



## DWP Autumn Performance Report 2005



## Progress against Public Service Agreement targets





# Department for Work and Pensions Autumn Performance Report 2005

Progress against Public Service Agreement targets

Presented to Parliament by the Secretary of State for  
Work and Pensions by Command of Her Majesty  
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## Foreword by the Secretary of State

Since we introduced Public Service Agreements seven years ago, they have underpinned the delivery of a highly ambitious work programme through sets of targets which help us to achieve accountability and transparency in the workings of Government.

I am pleased to introduce this Autumn Performance Report from the Department for Work and Pensions, which sits alongside the Departmental Report published each spring and sets out the progress that we have made over the last six months.

The report demonstrates that we have made enormous progress since 1997 in building a modern, active and inclusive welfare state, and that we are continuing to build on this success in our third term in Government:

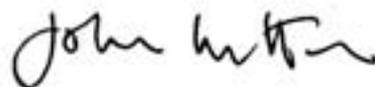
- 2.3 million more people are in work than in 1997, and there is new evidence that our active labour market policies are working; this report shows encouraging recent trends in the employment rates of traditionally disadvantaged groups such as lone parents and ethnic minorities.
- Pensioner poverty has fallen by two thirds since we came into office, and families with children in the poorest fifth of the population are now, on average, £3,200 a year better off than they were in 1997.
- The Disability Discrimination Act 2005 completed the most profound extension of disability civil rights that this country has ever seen. And the launch of the Office for Disability Issues was a real turning point in bringing disabled people to the heart of Government, by putting them at the centre of policy and service delivery design rather than expecting disabled people to fit around existing services.
- We have made great strides in modernising welfare delivery; we are already on course to exceed our targets for quicker processing of Housing Benefit claims and for reductions in the level of overpayments of Income Support and Jobseeker's Allowance due to fraud and error. 97% of our customers are being paid by direct debit, with the move to Direct Payment saving the taxpayer in excess of £1 billion over the next five years.

- Meanwhile we are working hard to improve awareness of retirement provision among those of working age; 7.2 million people were issued with a pension forecast between April and September 2005.

This interim report indicates real progress against stretching targets early in the reporting period, and is a tribute to the achievements of our dedicated staff working in the Department and its agencies, and to our voluntary and private sector partners.

But together, we also have a number of substantial challenges to face up to in coming months and years, and aspects of our work must improve. I am not complacent about the scale of these challenges. And because we recognise that there is still much to do in some areas, this report also lays out what we are intending to do to embed our successes across the board in the future.

The Department's *Five Year Strategy*, published in February this year, made clear our aspiration to achieve an 80% employment rate and set the agenda for far-reaching reform of welfare delivery, building on the success of Jobcentre Plus and the New Deals. It will provide the framework which will help us to face up to new challenges in a changing society, in particular the demographic challenge; to deliver our PSA targets in the future; and, ultimately, to build a fair and inclusive society which offers opportunity and independence for all.



**The Rt. Hon John Hutton MP**  
Secretary of State for Work and Pensions



## The Department's Ministers



**The Right Honourable John Hutton MP**  
Secretary of State for Work and Pensions



**The Right Honourable Margaret Hodge MP**  
Minister of State for  
Employment and  
Welfare Reform



**Stephen Timms MP**  
Minister of State for  
Pensions Reform



**James Plaskitt MP**  
Parliamentary Under  
Secretary (Commons)



**Lord Hunt of  
Kings Heath OBE**  
Parliamentary Under  
Secretary (Lords)



**Anne McGuire MP**  
Parliamentary Under  
Secretary (Commons) and  
Minister for Disabled People



The Department for Work and Pensions' aim and objectives

# Introduction

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The Department for Work and Pensions exists to deliver the Government's welfare reform agenda through a radical and far-reaching programme of change. Its principal aim is to **promote opportunity and independence for all**.

The Government's vision of the future welfare state is shaped by these core principles:

- Help people to help themselves by offering a ladder to self-reliance and self-determination, not merely a safety net in time of need.
- See work as the best route out of welfare.
- Promote understanding and enable people to make informed choices for themselves.
- Balance rights with responsibilities, while recognising the need for support and care where appropriate.
- Recognise our mutual interdependence and obligation to each other, promoting solidarity between generations, and the importance of using the resources of Government to help people cope with rapid economic and social change.
- Ensure the role of the state is active, liberating and enabling.
- Address the root causes of poverty and overcome intergenerational disadvantage and exclusion.
- Contribute to a stable and growing economy through investment in the potential of every individual, and flexibility of support in and out of work.

Similarly, the Department's principal aim is supported by a number of strategic objectives:

- to ensure the best start for all **children** and end child poverty by 2020;
- to promote work as the best form of welfare for **people of working age**,<sup>1</sup> while protecting the position of those in greatest need;
- to combat poverty and promote security and independence in retirement for **today's and tomorrow's pensioners**;
- to improve rights and opportunities for **disabled people** in a fair and inclusive society; and
- ensure customers receive a high quality service, including high levels of accuracy.

These objectives are underpinned by the Department's Public Service Agreement (PSA) which sets out the specific targets that must be met in return for the resources provided through the Government's Spending Review.

Spending plans for the financial years 2005–06 to 2007–08 were agreed as part of the 2004 Spending Review settlement, as set out in the White Paper *Stability, security and opportunity for all: Investing for Britain's long-term future* (Cm 6237, July 2004).<sup>2</sup> These PSA targets came into effect from April 2005.

<sup>1</sup> The Department's employment programmes and many of its initiatives do not have specific upper age eligibility limits. This recognises that people will increasingly wish to work up to age 65 and beyond.

<sup>2</sup> [www.hm-treasury.gov.uk/spending\\_review/spend\\_sr04/report/spend\\_sr04\\_repindex.cfm](http://www.hm-treasury.gov.uk/spending_review/spend_sr04/report/spend_sr04_repindex.cfm)

This report also includes an assessment of PSA targets for the 2003–04 to 2005–06 years which have not been rolled forward into the 2004 Spending Review agreement. These targets were published in the 2002 Spending Review White Paper *Opportunity and Security for All: Investing in an enterprising, fairer Britain* (Cm 5570, July 2002).<sup>3</sup> Figure 1 shows how the Spending Review 2004 (SR2004) targets have evolved from the Spending Review (SR2002) ones.

The purpose of this Autumn Performance Report is to provide information for the period up to November 2005 on the progress the Department has made towards all current PSA targets and the efficiency challenge initially announced in the 2004 Budget statement and specific targets set in SR2004.

It includes:

- PSA targets for the period up to March 2008;
- latest outturn on outstanding targets;
- details of how performance is measured and an assessment of data quality; and
- an up-to-date assessment on performance against the efficiency challenge.

This report is intended to complement the Department's Resource Accounts for 2004-05 which are expected to be published shortly. It also supplements the *Departmental Report*

<sup>3</sup> [www.hm-treasury.gov.uk/spending\\_review/spend\\_sr02/report/spend\\_sr02\\_repindex.cfm](http://www.hm-treasury.gov.uk/spending_review/spend_sr02/report/spend_sr02_repindex.cfm)

(Cm 6539, June 2005)<sup>4</sup> which provides a comprehensive account of the Department's activities and spending plans. Specifically, this Autumn Performance Report focuses on reporting baseline information for the Spending Review 2004 targets and assessments of progress against SR2002 and other outstanding targets.

### Measuring performance against targets

In order that judgements on final outturn against all PSA targets can be made on a consistent and comparable basis, the Department uses the terms set out below to describe performance.

## Ongoing targets

Term	Usage
Met early	There is no possibility of subsequent slippage during the lifetime of the target.
Ahead	Progress is exceeding plans and expectations.
On course	Progress is in line with plans and expectations.
Slippage	Progress is slower than expected, for example, by reference to criteria set out in a target's Technical Note.
Not yet assessed	New target for which data is not yet available.

