>
<p>2. People with the lowest skills are the least likely to be trained by their employers. Gaining vocational qualifications in the work place can improve the earnings and productivity of low skilled adults but depends on the willingness of employers to support such training. Train to Gain provides fully subsidised training for low-skilled workers up to a first full Level 2 qualification (equivalent to five GCSEs at grades A* - C) and has been successful in engaging hard-to-reach</p>	<p>DIUS accepts this recommendation, and is committed to a full evaluation programme for Train to Gain, with the first reports being planned for spring 2008. The evaluation of the Employer Training Pilots (ETP) established the features employers found most attractive including subsidies for training and provision of flexibly delivered training. The design of Train to Gain took the lessons learnt from ETP into account, thereby ensuring skills</p>	<p>The LSC's Learner and Employer Evaluation of Train to Gain was published in May 2008. The main findings from the Learner Evaluation was that:</p> <ul style="list-style-type: none"> - Satisfaction with the training received through Train to Gain was high, with 77% of learners either extremely or very satisfied with their experience. - 93% of learners said that the biggest driver of participation was the opportunity to achieve a qualification, improve their

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
<p>employers. A full evaluation is needed of how this success was achieved so that lessons learned can be applied more widely and to other business sectors particularly where there are skills shortages.</p>	<p>brokerage is at the core of an integrated service.</p> <p>The finding that deadweight was high in ETP led to the definition of "hard to reach" employers in Train to Gain and a target that at least 51% of employers engaged should be from this category. This target has consistently been substantially exceeded.</p> <p>Train to Gain investment will rise from £520million in 2007-08 to over £1billion in 2010-11. DIUS is committed to developing and expanding the programme to become a service that employers can use to meet the full range of their training needs, including matched funding for Level 3 programmes in 2008/09. The Skills Pledge will help stimulate demand for skills and the Train to Gain will help employers deliver on their Pledge commitment. The Train to Gain programme will support Management and Leadership development for Small and Medium Enterprises. <i>Train to Gain: A Plan for Growth</i> published in November 2007 sets out how the Department intends to expand and improve Train</p>	<p>skills for their current job and improve their standing in the labour market.</p> <ul style="list-style-type: none"> - 74% felt the training benefited both them and their employer. <p>The main findings from the Employer evaluation was that:</p> <ul style="list-style-type: none"> - Over two thirds of all employers taking up training under Train to Gain had received at least some fully funded Train to Gain training. - Among employers taking up training, 80% have had at least one employee achieve a level 2 qualification or above, or have at least one employee currently working towards attaining this level of accreditation. - 74% of employers report they have noticed an improvement in the skills of their employees. - In 20 per cent of businesses, Train to Gain introduced training in establishments that had not previously trained their workforce. - A further 27 per cent of employers with some training history outside Train to Gain, reported that the Train to Gain training led to those employers increasing the number or range of

