



CIVILSERVICE

Capability Reviews

Department for Work and Pensions: Capability Action Plan

Foreword



Robert Devereux, Department for Work and Pensions Permanent Secretary

This Capability Review takes place at a time of profound change for our Department. Our Secretary of State and Ministerial team have an ambitious agenda for social justice and Welfare Reform, almost certainly the biggest transformation we have ever undertaken as a Department. We must take this forward within a sharply reducing budget, and I have already begun a fundamental review of the way the corporate centre of the Department operates, which will lead to it being significantly smaller.

As we publish this Review the Department has announced that it is on track and on time to deliver Universal Credit from 2013, with 12 million claimants set to be moved onto the new benefit over the four years to 2017. I am also pleased to report that the development of the new technology for the programme is progressing well, with 30 per cent of the new technology now complete and stage 3 of the project starting ahead of time.

So it makes sense to take this opportunity to take stock of our capacity and capability to rise to this set of challenges, and to identify what we need to concentrate on to ensure safe and successful delivery. This review provides that stocktake. I am pleased that it confirms our progress against the actions agreed in the 2008 Review. We have made some progress in identifying and developing future leaders through programmes such as “Making a Difference” for our middle management, though there is more to do and we need to get better at spotting early and developing our most talented people. We have continued with our Back to the Floor programme for the Senior Civil Service to increase connection and visibility. We have introduced Lean philosophies and methodologies, and made them part of the way we do our business and we have introduced a more rigorous continuous planning system. But the report also identifies areas where, despite these foundations, the agenda has grown to such an extent that we need to raise our game to succeed. It also identifies areas where we need to continue the work we’ve been doing as a result of earlier reviews.

I have returned to a department with a strong focus on delivery and customer service, and I am proud to lead a department which touches so many people’s lives week in, week out. I need staff in the Department to share that pride, to strive to achieve the best they can for the people we serve, to make a difference. Our staff should, in turn, expect good, strong, fair leadership, a strong sense of what their contribution means, and where it fits into what we do. By being clear about our expectations, ensuring our people have the skills they need, and empowering and trusting them to act with flexibility and judgement we will deliver real strategic success. Making good our commitment on the actions from this review will ensure we are in the best possible place to deliver.

A handwritten signature in black ink that reads "Robert Devereux". The signature is written in a cursive, slightly slanted style.

1 November 2011

Foreword



Ian Cheshire, Lead Non-Executive Member of the Departmental Board

In overseeing this review as an independent, non-executive Board member, I have been keen to ensure that a thorough and rigorous appraisal of the Department was carried out. I am pleased that the review report identified the many strengths which I see in my visits and other interactions with DWP people. I am also pleased that it clearly shows areas where more progress is needed. Only by identifying these, then putting action in place – which Robert and his team have done – can we be sure of success for the future. I am confident that the right areas have been identified and that the right actions are underway.

A handwritten signature in black ink, appearing to be 'I Cheshire', written in a cursive style.

1 November 2011

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1. Challenges for the Department

The Department for Work and Pensions (DWP) has embarked on major reforms to create a new welfare system for the 21st century; to transform the opportunity for people without jobs to find work and support themselves and their families; and to ensure that the most vulnerable in society are protected.

At the same time, the prevailing financial climate means a reduction in our underlying operating budgets of 26 per cent, with a 40 per cent reduction in the resources available for the corporate centre. This demands a transformational rather than incremental change to our organisation and the way we work.

The Department

The Department for Work and Pensions is the largest central Government Department in the United Kingdom. It employs just less than 100,000 people (Full Time Equivalents) working from around 1,000 sites in over 580 UK towns and cities. Every working day the Department takes some 15,000 job vacancies and processes over 830,000 job searches via the internet; conducts over 65,000 adviser interviews to help people prepare for work; helps over 6,000 people move into work; processes over 2,700 applications for State Pension and over 1,100 claims to Pension Credit; makes around 2.8 million benefit payments and processes over 20,000 new benefit claims; visits over 2,500 customers; and oversees around 3,300 new or renewal claims for Disability Living Allowance. Its main delivery arms are Jobcentre Plus and the Pension, Disability and Carers Service. It also has responsibility for the Health & Safety Executive and the Child Maintenance and Enforcement Commission.