## Other targets

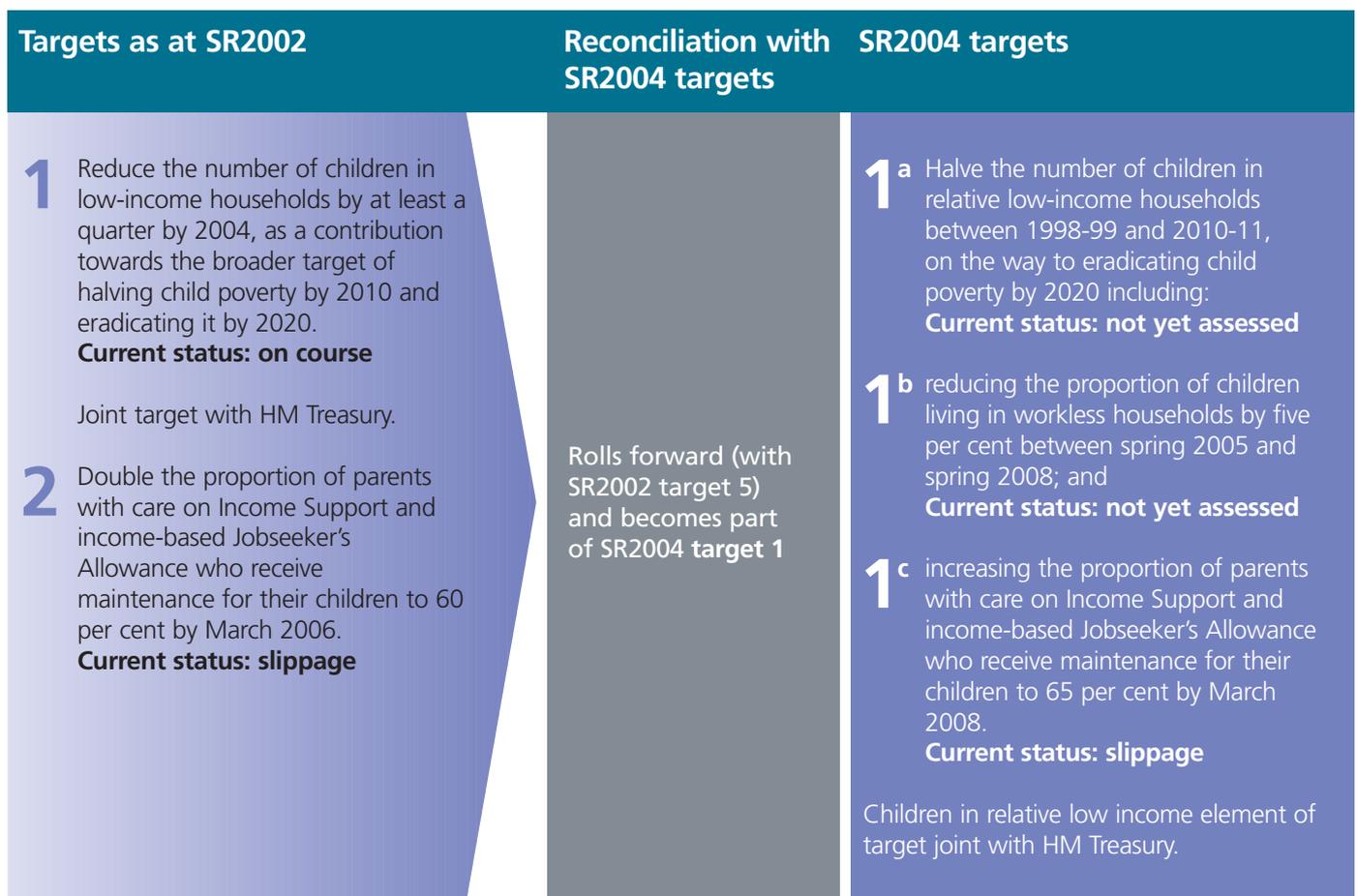
Term	Usage
Met	Target achieved by the target date.
Met-ongoing	For older open-ended targets where the target level has been met and little would be achieved by continuing to report the same information indefinitely.
Partly met	Target has two or more distinct elements, and some – but not all – have been achieved by the target date.
Not met	Target was not met or met late.

<sup>4</sup> [www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp)

Figure 1 illustrates the relationship between SR2002 and SR2004 targets. Eight targets from the 2002 Spending Review have been rolled forward to form part of the 2004 Public Service Agreement, while two of the targets

have not been rolled forward. The SR2004 agreement also includes five new targets. Performance assessments based on the latest available data are also indicated.

**Figure 1:** Evolution of targets from SR2002 to SR2004 and performance assessments against all targets



Targets as at SR2002	Reconciliation with SR2004 targets	SR2004 targets
<p><b>3</b> Demonstrate progress by spring 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle. <b>Current status: on course</b></p> <p>Joint target with HM Treasury</p> <p><b>4</b> Over the three years to spring 2006, increase the employment rates of disadvantaged areas and groups, taking account of the economic cycle and significantly reduce the difference between their employment rates and the overall rate.</p> <p><b>4<sup>a</sup></b> Lone parents <b>Current status: ahead</b></p> <p><b>4<sup>b</sup></b> Ethnic minorities <b>Current status: on course</b></p> <p><b>4<sup>c</sup></b> People aged 50 and over <b>Current status: on course</b></p> <p><b>4<sup>d</sup></b> Those with the lowest qualifications <b>Current status: on course</b></p> <p><b>4<sup>e</sup></b> Those living in the local authority wards with the poorest initial labour market position <b>Current status: on course</b></p> <p>Ethnic minorities element joint with Department of Trade and Industry.</p>	<p>Rolls forward and becomes part of SR2004 target 4</p>	<p><b>4</b> As part of the wider objective of full employment in every region, over the three years to spring 2008, and taking account of the economic cycle:</p> <p><b>4<sup>a</sup></b> Demonstrate progress on increasing the employment rate <b>Current status: on course</b></p> <p>Increase the employment rate of disadvantaged groups and significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate.</p> <p><b>4<sup>b</sup></b> Lone parents <b>Current status: not yet assessed</b></p> <p><b>4<sup>c</sup></b> Ethnic minorities <b>Current status: not yet assessed</b></p> <p><b>4<sup>d</sup></b> People aged 50 and over <b>Current status: not yet assessed</b></p> <p><b>4<sup>e</sup></b> Those with the lowest qualifications <b>Current status: on course</b></p> <p><b>4<sup>f</sup></b> Those living in the local authority wards with the poorest initial labour market position <b>Current status: not yet assessed</b></p> <p>Overall employment rate element (4a) joint with HM Treasury.</p>

Targets as at SR2002	Reconciliation with SR2004 targets	SR2004 targets
<p><b>5</b> Reduce the proportion of children in households with no one in work over the 3 years from spring 2003 to spring 2006 by 6½ per cent. <b>Current status: slippage</b></p>	<p>Rolls forward (with SR2002 targets 1 and 2) and becomes part of SR2004 target 1</p>	<p><b>3</b> As a contribution to reducing the proportion of children living in households where no one is working, by 2008:</p> <p><b>3<sup>a</sup></b> increase the stock of Ofsted-registered childcare by ten per cent; <b>Current status: met early</b></p> <p><b>3<sup>b</sup></b> increase the take up of formal childcare by lower income working families by 50 per cent; and <b>Current status: not yet assessed</b></p> <p><b>3<sup>c</sup></b> introduce by April 2005, a successful light touch childcare approval scheme. <b>Current status: on course</b></p> <p>Joint target with Department for Education and Skills through the Sure Start Unit.</p>
<p><b>6</b> By 2006, be paying Pension Credit to at least 3 million pensioner households. <b>Current status: slippage</b></p>	<p>Rolls forward and becomes part of SR2004 target 6</p>	<p><b>6</b> By 2008, be paying Pension Credit to at least 3.2 million pensioner households, while maintaining a focus on the most disadvantaged by ensuring that at least 2.2 million of these households are in receipt of the guarantee element. <b>Current status: slippage</b></p>

Targets as at SR2002	Reconciliation with SR2004 targets	SR2004 targets
<p><b>7<sup>a</sup></b> In the three years to 2006, increase the employment rate of people with disabilities, taking account of the economic cycle, and significantly reduce the difference between their employment rate and the overall rate. <b>Current status: on course</b></p> <p><b>7<sup>b</sup></b> Work to improve the rights of disabled people and to remove barriers to their participation in society. <b>Current status: on course</b></p>	<p>Rolls forward and becomes part of SR2004 target 8</p>	<p><b>8</b> In the three years to March 2008:</p> <p><b>8<sup>a</sup></b> further improve the rights of disabled people and remove barriers to their participation in society, working with other Government departments, including through increasing awareness of the rights of disabled people. <b>Current status: not yet assessed</b></p> <p><b>8<sup>b and c</sup></b> increase the employment rate of disabled people, taking account of the economic cycle and significantly reduce the difference between their employment rate and the overall rate, taking account of the economic cycle. <b>Current status: not yet assessed</b></p>
<p><b>8</b> Make significant progress towards modernising welfare delivery so that by 2005, 85 per cent of customers have their benefit paid into their bank accounts. <b>Current status: met early</b></p>	<p>Not rolled forward to SR2004</p>	<p><b>7</b> Improve working age individuals' awareness of their retirement provision such that by 2007-08:</p> <p><b>7<sup>a</sup></b> 15.4 million individuals are regularly issued a pension forecast <b>Current status: on course</b></p> <p><b>7<sup>b</sup></b> 60,000 successful pension traces are undertaken a year <b>Current status: not yet assessed</b></p>