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
	<p>to Gain to work more effectively for employers.</p> <p>Train to Gain has already supported many employers and individuals to raise skill levels. The latest Management Information suggests that since roll out of the national programme began in April 2006, the cumulative number of Employer Engagements has risen to over 75,000, and Learner Starts have risen to over 350,000.</p> <p>Sector compacts, to be agreed with each Sector Skills Council, will tailor Train to Gain to meet the specific skill needs of employers in each sector. Joint investment planning will ensure that public funds and employer funding work together to boost the skills of employees and improve employer productivity.</p> <p>DWP is working to ensure a joined up offer to employers by aligning Train to Gain with Local Employment Partnerships, to ensure those disadvantaged in the labour market receive both pre-employment and in-employment support, training and development.</p>	<p>employees involved, or enhancing the quality of their workforce training. This suggests that just under half of all employers who have been in contact with a Train to Gain skills broker (47 per cent) have carried out additional training that could be attributed to the Train to Gain service.</p> <p>Investment in Train to Gain remains as previously stated. Leadership and Management investment is expanding to £30 million per year for the next 3 years and eligibility has been widened to cover organisations with between 10 and 250 employees.</p> <p>In response to employer demand, from August 2008 Train to Gain was significantly enhanced to offer a range of flexibilities, including part funding for a second full level 2 and increase national funding for Level 3.</p> <p>Government also announced on 21 October 2008, that SMEs will be the top priority for a £350 million growth in Train to Gain funds over the next two years, helping them</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
		<p>train their staff to support them through the tougher economic climate. We will use this funding to enable SMEs to access bit-sized courses known to increase productivity, and from November 2008 have extended access to the Leadership and Management Programme to SMEs with 5-10 employees.</p> <p>Since national roll-out began from April 2006, Train to Gain had engaged with 75% hard to reach employers. And since national roll-out to the end of July 2008, Train to Gain has engaged with over 100,000 employers, and more than 570,000 employees have engaged in learning. In the same period over 7,500 employers have made the Skills Pledge covering 5.1 million employees.</p> <p>Ten sector compacts have been agreed so far, with SEMTA, Construction Skills, Proskills, People 1st Skills for Justice, Cogent, ECITB, Skillfast-UK and Asset Skills. Together these are worth some £634 million. We are aiming to negotiate and agree a total of 12 more compacts by April 2009</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
		<p>and discussions with four more strategic Sector Skills Councils are already underway.</p> <p>A joint working Group of DIUS, DWP, LSC and Jobcentre Plus has been set up to look at how best to join up the offer to employers and the individual. The group is looking wider than just Local Employment Partnerships (LEP) and Train to Gain and will develop a range of proposals to ensure that pre-employment and post-employment training and development are seamlessly aligned. Ensuring that Train to Gain skills brokers and Jobcentre Plus employer facing staff understand and promote the full range of services for employers will be key to a properly joined up service. So for example, Train to Gain brokers will need to promote Jobcentre Plus recruitment services more widely to employers.</p> <p>Where employers recruit people through a LEP, LSC funding is available for pre employment training and Train to Gain to provide ongoing support for training and</p>

Main Points in PAC Report	Progress reported in Treasury Minute	Action since publication of Treasury Minute
		development including additional Level 2s where the individual needs re-skilling for long term employability. However, this is relatively new and we are not yet seeing high demand. Jobcentre Plus is taking further steps to promote pre-employment training with employers.
<p>3. There is a risk of the regulatory burden on employers reducing the time and resources they have to train staff at work. The Department for Innovation, Universities and Skills wants to package the in-work training it offers into more coherent programmes that are easier for employers to navigate. It needs to work with employers if it is to achieve a demand-led system that actually provides staff with the training they need</p>	<p>DIUS is closely involved in the Business Support Simplification Programme (BSSP), which aims to simplify and reduce the overall number of business support schemes within the UK from around 3,000 to 100. Within that programme, the aim is to have a single service for employers that supports their training needs, based on Train to Gain. Monitoring shows that Train to Gain brokerage already has very high satisfaction rates with employers engaged in Train to Gain.</p> <p><i>Train to Gain: A Plan for Growth</i> sets out how the Department intends to develop Train to Gain as a way of delivering to employers what they want in the way they want it; covering all areas of training support and integrated with wider</p>	<p>Train to Gain is the Skills Solution for Business and is the single BSSP product that will provide access for business to all the available employer facing public funding for skills.</p> <p>Work is on schedule to bring together Train to Gain Brokerage with Business Link from April 2009 to create a new integrated brokerage service for employers. An employer will have access to a broker who will undertake an analysis of all their business needs, including skills. They will put together a package of options that will meet those needs including details of available public funding.</p>

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	<p>business support brokerage. All of this represents a major step forward in integrating and simplifying the service for employers, with an approach that is genuinely demand led.</p>	
<p>4. Disadvantaged workers such as the long-term unemployed, those with poor numeracy or literacy and lone parents still encounter difficulties in accessing sound advice on local learning opportunities and how these will increase their employability. Accessibility has improved through more advice becoming available face-to-face, on the telephone and on-line. But Jobcentre Plus needs to develop outreach networks targeted at helping disadvantaged people who are unlikely to seek advice through traditional routes.</p>	<p>Jobcentre Plus makes available information in a wide variety of ways; face to face, telephone and on line. In addition, information about the services it offers is made available to people through a wide range of other governmental organisations, for example local strategic partnerships, and through many voluntary organisations and community groups. These links are being continually improved.</p> <p>DIUS and DWP are working with partners to develop a universal adult advancement and careers service to help people improve their skills, move into sustainable employment and progress in work. While all adults will be able to access the service, resources will be targeted at those who need the most support, including unemployed people and those with low</p>	<p>The LSC, following an extensive procurement exercise, has contracted for enhanced nextstep services for the period August, 2008 to July, 2010 providing a more differentiated and personalised service, with on-going support, for those at a disadvantage in the labour market. The changes are a significant step towards the vision for the adult advancement and careers service.</p> <p>DIUS is continuing to work with partners to develop the vision for the adult advancement and careers service and published a prospectus for the new service at a Ministerial launch on 29 October, 2008.</p> <p>Trials of aspects of the new service covering Skills Health Checks, collocation with Jobcentre Plus and support for Skills Accounts will started in the West Midlands at the</p>