Key challenges

DWP is a successful department, reacting positively to past challenges by:

- Using an active labour market strategy delivered by Jobcentre Plus and the 'Get Britain Working' initiative to help deal with the economic downturn
- Putting in place the largest public sector virtual contact centre network in Europe
- Delivering Pensions Transformation.

Because DWP sits at the heart of the Government's welfare reform agenda it will need to build on its capabilities to ensure continuing success. The priorities for delivering the agenda are¹:

Reform the welfare system: Introduce the Universal Credit and other reforms to simplify the welfare system and to ensure that the system always incentivises work and that work always pays. The overall reform package will help to make the welfare system affordable in the longer term.

Get Britain working: Introduce the Work Programme, an integrated package of personalised support to get people into work – from jobseekers who have been out of work for some time, to those who may have been receiving incapacity benefits for many years.

¹ DWP Business plan 2011 – 2015 http://www.number10.gov.uk/wp-content/uploads/DWP_business-plans.pdf

1. Challenges for the Department

Help tackle the causes of poverty: Develop a welfare system that recognises work as the primary route out of poverty and reduces the number of children in workless households. Introduce a new child poverty strategy focused on eradicating child poverty by 2020.

Pensions reform: Provide decent State Pensions, encourage employers to provide high quality pensions and make automatic enrolment and higher pension saving a reality. Phase out the default retirement age to allow more flexibility.

Achieve disability equality: Improve equality by promoting work for disabled people, developing new ways to deliver Access to Work and introducing Work Choice to provide employment support for disabled people facing the greatest barriers. Support more independent living for those who face the greatest barriers, and cannot work.

Improve our service to the public: Continue to deliver an excellent service to the public, improving its speed, ease and efficiency.

DWP must deliver this huge transformation agenda while helping people into work, and making sure benefits, allowances and pensions are paid accurately and promptly.

The Department also faces significantly reduced baseline budgets (reducing by 26 per cent across the SR10 period 2010-15) and a need to downsize its corporate centre by 40 per cent, requiring the adoption of different ways of working. This means rising to the challenge of innovating, leading change and managing with significantly less whilst maintaining and improving our standards in “the day job” – a huge task in any environment.




Our success depends on many things and many people. But there are four facets which stand out for the future, and it is these facets upon which our action plan is based:




- 1. Communications:** DWP needs to be more effective in communicating its purpose and vision and working with others, both inside and outside Government.
- 2. Leadership capability:** DWP needs the right team with the capability to lead throughout the challenge of departmental transformation, to help staff cope with uncertainty and new roles, and to ensure they are clear about their part in delivering the DWP vision.
- 3. Accountability:** DWP needs to be clear about boundaries of accountability, responsibility and the links to performance management by setting out clearly who is responsible for delivering what, trusting, developing and empowering individuals more and making our governance arrangements effective and proportionate.
- 4. Innovation:** DWP should be more open to innovation, ensuring we act in a way that encourages our staff, our stakeholders, and the public we serve.





2. Assessment of Capability

When performing well, DWP is a department that delivers. We are good at setting out what we intend to do and delivering services. DWP is a department that has delivered change, with successful responses to the economic downturn and introduction of new methods of delivery such as online services. DWP knows its client-base with our customer insight work that is among the best in class in Government and is at the centre of Universal Credit design.

Nonetheless, we could go further in building genuine relationships across our own organisation and with key departments and other stakeholders. The Department needs authentic leadership which engages our staff and enables us to be better connected from top to bottom, and there is always more we could do to value the ideas of our people. The Department should continue to empower and innovate and be prepared to push beyond the status quo.