Targets as at SR2002	Reconciliation with SR2004 targets	SR2004 targets
<p><b>9</b> Improve delivery of Department for Work and Pensions' services by setting published annual targets for each major business addressing accuracy, unit costs and customer service, becoming progressively more demanding over the three-year period.</p> <p><b>9<sup>a</sup></b> The Pension Service <b>Current status: slippage</b></p> <p><b>9<sup>b</sup></b> Child Support Agency <b>Current status: slippage</b></p> <p><b>9<sup>c</sup></b> Jobcentre Plus <b>Current status: slippage</b></p> <p>Disability and Carers Service<sup>5</sup> <b>Current status: on course</b></p>	<p>Not rolled forward to SR2004. Targets will continue to be set for the Department's executive agencies</p>	<p><b>9</b> Improve Housing Benefit administration by:</p> <p><b>9<sup>a</sup></b> reducing the average time taken to process a Housing Benefit claim to no more than 48 days nationally and across the bottom 15 per cent of local authorities to no more than 55 days, by March 2008, <b>Current status: on course</b></p> <p><b>9<sup>b</sup></b> increasing the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by 2008; and <b>Current status: not yet assessed</b></p> <p><b>9<sup>c</sup></b> increasing the number of cases in receipt of the Local Housing Allowance where the rent is paid directly to the claimant to 470,000 by 2008. <b>Current status: not yet assessed</b></p>
<p><b>10</b> Reduce losses from fraud and error for people of working age:</p> <p><b>10<sup>a</sup></b> in Income Support and Jobseeker's Allowance, with a 33 per cent reduction by March 2004 and 50 per cent by 2006; and <b>Current status: on course</b></p> <p><b>10<sup>b</sup></b> in Housing Benefit, with a 25 per cent reduction by 2006 <b>Current status: on course</b></p>	<p>Rolls forward and becomes part of SR2004 target 10</p>	<p><b>10</b> Reduce overpayments from fraud and error in</p> <p><b>10<sup>a</sup></b> Income Support and Jobseeker's Allowance <b>Current status: not yet assessed</b></p> <p><b>10<sup>b</sup></b> Housing Benefit <b>Current status: on course</b></p>

<sup>5</sup> Not part of PSA but included as additional information.

Targets as at SR2002	Reconciliation with SR2004 targets	
<p><b>Outstanding target from SR2000</b></p> <p>Reduce, by 2004–05, compared to 1999–2000:</p> <ul style="list-style-type: none"> <li>■ the incidence rate of fatal and major injury accidents by 5 per cent per 100,000 workers;</li> <li>■ the number of working days lost from work-related injury and ill health by 15 per cent per 100,000 workers; and</li> <li>■ the incidence rate of work-related ill health by 10 per cent per 100,000 workers.</li> </ul> <p><b>Current status: partly met</b></p>	<p>New PSA</p>	<p><b>2</b> Improve children's communication, social and emotional development so that by 2008, 50 per cent of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20 per cent most disadvantaged areas and the rest of England.</p> <p><b>Current status: not yet assessed</b></p> <p>Joint target with Department for Education and Skills through the Sure Start Unit.</p>
	<p>New PSA</p>	<p><b>5</b> By 2008 improve health and safety outcomes in Great Britain through progressive improvement in the control of risks from the workplace.</p> <p><b>Current status: not yet assessed</b></p>





## Progress against Spending Review 2004 targets

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This chapter is structured around the SR2004 targets which came into effect in April 2005. These are set out in five parts:

- Part One – targets related to children (PSA 1, 2 and 3).
- Part Two – targets related to employment and safety in the workplace (PSA 4 and 5).
- Part Three – targets related to retirement (PSA 6 and 7).
- Part Four – target related to disabled people (PSA 8).
- Part Five – targets related to the quality of service (PSA 9 and 10).

Where the SR2004 target takes forward an aim which was part of SR2002, an assessment of the latest position against the SR2002 target based on latest outturn data, is also provided.

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# Progress against Spending Review 2004 targets

## Part 1: Children

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**Objective:** to ensure the best start for all children and end child poverty by 2020.

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**SR2004 PSA target 1: Halve the number of children in relative low-income households between 1998–99 and 2010–11, on the way to eradicating poverty by 2020, including:**

- reducing the proportion of children living in workless households by 5 per cent between spring 2005 and spring 2008; and
- increasing the proportion of Parents with Care on Income Support and income-based Jobseeker's Allowance who receive maintenance for their children to 65 per cent by March 2008.

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

**PSA1a: halve the number of children in relative low-income households between 1998-99 and 2010-11, on the way to eradicating poverty by 2020.**

**Measurement**

The target to reduce child poverty is monitored by reference to the number of children in relative low-income households compared with 1998–99. The baseline is 3.3 million children in relative low-income households.<sup>6</sup>

Low-income households are defined as households with income below 60 per cent of contemporary median equivalised income, as reported in the Households Below Average Income (HBAI) statistics. These are published annually as National Statistics by the Department for Work and Pensions.

Income is equivalised (that is adjusted to take into account variations in both the size and composition of the household) using the modified OECD scale. This scale is used with income measured before housing costs.

As with any survey, HBAI results are subject to sampling error. For children, the 95 per cent confidence range around a published estimate is of the order of plus or minus 130,000.

Additional background information to this target is available in the PSA Technical Note<sup>7</sup> and the 2005 Departmental Report.<sup>8</sup>

**Performance**

Progress on this target is **not yet assessed**. Latest data<sup>9</sup> shows that in 2003–04, there were 2.8 million<sup>10</sup> children in relative low-income households. This represents a 15 per cent reduction from the 1998–99 baseline.

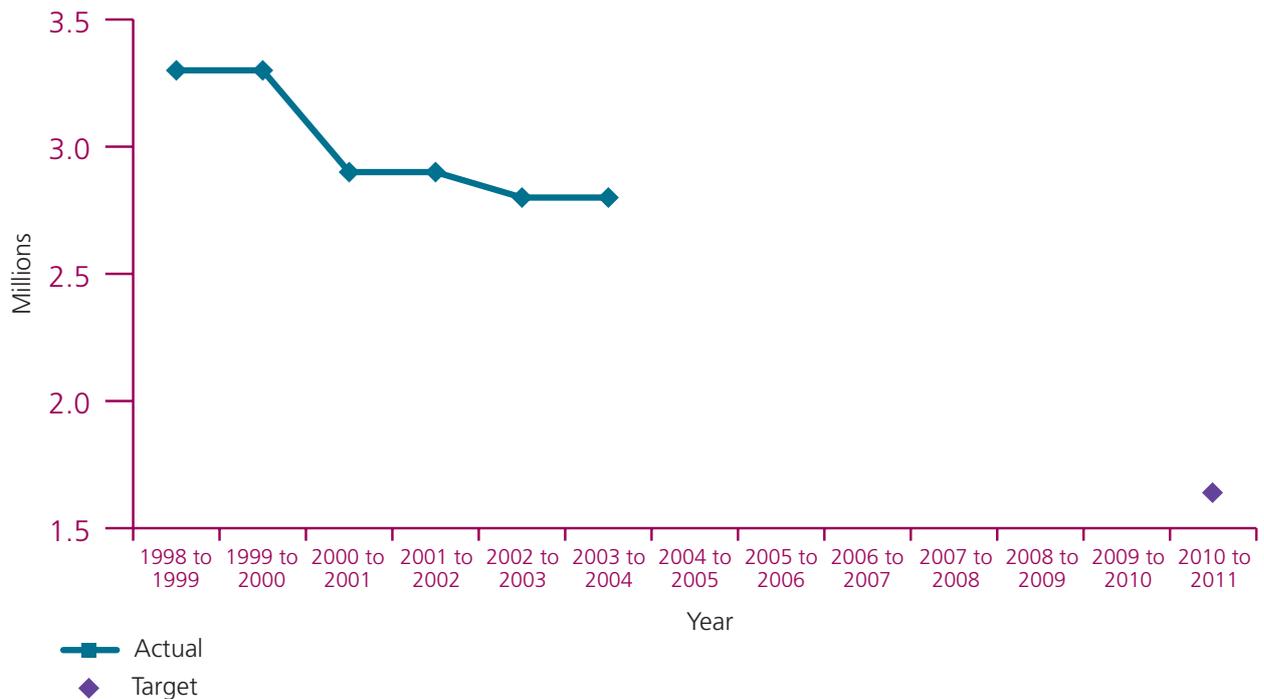
<sup>6</sup> DWP statisticians revised the grossing regime used for HBAI results in the 2003–04 publication. This resulted in a revision to the 1998–99 estimate for the number of children living in households below 60% of the median from 3.4 million to 3.3 million.