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	<p>skills. There will also be provision of better integrated financial support for those with the lowest skills and qualifications. A key aspect of the new service will be its work with other advisory services, including the voluntary and community sector, to join up advice services across a range of issues including housing, employment rights and childcare as well skills and jobs.</p> <p>DWP accepts the need for outreach activity to ensure that the new service is accessible to those who need most help. The aim is to provide access to the service in a wide range of settings including co-location with Jobcentre Plus, colleges, libraries, voluntary and community organisations and through union learning representatives, thereby opening up opportunities for people who are unlikely to seek advice through traditional routes. The joining up of advisory services as part of a “no wrong door” approach will contribute to this. The full new service is expected to be operational in England from 2010/11.</p>	<p>end of September as part of the trials of an Integrated Employment and Skills offer.</p> <p>The LSC issued an invitation in July 2008 for organisations in four regions to put forward proposals to develop advancement network prototypes for approaches to joining up a range of advisory services covering issues including housing, employment rights and childcare as well skills and jobs.</p> <p>The prospectus for the new service, <i>Shaping the future</i>, published by DIUS in October 2008, set out how the new service will develop and announced the names and locations of ten prototype advisory services across England whose work will inform the launch of the Adult Advance Careers Service in 2010.</p> <p>The ten prototypes will run for two years, testing a range of different approaches in establishing local partnerships bringing together nextstep services, Jobcentre Plus, unionlearn, local authorities, housing</p>

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		<p>associations, voluntary and community sector organisations, Connexions, Primary Care Trusts, the Citizen's Advice Bureau, Sure Start Children's Centres, and others.</p>
<p>5. The new Skills Accounts scheme will allow learners to decide which training to purchase from a range of accredited learning providers, but it has not yet been risk-tested against malpractice. The Individual Learner Accounts (ILAs) programme was terminated in 2001 following evidence of abuse and revelations about the potential scope for fraudulent claims. The Department for Innovation, Universities and Skills' new scheme needs to be thoroughly risk-tested before being rolled-out nationally</p>	<p>DIUS agrees fully that public funds need to be safeguarded through secure and tested mechanisms. Funds accessed through Skills Accounts will flow to providers using tried and tested methods and will only go to accredited providers that meet strong Learning and Skills Council (LSC) quality assurance tests. This means that, unlike ILAs, an individual will only be able to use their account at a defined set of quality assured providers. DIUS is committed to thorough risk testing of the Skills Accounts systems to ensure that there is no scope for malpractice. Internal Auditors in DIUS and LSC will undertake a joint review of the development of Skills Accounts trials in 2008-09. In addition, DIUS and LSC will set up a Fraud Group to include policy and internal audit representatives, as well as</p>	<p>The OGC review of Skills Accounts took place in June 2008. The review returned a "Red" Gateway status for the project due to some immediate actions that needed to be taken to ensure successful delivery of autumn trials. However, the Delivery Confidence Assessment for the full project was rated as "Amber", indicating that the project was generally in good shape. All of the recommendations have or are in the process of being implemented.</p> <p>Between June and August 2008 a joint audit of the Skills Account project was undertaken led by DIUS and LSC internal auditors - in the context of both ILA lessons and OGC follow up. The audit objective was to evaluate the readiness of the business and the developed systems to administer Skills Accounts (phase 1) effectively, ensure the</p>