Leadership		Assessment
L1	Set Direction	 Amber/Red
L2	Ignite passion, pace and drive	 Amber/Red
L3	Develop people	 Amber/Green

Strategy		Assessment
S1	Set strategy and focus on outcomes	 Amber/Green
S2	Base choices on evidence and customer insight	 Amber/Green
S3	Collaborate and build common purpose	 Amber/Red

Delivery		Assessment
D1	Innovate and improve delivery	 Amber/Red
D2	Plan, resource and prioritise	 Amber/Green
D3	Develop, clear roles, responsibilities and delivery models	 Amber/Green
D4	Manage performance and value for money	 Amber/Green

3. Capability Action Plan: Findings

Leadership

There is a clear direction for the Department, and our people are passionate about what they do

- The Welfare Reform and social justice agenda has been set out clearly by the new administration and is understood by senior management
- The changes to Executive Team were well received and the smaller team is already creating closer working. The consistency of message received recently is very welcome
- Staff feel loyalty to their “brands” and in any change we must ensure the drive and commitment is transferred. This demands excellent leadership and great explanation of what we are doing and why
- Senior leadership is showing more desire to be visible and outward looking. The ‘Back to the Floor’ initiative continues to provide senior leaders with a feel for, and understanding of, operational issues and will benefit from being refreshed
- The new Non-Executive Director roles are a positive development. We will need to test our thinking on structure, capability and change and provide challenge as appropriate.

But we should work to communicate the Department’s vision and purpose more effectively and engage staff and others better

- The vision, although clear, has not yet transmitted right through the organisation. Understanding the vision and purpose for all staff is a key driver of engagement and we need a golden thread running from the DWP vision to the work our people do. People really want to “do their bit, and do their best” but they want to know “how it fits in”
- External partners and providers also felt they would benefit from understanding the bigger picture for the Department, and have more involvement in decisions
- We need to increase the skills of middle management to handle change and other management and leadership capabilities. Some staff in the Department need a better understanding of the drivers of success in the non-public sector organisations we work with and through
- We need to empower people more, and value their ideas and innovation. The Government’s aspirations, particularly for personalisation and flexibility, will only be met through real creativity and innovation
- Recognising and developing talent needs to go beyond having programmes in place and requires genuine management of our highest performers
- While there is some evidence that poor performance is beginning to be addressed, it could be more systematic and part of the culture. We must continue working to raise managerial competence and confidence. The three tier marking system, with the majority receiving ‘consistently good’, can be seen as unfocussed as the middle band is too wide.

3. Capability Action Plan: Findings

Strategy

We are good at setting out what we want to do, and have developed excellent customer insight

- We have set clear benchmarks for our delivery staff which has enabled a strong focus on business results
- Our strategy for developing our service offering has largely been realised through the development of strategic telephony, on-line access such as JSA online, and cross-government initiatives such as Tell Us Once. This gives a good platform for the future
- We have very strong analytical capability, though it is not always used in a really focused way
- We have best-in-class customer insight which, with social research, is at the heart of our Universal Credit development
- These have enabled us to maintain strong customer focus throughout the Department despite the economic pressures, but need wider application
- We have well-established contacts with both current and potential key delivery partners
- There is considerable confidence and eager anticipation amongst the SCS of a refreshed strategy emerging, and high levels of confidence about the levels of political engagement with it. Going forward, this requires further refinement and relentless communication throughout the organisation.