<sup>7</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

<sup>8</sup> [www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp)

<sup>9</sup> [www.dwp.gov.uk/asd/hbai/hbai2004/contents.asp](http://www.dwp.gov.uk/asd/hbai/hbai2004/contents.asp)

<sup>10</sup> Due to changes in the equivalisation scale used, this figure is different from those quoted in earlier publications. From SR 2004, these figures are based on the modified OECD scale while earlier figures were based on the McClements scale.

**Figure 2:** Children living in relative low-income households

Progress made towards the SR2002 target will contribute towards the SR2004 target. *The Child Poverty Review*<sup>11</sup>, published alongside the SR2004 white paper, outlined a long-term strategy for meeting this target and a number of measures are now in place to deliver on this strategy.

**SR2002 target rolled forward: PSA 1 – reduce the number of children in low-income households by at least a quarter by 2004, as a contribution towards the broader target of halving child poverty by 2010 and eradicating it by 2020.**

### Performance

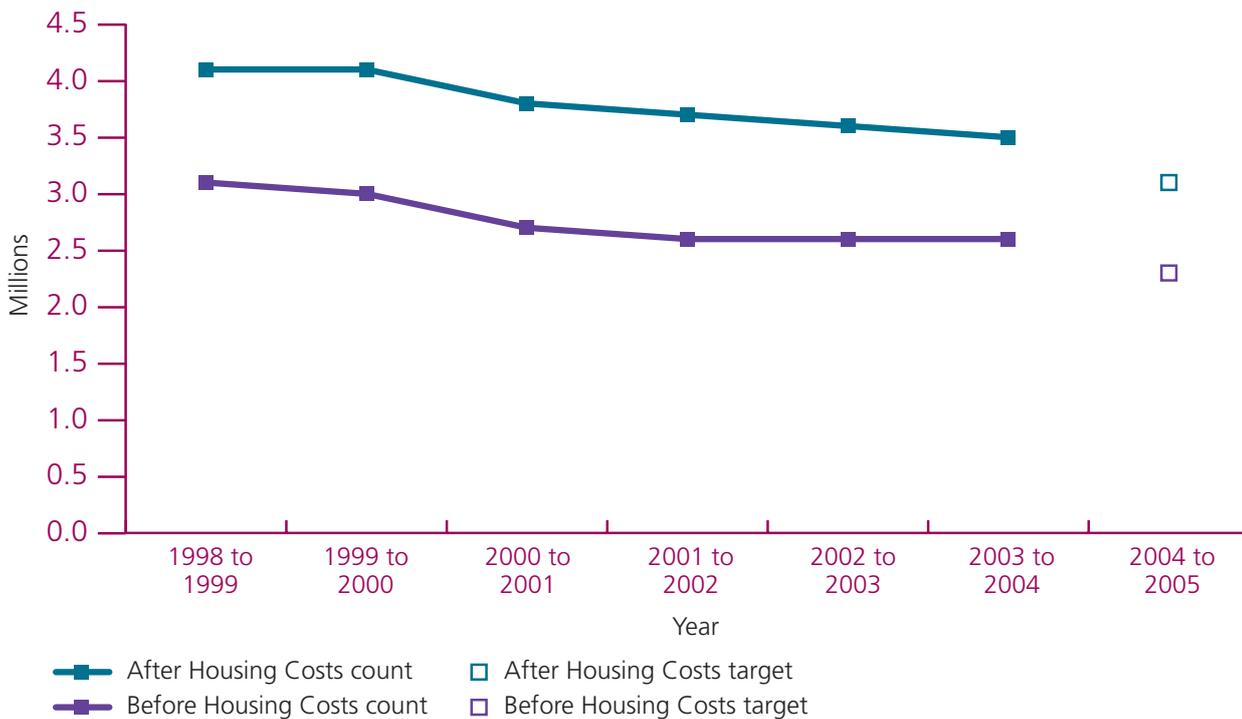
The Government is **on course** to meet the target on a before housing costs basis. Achieving the target is less certain on an after housing costs basis, but there are uncertainties either way.

The baseline for this target is 4.1 million after housing costs and 3.1 million before housing costs. The target is monitored by reference to the number of children in relative low-income households compared with 1998–99. Progress is measured on both a before and an after housing cost basis, using the McClements equalisation scale<sup>12</sup>, and so the baselines differ from the SR2004 target.

11 [www.hm-treasury.gov.uk/spending\\_review/spend\\_sr04/associated\\_documents/spending\\_sr04\\_childpoverty.cfm](http://www.hm-treasury.gov.uk/spending_review/spend_sr04/associated_documents/spending_sr04_childpoverty.cfm)

12 [www.dwp.gov.uk/asd/hbai/hbaiconsult.pdf](http://www.dwp.gov.uk/asd/hbai/hbaiconsult.pdf)

**Figure 3: Children living in relative low-income households**



Data for 2003–04<sup>13</sup> shows that there were 2.6 million children in poverty before housing costs and 3.5 million after housing costs.<sup>14</sup> Figure 3 shows that progress has been made towards the SR 2002 target to reduce the number of children in low income by a quarter. Between 1998–99 and 2003–04 the number of children in low-income households

fell by 600,000 after housing costs and by 500,000 before housing costs. This is largely due to the investment in financial support for families combined with continued progress against employment targets. The latest data does not include the full effect of tax credits introduced in April 2003 or the increase in Child Tax Credit in April 2004.

<sup>13</sup> [www.dwp.gov.uk/asd/hbai/hbai2004/contents.asp](http://www.dwp.gov.uk/asd/hbai/hbai2004/contents.asp)

<sup>14</sup> In this year's HBAI Department for Work and Pensions' statisticians have adopted a final grossing regime that gives population totals that better match National Statistics counts of people in different age groups. It also yields Family Resources Survey-based estimates for all countries and regions that are consistent with official population estimates. As a result of these changes, there were revisions in estimates for the base population, and small revisions to headline counts of those in low income. This resulted in a revision to the 1998-99 estimate for the number of children living in households with incomes below 60 per cent of median on the after housing costs (AHC) measure.

**PSA1b:** reduce the proportion of children living in workless households by 5 per cent between spring 2005 and spring 2008.

**Measurement**

The baseline for this target is the proportion of children in workless households at spring (March–May) 2005 – 15.7 per cent.<sup>15</sup> Progress is monitored every six months on the basis of both spring and autumn data. Measurement is based upon data from the Household LFS and the rates for children in different types of households (lone parent, couples and others<sup>16</sup>) are examined separately so that the impact of demographic change on the target can be

identified. The estimates of the proportion of children in workless households are subject to a degree of sampling variability given the relatively small sample sizes involved.