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	<p>fraud investigation specialists from both organisations.</p> <p>Learning from ILAs, DIUS will ensure the discipline of good project management is utilised, including rigorous monitoring of risks and issues. DIUS has also initiated the process for an Office of Government Commerce (OGC) Gateway Review of the project, and this will take place in early summer. DIUS is confident that the lessons learned from ILAs will be embedded into the new Skills Accounts project and is risk-testing through a trialling approach ahead of national rollout. Trials of Skills Accounts will begin in autumn 2008 and will learn from the current trials of Adult Learner Accounts in the South East and East Midlands, and from ILAs. Full national roll-out of Skills Accounts will begin in 2010, with the aspiration that £500 million will be accessed by individuals that year, rising to £1.5 billion by 2015 at the latest.</p>	<p>governance arrangements are strong and ensure that all potential fraud risks identified have been managed from the new system.</p> <p>The summary of findings in the final report states that overall the risks relating to the Skills Accounts are being managed.</p> <p>Fraud risks are being identified and managed through the DIUS-LSC Skills Account fraud workshops ensuring that appropriate countermeasures are in place. We will ensure that the Provider Financial Management policy team are aware of any risks associated with Skills Account in planning and developing their testing regime of Providers.</p>

Glossary

Acronym	Full description
ALI	Adult Learning Inspectorate
ASG	HEFCE Analytical Services Group
BSI	British Standards Institute
BERD	Business Enterprise Research and Development Expenditure
BERR	Department of Business, Enterprise and Regulatory Reform
CIS	Community Innovation Survey
CSR07	Comprehensive Spending Review 2007
DCLG	Department for Communities and Local Government
DCSF	Department for Children, Schools and Families
DECC	Department of Environment and Climate Change
DfES	Department for Education and Skills
DIUS	Department for Innovation, Universities and Skills
DSO	Departmental Strategic Objective
DTI	Department of Trade and Industry
DWP	Department for Work and Pensions
ECITB	Engineering Construction Industry Training Board
EMM	Efficiency Measurement Model
FE	Further Education
FES	Further Education and Skills
FTE	Full Time Equivalent
GDP	Gross Domestic Product
HE	Higher Education
HEBCI	Higher Education Business Community Interaction
HEFCE	Higher Education Funding Council for England
HEIF	Higher Education Investment Fund
HEIPR	Higher Education Initial Participation Rate
HESA	Higher Education Statistics Agency
HMRC	Her Majesty's Revenue and Customs
ILR	Individual Learner Record
IP	Intellectual Property
IPR	Intellectual Property Rights
JCP	Jobcentre Plus
JISC	Joint Information Systems Committee

Acronym	Full description
LA	Local Authority
LEP	Local Employment Partnership
LFS	Labour Force Survey
LLHW	Life Long Health and Wellbeing
LPN	Lower Participation Neighbourhoods
LR	Learner Record
LSC	Learning and Skills Council
MOD	Ministry of Defence
MoG	Machinery of Government
NAO	National Audit Office
NDPB	Non-Departmental Public Body
NeSLi2	National Electronic Site Licensing Initiative
NS-SEC	National Statistics-Socio Economic Classification
NWML	National Weights and Measures Laboratory
OECD	Organisation of Economic Co-operation and Development
OGC	Office of Government Commerce
ONS	Office for National Statistics
OST	Office of Science and Technology
PAC	Public Accounts Committee
PI	Performance Indicator
PSA	Public Service Agreement
PSREs	Public Sector Research Establishments
QIA	Quality Improvement Agency
RCPO	Research Council Procurement Organisation
RDAs	Regional Development Agencies
RSPs	Regional Skills Partnerships
SEEDA	South East England Development Agency
SEMTA	Sector Skills Council for Science, Engineering & Manufacturing Technologies
SFA	Skills Funding Agency
SLC	Student Loans Company
SME	Small and Medium Enterprises
SRIF	Science Research Investment Fund
SR04	Spending Review 2004
SSCs	Sector Skills Councils
STA	Service Transformation Agreement

Acronym	Full description
STEM	Science, Technology, Engineering and Mathematics
STFC	The Science and Technology Facility Council
TSB	Technology Strategy Board
TtG	Train to Gain
UCAS	Universities Central Admissions System
UKCES	UK Commission for Employment and Skills
VfM	Value for Money
YPLA	Young People's Learning Agency