We could make more of what other people can offer us and offer our people more

- Our key partners sometimes feel they should be more closely involved in decisions, and that we don't always fully understand the impacts of our proposals on them
- The Department could make more of the diverse knowledge of its providers. For example, seeking Work Programme providers' skills and thinking from other areas of their business
- The Department could be clearer about what good performance looks like for the future, both individually and organisationally. There is a great deal to be gained from reducing focus on process inputs and continuing to move our focus towards outcomes
- There is good opportunity to make more of the insight our front-line staff have about what works for whom, and where gaps exist
- Our horizon scanning capability can sometimes be hidden, and its findings not always effectively shared. We should keep working to identify challenges ahead and communicate these effectively across the Department
- We need to continue to learn from our projects and programmes and not just log the lessons from them
- Analysis must provide a fully objective view, and not give the impression of being used to support any particular pre-determined outcome.

3. Capability Action Plan: Findings

Delivery

The Department continues its strong record of delivery

- The Department has maintained its record on delivery performance in a challenging economic environment. It has implemented significant change, reduced staffing by around 10,000 people and continued to bear down on non-staff costs. Management information to support business delivery is accurate and reliable
- The Executive Team has become more integrated in its approach to performance management and planning, with a continuous planning system that is valued and effective. Resource allocation has become more timely and generally reflects day-to-day business priorities
- The widespread adoption of Lean, for which the Department is a leader in Government, has generated some innovation and reduced waste, producing very significant savings
- Performance of suppliers has been challenged where necessary. The most senior relationships have enabled some improvements to be made with key suppliers.

There are challenges ahead for successful delivery of reform and business as usual

- Delivery staff are motivated and enthusiastic about helping the people they serve. They feel a strong attachment to their business unit. The story of reform needs to keep being told convincingly, passionately and explicitly, to ensure their enthusiasm transmits to the new agenda and new structures, and mitigates the risks of increasing workload, rate of change, and personal uncertainty. Being good at leading “business as usual” will not be enough for the foreseeable future
- We need to improve timeliness of some of our management information, and managers’ confidence in using it
- Innovation, particularly from the front-line, could to be valued more and stimulated. This can also be applied to insight on customer behaviour with the default response being supportive and encouraging, valuing the contribution and feedback
- Clear prioritisation is needed to ensure that we can do the most important things really well and that we carefully manage use of our staff and resources across a number of different initiatives
- Responsibility and accountability for delivery should continue to be strengthened to provide absolute clarity about the respective roles of the centre of the Department, delivery partners, and those delivering services day-to-day. The changes announced to the Executive Team structure are a good start, and it will be important to follow these through
- More timely management information, whilst difficult in some areas such as fraud and error, should be sought (or robust proxies be put in place). This will help enable a greater sense of progress and achievement.

4. Capability Action Plan: Next steps

These are the key actions to address the issues identified in the review and improve the rating assessments. Although they will help to deliver our transformation, they do not represent all of the actions needed to realise it: Those are captured in the DWP Transformation Plan.

Area for development	Milestone	Date
Leadership & Strategy		
<p><u>Setting direction</u></p> <p>Communicating our future clearly</p> <p>Engaging all our staff to make it a reality, including externally as appropriate</p> <p>Use the work from the Corporate Centre Transformation to identifying ways of working and behaviours necessary to improve the Department's performance</p>	<p>Develop and agree the narrative to create momentum for bringing together structural and welfare change.</p> <p>Delivery plan for SCS engagement including launch including modelling behaviours.</p> <p>Regular, timely and effective communication to communicate the narrative / vision and ensure buy-in and build momentum.</p> <p>Link together our work on leadership, engagement and talent management through Corporate transformation and embed new ways of working and supporting behaviours at all levels. Delivery plan in place by September.</p>	<p>October 2011</p> <p>October 2011</p> <p>July 2011 to January 2013</p> <p>September 2011 to September 2012</p>
<p><u>Talent</u></p> <p>Selection, Management and Leadership training and development</p>	<p>Assess and understand the scale and nature of Leadership skills concerns from EO to SCS.</p> <p>Engage with Civil Service Learning to articulate future needs for Senior Leaders and front line managers.</p> <p>Turn process for Talent Management into active embedding of Talent Development in the line manager role, making the strategy and our policies on Talent Management a reality.</p> <p>Ensure that findings on the breadth of knowledge needed for the future (e.g. commercial awareness) are built into cross-government capability requirements.</p>	<p>Complete Audit by December 2011</p> <p>September 2011</p> <p>December 2011</p> <p>Ongoing</p>