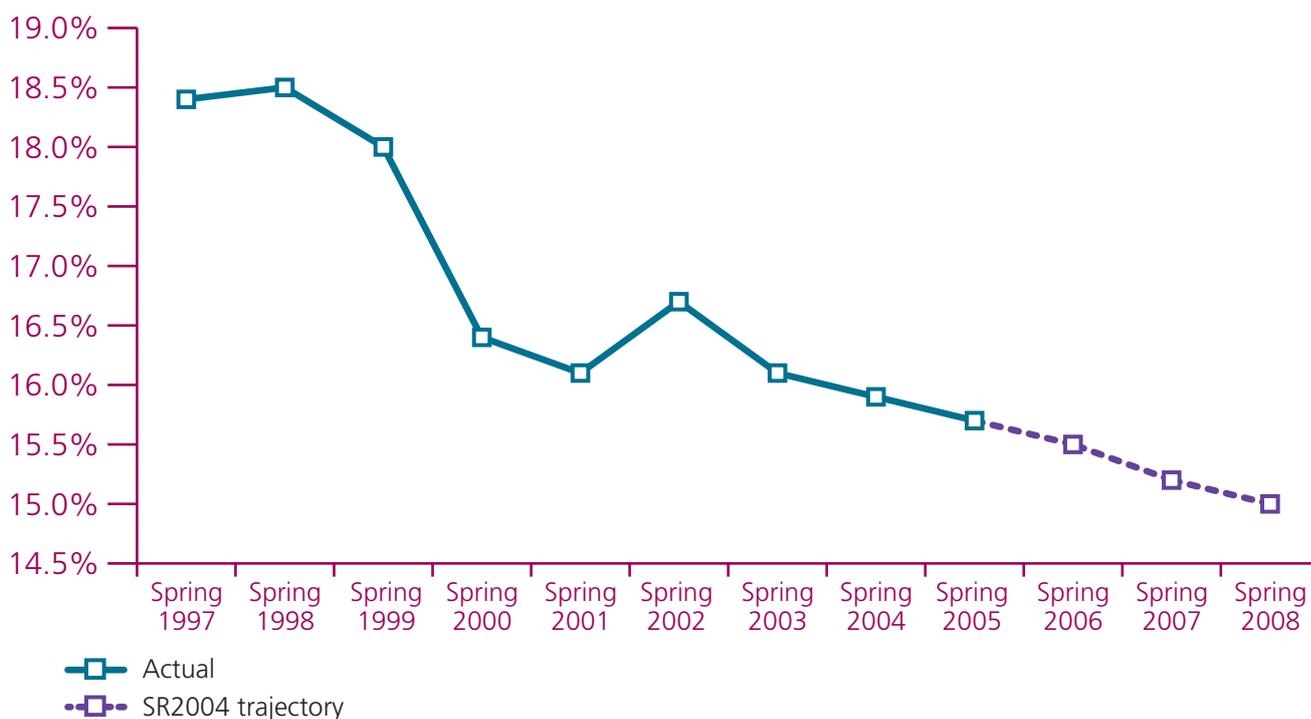
Further information on this target is available in the PSA Technical Note<sup>17</sup> and the 2005 Departmental Report.<sup>18</sup>

**Performance**

Performance against this target is **not yet assessed**. In order to account for seasonal and other variations, the initial assessment will be based on spring 2006 figures.

Figure 4 shows the current progress to date and the required future trajectory to meet the target by spring 2008.

**Figure 4:** Proportion of children living in workless households – 2008 trajectory



15 Source: Household Labour Force Survey.

16 These include multiple family units and households where there are non-partnered adults living together, for example a lone parent with a child aged over 16.

17 [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

18 [www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp)

**SR2002 target rolled forward: PSA 5 – reduce the proportion of children in households with no one in work over the three years from spring 2003 to spring 2006 by 6.5 per cent.**

**Performance**

There has been some **slippage** in progress towards this target.

A 6.5 per cent reduction means that by spring 2006, only 15.1 per cent of children should be living in workless households. By spring 2005 however, the proportion of children living in workless households was 15.7 per cent (1.75 million), representing a reduction of only 0.4 percentage points from the baseline. A further reduction of 0.6 percentage points would have to be achieved in 2005–06, if this target is to be met.

**Figure 5: Proportion of children in workless households**



### Improving performance

Current resourcing pressures have led to a focus on supporting and consolidating the existing lone parent strategy, because:

- two thirds of children in workless households live in households that contain a lone parent; and
- policies on partners are not expected to deliver significant outcomes, within the SR2002 time frame.

It is therefore likely that the SR2002 target will not be met. The SR2004 requirement of a reduction of 0.7 percentage points from 15.7 per cent to 15.0 per cent between spring 2005 and spring 2008 remains challenging.

More detail about the Department's lone parent strategy can be found under SR2002 PSA 4b.

PSA1c: increase the proportion of Parents with Care on Income Support and income-based Jobseeker's Allowance who receive maintenance for their children to 65 per cent by March 2008.

### Measurement

As this target is rolled forward from SR2002, the baseline remains October 2002 when the proportion of parents with care on benefits receiving maintenance was estimated to be around 30 per cent. Although the figure had fallen to 23 per cent by May 2004, latest data (May 2005) shows that 25 per cent of parents with care on benefit are now in receipt of maintenance.

The target will be measured using data from the Department's Child Support and Income Support computer systems, and includes applications administered under both the old and new child support schemes, which have had a maintenance calculation or assessment performed, including those for which the liability resulted in a nil amount.

Full details of the data sources used and background information to this target are available in the PSA Technical Note<sup>19</sup> and the 2005 Departmental Report.<sup>20</sup>

The figures provided are interim estimates based on the best information currently available and, as such, may be subject to change in the future. Although the target is defined in terms of parents/persons with care in receipt of benefit or those who are the partner of a benefit recipient, the Department is unable to report on partners of benefit recipients due to data limitations resulting from problems with the new IT system. Work is ongoing to improve this.

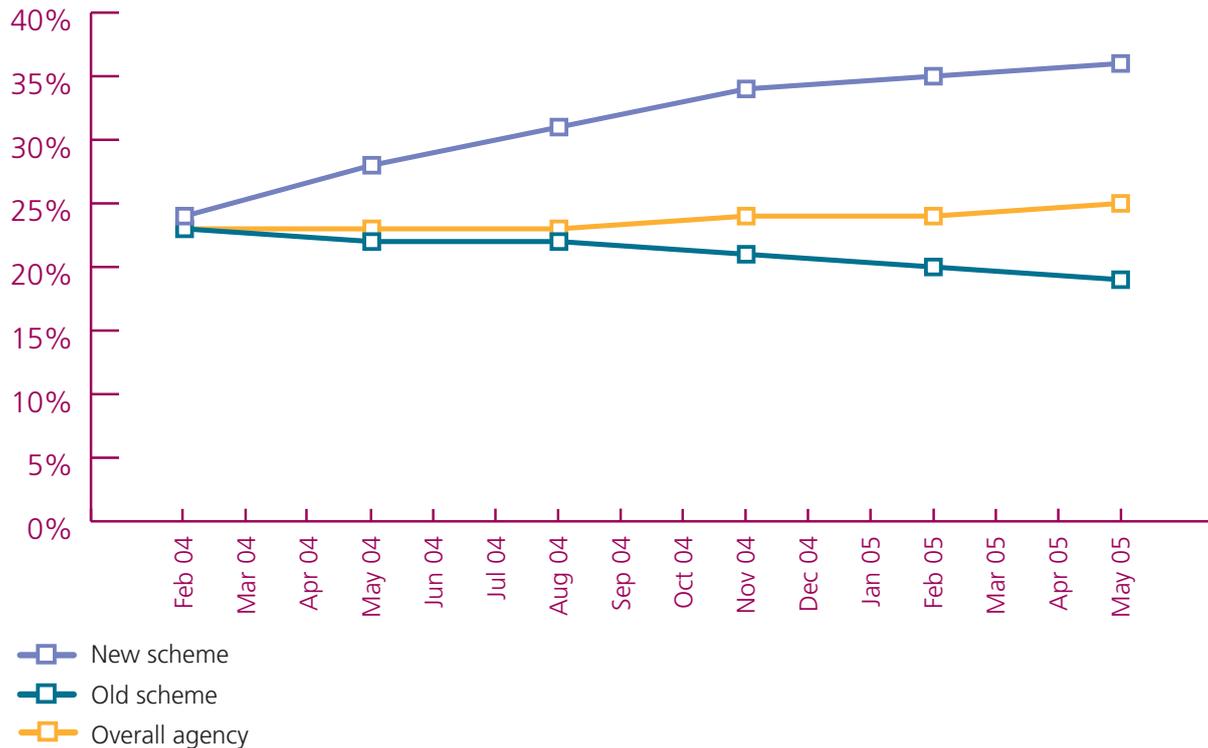
### Performance

There is **slippage** in progress towards this target. Up to the end of May 2005, the latest available data, the proportion of parents with care on Income Support and income-based Jobseeker's Allowance who received maintenance for their children stood at 25 per cent. Figure 6 shows performance since February 2004.

<sup>19</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

<sup>20</sup> [www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp)

**Figure 6:** Proportion of parents with care on Income Support/Jobseeker’s Allowance in receipt of maintenance



Achievement of this target is dependent upon the successful conversion of old scheme cases onto the new scheme, by December 2007.

The Child Support Agency’s chief executive is currently undertaking a root and branch review of the agency. He will report to Ministers and announcements will be made shortly.

**SR2002 target rolled forward: PSA 2 – double the proportion of parents with care on Income Support and income-based Jobseeker’s Allowance who receive maintenance for their children to 60 per cent by March 2006.**

**Performance**

There is **slippage** in progress towards this target. Achievement of this target is critically dependent on the conversion of old scheme cases onto the new scheme. As this will not be complete by March 2006, this target will not be met.

### Improving performance

Achievement of this target is dependent on:

- ensuring that non-resident parents are compliant with the Child Support Agency's maintenance calculations;
- prompt and accurate deduction by Jobcentre Plus of flat rate maintenance from non-resident parents' benefit; and critically
- the migration and conversion of old scheme cases to the new scheme.

**SR2004 PSA target 2: Improve children's communication, social and emotional development so that by 2008, 50 per cent of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20 per cent most disadvantaged areas and the rest of England.**

*Joint target with Department for Education and Skills and only relates to England, as provision of early years services and childcare are devolved issues.*

### Measurement

This target will be measured against the 2005 baseline and will identify how many children have reached a good level<sup>21</sup> of development at the end of the Foundation Stage. Measurement is based on the Foundation Stage Profile which is owned by the Qualifications and Curriculum Agency. The school year is the relevant data period and refers to all children completing the Foundation Stage in that particular year. Further information on this target is available in the PSA Technical Note.<sup>22</sup>

The level of increase is provisional and will be confirmed following an analysis of the 2005 Foundation Stage Profile results. The aim is to

21 A score of 6 points on all 7 assessment scales.

22 [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

reduce inequalities in achievement between children in deprived areas and those nationally but a specific level for this has not been set. The reduction in inequalities will be assessed by comparing the performance of children living in the 30 per cent most deprived Super Output Areas (equivalent to the 20 per cent most disadvantaged wards) with the national average. The target is based on assessment of data derived from a 10 per cent sample of the Foundation Stage Profile results which is developed annually for target setting purposes.

### Performance

Performance against this target is **not yet assessed**. This target will be measured using the Foundation Stage Profile. The 50 per cent level is provisional. The 2005 Foundation Stage Profile results are being analysed, with the target and trajectory likely to be set by the end of 2005. Progress will be measured annually; therefore, the first assessment of progress will be possible in the autumn of 2006.

### SR2004 PSA target 3: As a contribution to reducing the proportion of children living in households where no one is working, by 2008:

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

*Joint target with Department for Education and Skills and only relates to England, as provision of early years services and childcare are devolved issues.*

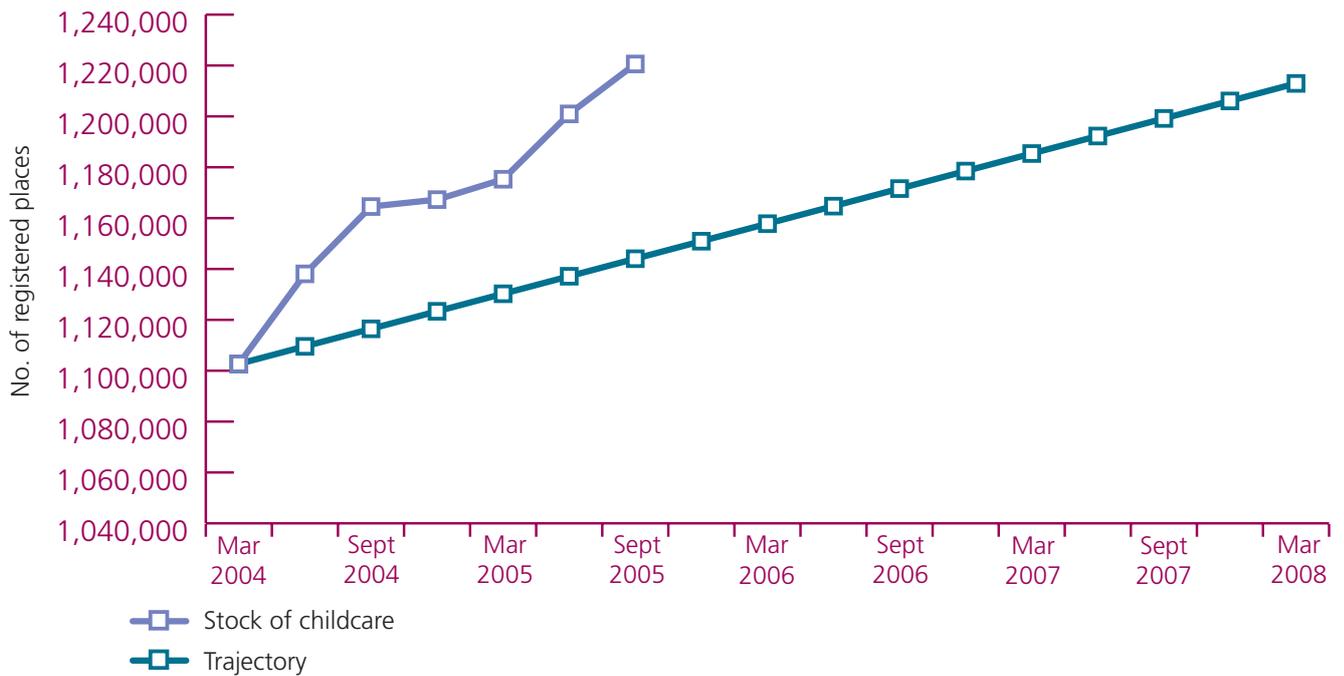
### PSA 3a: increase the stock of Ofsted-registered childcare by 10 per cent

### Measurement

Progress is measured against a March 2004 baseline – a stock of 1,102,684 Ofsted-registered childcare places in England. The aim is to increase the stock of childcare by 10 per cent, which represents a target of a total of 1,212,952 registered places. Measurement is based on Ofsted's quarterly childcare places registration data. Ofsted-registered childcare covers an estimated 92 per cent of total childcare places. Further detail on this target is available from the PSA Technical Note.<sup>23</sup>

<sup>23</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

**Figure 7: Ofsted registered childcare places in England**



**Performance**

This target has been **met early**. The stock of childcare places has increased by more than the desired 10 per cent, from 1,102,684 in March 2004 to 1,220,607 in September 2005. The target level for 2008 was 1,212,952 places.

**PSA 3b: increase the take up of formal childcare by lower-income working families by 50 per cent**

**Measurement**

The baseline for measuring this target is an average of 2003–04 and 2004–05 data. Data will be available in spring 2006. The target will be monitored by reference to Households Below Average Income (HBAI) data about the proportion of children in lower-income working families who use formal childcare.

HBAI Statistics are based on data drawn from the Family Resources Survey and are published annually. Further detail on this target is available from the PSA Technical Note.<sup>24</sup>

### Performance

Performance against this target is **not yet assessed**. The data source (HBAI) is published annually and with a time lag of approximately 12 months, data for 2004–05 will only become available in spring 2006. The baseline for this target will therefore only be set in spring 2006.

**PSA 3c: introduce, by April 2005, a successful light-touch childcare approval scheme**

### Measurement

Introduction of the Childcare Approval Scheme will be judged successful if:

- milestones are reached as per agreed timetable;<sup>25</sup>
- the scheme has the ability to provide an efficient service with an 80 per cent turnaround time of six weeks;
- the standard of service is achieved at a fee for individuals not higher than £125 per approval; and
- 15,000 approvals achieved<sup>26</sup> during the year ending March 31 2008.

Further detail on this target is available from the PSA Technical Note.

### Performance

Progress towards this sub-target is **on course**. The Childcare Approval Scheme was established with the necessary cost and quality provisions in place in April 2005. The 15,000 target level is still to be confirmed.

<sup>25</sup> available from the PSA Technical Note at: [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

<sup>26</sup> The 2008 level of approvals will be confirmed following receipt of data on take-up of measures on employer-supported childcare and on the number of approvals achieved by the end of the first year of the light-touch approval scheme in April 2006.

<sup>24</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)





Progress against Spending  
Review 2004 targets

**Part 2:**

Employment and  
well-being at work

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

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**SR2004 PSA target 4: As part of the wider objective of full employment in every region, over the three years to spring 2008, and taking account of the economic cycle:**

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

*The overall employment rate element is joint with HM Treasury.*

**PSA 4a: demonstrate progress on increasing the employment rate (joint target with HM Treasury).**

**Measurement**

The baseline against which this target is measured is spring 2005, when the employment rate was 74.9 per cent. The target is monitored using seasonally adjusted Labour Force Survey quarterly data.<sup>27</sup> Structural improvements in the employment rate are

<sup>27</sup> This has a sampling variability of 0.3 percentage points.

determined by controlling for the impact of wider economic developments.<sup>28</sup> Additional information on this target is available in the PSA Technical Note<sup>29</sup> and the Departmental Report.<sup>30</sup>

**Performance**

Progress towards this target is **on course**. The employment rate is available on a rolling four quarter basis, and latest data shows the GB rate at 75.0 per cent (Jul–Sep 2005), an increase of 0.1 of a percentage point. However, it is still early in the reporting period and the economy has been growing below trend so far this year. The fact that the employment rate has remained steady so far is an encouraging sign that the labour market remains strong. The section on SR2002 PSA 3 below shows the long term trend in the employment rate.