4. Capability Action Plan: Next steps

Delivery		
<u>Performance</u>		
Performance Management including prioritisation and clarity of accountability	Establish clear role and remit for Portfolio Management Unit and robust process agreed with PPM and Executive Team for review and decisions.	October 2011
	Ensure that individual performance is effectively linked to the achievement of business objectives from top to bottom of the Department, and equip managers at all levels with better skills in having honest and difficult conversations.	April 2012
	Develop accountability matrix with underpinning behaviours to drive “common endeavour” for the SCS.	March 2012
<u>Innovation</u>		
Innovation – generating and valuing ideas	Define organisational home and allocate resource to sift, prioritise and champion the progression of value added ideas from Lean and “Idea street” against tight time constraints.	October 2011
	Use above resource to provide encouraging feedback to unsuccessful ideas explaining the rationale behind adverse decisions.	November 2011 onwards
	Provide ring-fenced resource to develop valuable ideas from the front line alongside our existing change activity.	October 2011 onwards
	Reward and recognise nurturing innovation through Key Work Objectives and competency descriptors.	October 2011

Approach to capability management

Many of the actions necessary to improve the Department’s capability are inextricably linked to the programme of change to restructure and transform the Department. This programme has already been instigated, and we are integrating the actions from this review into the programme plan.

The Department will use the programme plan to take stock of progress at six monthly intervals, starting in October. This will have the dual benefit of measuring the progress against our capability review actions and measuring our implementation success for our transformation. It will allow the Executive Team and Board to judge if anything more needs to be done to guarantee success, and any particular organisational pressure points.

Annex A: The model of capability



Annex A: The model of capability

L1: Set direction

- Do you have and communicate a clear, compelling and coherent vision for the future of the organisation?
- Does the Board work effectively in a corporate culture of teamwork, including working across internal boundaries and making effective use of non-executive directors?
- Does the Board take tough decisions, see them through and show commitment to continuous improvement of delivery outcomes?
- Does the Board lead and manage change effectively, addressing and overcoming resistance when it occurs?

L2: Ignite passion, pace and drive

- Do you create and sustain a unifying culture and set of values and behaviours which promote energy, enthusiasm and pride in the organisation and its vision?
- Are the leadership visible, outward looking role models communicating effectively and inspiring the respect, trust, loyalty and confidence of staff and stakeholders?
- Do you display integrity, confidence and self-awareness in your engagement with staff and stakeholders, actively encouraging, listening to and acting on feedback?
- Do you display passion about achieving ambitious results for customers, focussing on impact and outcomes, celebrating achievement and challenging the organisation to improve?

L3: Develop people

- Do you have people with the right skills and leadership across the organisation to deliver your vision and strategy? Do you demonstrate commitment to diversity and equality?
- Do you manage individuals' performance transparently and consistently, rewarding good performance and tackling poor performance? Are individuals' performance objectives aligned with those of the organisation?
- Do you identify and nurture leadership and management talent in individuals and teams to get the best from everyone? How do you plan effectively for succession in key posts?
- Do you plan to fill key capability gaps in the organisation and in the delivery system?

Annex A: The model of capability

S1: Set strategy and focus on outcomes

- Do you have a clear, coherent and achievable strategy with a single, overarching set of challenging outcomes, aims, objectives and success measures?
- Is your strategy clear what success looks like and focused on improving the overall quality of life for customers and benefiting the nation?
- Do you keep the strategy up to date, seizing opportunities when circumstances change?
- How do you work with your political leadership to develop strategy and ensure appropriate trade offs between priority outcomes?