**SR2002 target rolled forward: PSA 3 – demonstrate progress by spring 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle [Joint target with HM Treasury].**

**Performance**

The Department is **on course** to meet both the employment and unemployment components to this target.

The UK is currently experiencing its strongest labour market in a generation. Latest figures show that for the July–September 2005 quarters, UK and GB employment rates stood at 74.9 and

<sup>28</sup> Information on the economic cycle is published by HM Treasury in Pre-Budget Reports and Financial Statement and Budget Reports. More detail can be found in the PSA Technical Note.

<sup>29</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

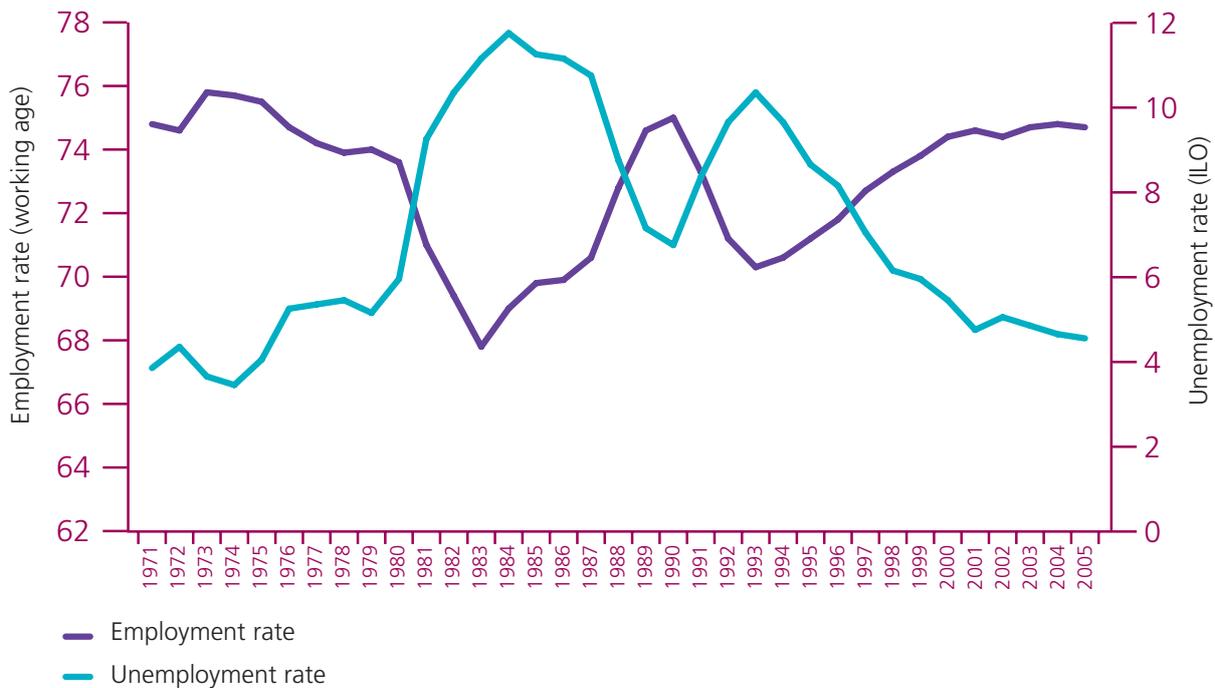
<sup>30</sup> [www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp)

75.0 per cent respectively. The UK employment rate remains the highest of the G7 group of industrialised countries. The economy is currently growing below trend, and at the start of the current economic cycle (H1 1997) - which is an on-trend point - the employment rate was 72.9 per cent. Since it is reasonable to expect that on returning to trend, the labour market will strengthen further, this means that the current GB employment rate represents a significant structural improvement over the current economic cycle.

At 4.7 per cent (Jul–Sep 2005), the UK has the second lowest ILO unemployment rate of the

G7 group of industrialised countries. The GB unemployment rate as at July–September 2005 was 4.8 per cent, compared to 5.0 per cent at the start of the SR2002 period (spring 2003) and 7.2 per cent at the start of the current economic cycle (spring 1997). So not only has the unemployment rate fallen since the start of the SR2002 period, but it is lower than at the start of the current economic cycle, which is an on-trend point. Since the economy is currently estimated to be below trend – and since it is reasonable to expect that on returning to trend, the labour market will strengthen further – this represents a significant structural improvement in the unemployment rate over the current economic cycle.

**Figure 8:** UK employment and unemployment



Note: This chart is for the UK, although the PSA target is for Great Britain. GB data is only available back to 1992, whereas the UK data is available back to 1971, providing a longer trend series. In fact the GB and UK long-term trends vary little, so the UK trend is a good proxy for the GB trend.

### Reasons for progress

The Department continues to implement its active labour market policies, aimed at reducing the number of people out of work. These include:

- tackling unemployment through the Jobseeker's Allowance regime, as delivered through our Jobcentre Plus network;
- tackling inactivity through a more work-focused welfare delivery system, such as the Pathways to Work pilot for people on incapacity benefit, New Deal for Lone Parents and New Deal for Disabled People;
- working with the private sector through New Deal options and Employment Zones; and
- increasing labour supply through making work pay – the minimum wage and working tax credits are examples.

It is the success of these policies, combined with a largely stable macro economy, which have resulted in the continued strength of the GB labour market.

**PSA 4b:** increase the employment rate of lone parents and significantly reduce the difference between the employment rate of this group and the overall rate.

### Measurement

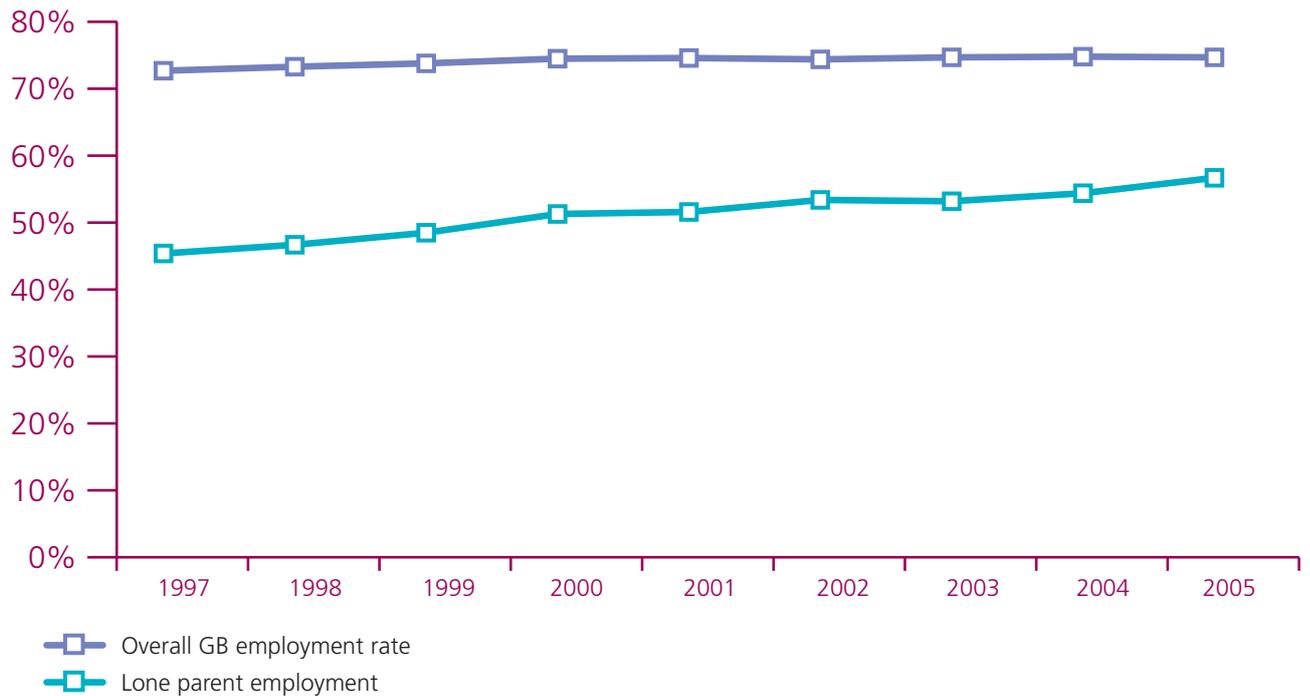
The baseline for this target is the spring 2005 lone parent employment rate of 56.6 per cent, and the gap with the overall rate of 18 percentage points. Data is obtained from the Household LFS. Figures are published twice a year by the Office for National Statistics, for the spring (Mar–May) and autumn (Sep–Nov) quarters.