S2: Base choices on evidence and customer insight

- Are your policies and programmes customer focused and developed with customer involvement and insight from the earliest stages? Do you understand and respond to your customers' needs and opinions?
- Do you ensure that your vision and strategy are informed by sound use of timely evidence and analysis?
- Do you identify future trends, plan for them and choose among the range of options available?
- Do you evaluate and measure outcomes and ensure that lessons learned are fed back through the strategy process?

S3: Collaborate and build common purpose

- Do you work with others in government and beyond to develop strategy and policy collectively to address cross-cutting issues?
- Do you involve partners and stakeholders from the earliest stages of policy development and learn from their experience?
- Do you ensure your department's strategies and policies are consistent with those of other departments?
- Do you develop and generate common ownership of the strategy with your political leadership, the board, the organisation, delivery partners and customers?

Annex A: The model of capability

D1: Innovate and improve delivery

- Do you have the structures, people capacity and enabling systems required to support appropriate innovation and manage it effectively?
- Do leaders empower and incentivise the organisation and its partners to innovate and learn from each other, and the front line, to improve delivery?
- Is innovation explicitly linked to core business, underpinned by a coherent innovation strategy and an effective approach towards risk management?
- Do you evaluate the success and added value of innovation, using the results to make resource prioritisation decisions and inform future innovation?

D2: Plan, resource and prioritise

- Do your business planning processes effectively prioritise and sequence deliverables to focus on delivery of your strategic outcomes, and do you make tough decisions on trade offs between priority outcomes when appropriate?
- Are your delivery plans robust, consistent and aligned with the strategy? Taken together will they effectively deliver all of your strategic outcomes?
- Do you maintain effective control of the organisation's resources? Do your delivery plans include key drivers of cost, with financial implications clearly considered and suitable levels of financial flexibility within the organisation?
- Are your delivery plans and programmes effectively managed and regularly reviewed?





D3: Develop clear roles, responsibilities and delivery models

- Do you have clear and well understood delivery models which will deliver your strategic outcomes across boundaries?
- Do you identify and agree roles, responsibilities and accountabilities for delivery within those models including among arm's length bodies? Are these well understood and supported by appropriate rewards, incentives and governance arrangements?
- Do you engage, align and enthuse partners in other departments and across the delivery model to work together to deliver? Is there shared commitment among them to remove obstacles to effective joint working?
- Do you ensure the effectiveness and efficiency of your delivery agents?

D4: Manage performance and value for money

- Are you delivering on the priorities set out in your strategy and business plans?
- Does the need to ensure efficiency and value for money underpin everything that you do?
- Do you drive performance and strive for excellence across the organisation and delivery system in pursuit of your strategic outcomes?
- Do you have high-quality, timely and well-understood performance information, supported by analytical capability, which allows you to track and manage performance and risk across the delivery system?
- Do you take action when you are not meeting (or are not on track to meet) all of your key delivery objectives?

Annex B: Assessment Criteria

 <p>Green</p>	<ul style="list-style-type: none"> • Outstanding capability for future delivery in line with the model of capability. • Clear approach to monitoring and sustaining future capability with supporting evidence and metrics. • Evidence of learning and benchmarking against peers and other comparators which confirms progress towards world class.
 <p>Amber/ Green</p>	<ul style="list-style-type: none"> • Has identified capability gaps, is already making improvements in capability for current and future delivery and is well placed to do so. • Is expected to improve further in the short term through practical actions that are planned or already underway and has clear metrics to support progress.
 <p>Amber/ Red</p>	<ul style="list-style-type: none"> • Has weaknesses in capability for current and future delivery and/or has not identified all weaknesses and has no clear mechanism for doing so. • More action is required to close current capability gaps and deliver improvement over the medium term.
 <p>Red</p>	<ul style="list-style-type: none"> • Significant weaknesses in capability for current and future delivery that require urgent action. • Not well placed to address weaknesses in the short or medium term and needs additional action and support to secure effective delivery.

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