A significant increase in the lone parent employment rate is defined in the Technical Note as at least a two percentage point increase in the Spending Review period. Similarly, the gap with the overall rate has to close by at least two percentage points for the reduction to be significant.

### Performance

Performance against the spring 2005 baseline is **not yet assessed**. Given the good performance of the lone parent employment rate to spring 2005 this target has become slightly more challenging.

**Figure 9:** Employment rates of lone parents and GB (overall)



Source: Household Labour Force Survey, Spring 2005

**SR2002 target rolled forward: PSA 4a –** over the three years to spring 2006, increase employment rate of lone parents, taking account of the economic cycle and significantly reduce the difference between their employment rate and the overall rate.

**Performance**

Progress towards the March 2006 milestone is **ahead** of expectations. The baseline for this target is the spring 2003 lone parent employment rate of 53.1 per cent, and the gap with the overall rate of 21.5 percentage points. At spring 2005 the employment rate was 56.6 per cent which represents a rise of 2.3 percentage points on the year.

### Reasons for progress

The increase in the lone parent employment rate in spring 2005 put the Department on course to meet the SR2002 target. The required increase of two percentage points from the baseline means that by spring 2006, the lone parent employment rate should be at least 55.1 per cent and the gap with the overall employment rate should be less than 19.5 percentage points. Given that this has already been achieved, the SR2002 target will be met provided the rate does not decline by more than 1.5 percentage points over the remainder of the 2002 Spending Review period.

The main actions contributing to the reported level of performance include:

- **Financial incentives:** introduced measures to ease the immediate transition into work as well as provide more long-term support to make work pay such as National Minimum Wage and Tax Credits.
- **Childcare:** the Department is working closely with Sure Start to develop initiatives which contribute to the 10 Year Childcare Strategy, *Choice for Parents, Best Start for Children* published alongside the 2004 Pre-Budget Report. Since 1997 the National Childcare Strategy has led to the creation of over 1.2 million new childcare places, benefiting more than 2 million children.
- **Increasing work focus:** engaging lone parents in the labour market by giving them the opportunity to get the help and support needed to enter work through, for example, mandatory Work Focused Interviews and the voluntary New Deal for Lone Parents.

**PSA 4c:** increase the employment rate of ethnic minorities and significantly reduce the difference between the employment rate of this group and the overall rate.

### Measurement

The baseline ethnic minority employment rate is the average of the four quarters from summer 2004 to spring 2005, which was 59.3 per cent. The baseline figure for the gap between this ethnic minority employment rate and the overall employment rate for Great Britain is 15.6 per cent.

A significant increase in the ethnic minority employment rate is defined in the PSA Technical Note<sup>31</sup> as at least a one percentage point increase in the Spending Review period. Similarly, the gap with the overall rate has to close by at least one percentage point for the reduction to be significant.

### Performance

Performance against this target is **not yet assessed**. Although the summer 2005 LFS data will be the first data point with which an assessment of performance can be made, two data points would provide a more reliable assessment. Data referring to both summer 2005 and autumn 2005 figures will be available in early 2006. An initial assessment can therefore be included in the spring Departmental Report.

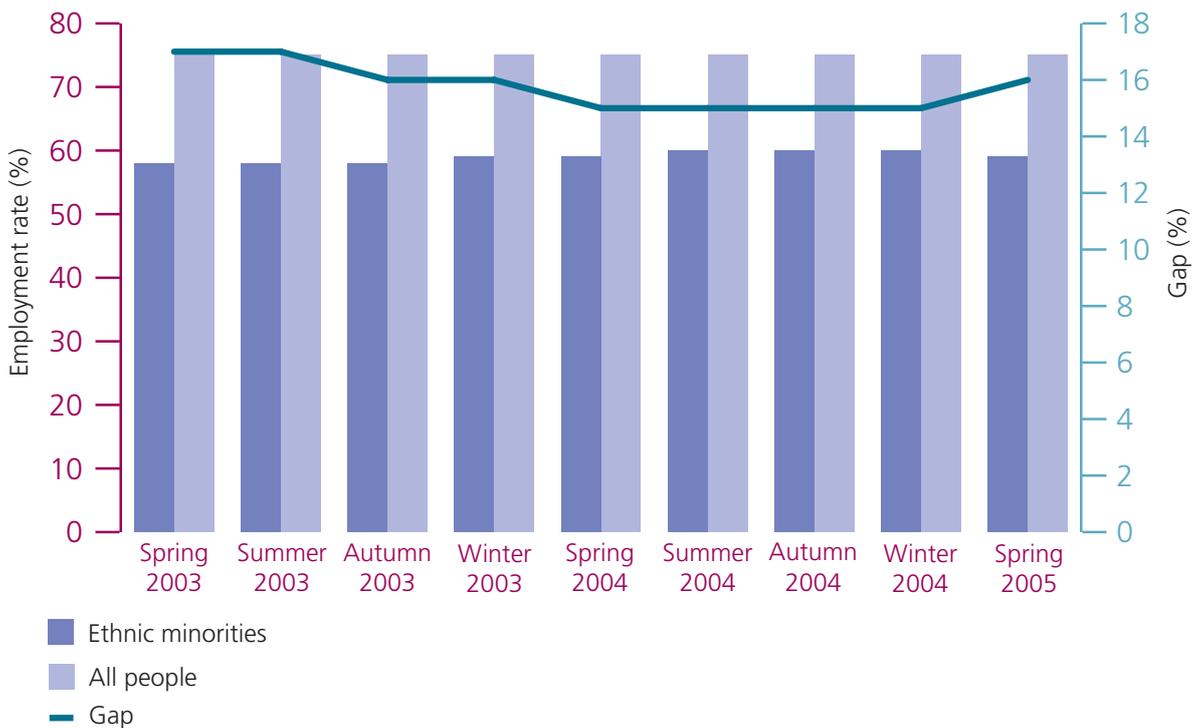
<sup>31</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)  
Further information on this target is also available from the 2005 Departmental Report at:  
[www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp)

**SR2002 target rolled forward – PSA 4b:** Over the three years to spring 2006, increase the employment rate of ethnic minorities and significantly reduce the difference between the employment rate of this group and the overall rate [Joint target with Department of Trade and Industry].

**Performance**

The Department is **on course** to meet this target. Figure 10 below shows the progress against this target over the two years to spring 2005. Latest estimates (the four quarter average to spring 2005), show an ethnic minority employment rate of 59.3 per cent and a gap against the overall employment rate of 15.6 percentage points. In relation to the target's baseline (four quarter average to spring 2003) of 57.8 per cent and 16.9 percentage points respectively, this represents a 1.5 percentage point increase in the employment rate and a 1.3 percentage point decrease in the gap with the overall population.

**Figure 10:** Ethnic minority employment rates and gap with overall GB rates



### Reasons for progress

This target forms part of the Government-wide Community Cohesion and Race Equality strategy. The Department for Work and Pensions has lead responsibility on the Ethnic Minority Employment Task Force, which coordinates the cross-government approach.

Working towards the target, the Department has:

- focused resource and effort in areas of high International Labour Office (ILO) unemployment and higher numbers of ethnic minorities;
- created more flexibility to allow managers to develop local responses to the needs of ethnic minority groups;
- increased Jobcentre Plus capacity to tackle employer discrimination and promote the recruitment of ethnic minorities; and
- found new ways to reach people who, for one reason or another, are out of the loop of current employment help.

PSA 4d: increase the employment rate of people aged 50 and over and significantly reduce the difference between the employment rate of this group and the overall rate.

### Measurement

The baseline is spring (March–May) 2005 when the employment rate for the age 50 to 69 group was 54.7 per cent, 19.9 percentage points lower than the overall rate. The employment rate is based on ILO definitions, using estimates from the Labour Force Survey. Data is received quarterly and is not seasonally adjusted.

This target now looks at the employment of 50 to 69-year-olds, an extension of the age group from the SR2002 target. This reflects an awareness of the one million people currently in work over State Pension Age, and policies which have supported and will further support those over State Pension Age who want to work.

### Performance

Progress on this target is **not yet assessed**. The estimated employment rate of 50 to 69 year olds in summer 2005 is 54.5 per cent and the gap with the overall employment rate is 20.6 percentage points. The rate is higher and the gap lower than last summer.

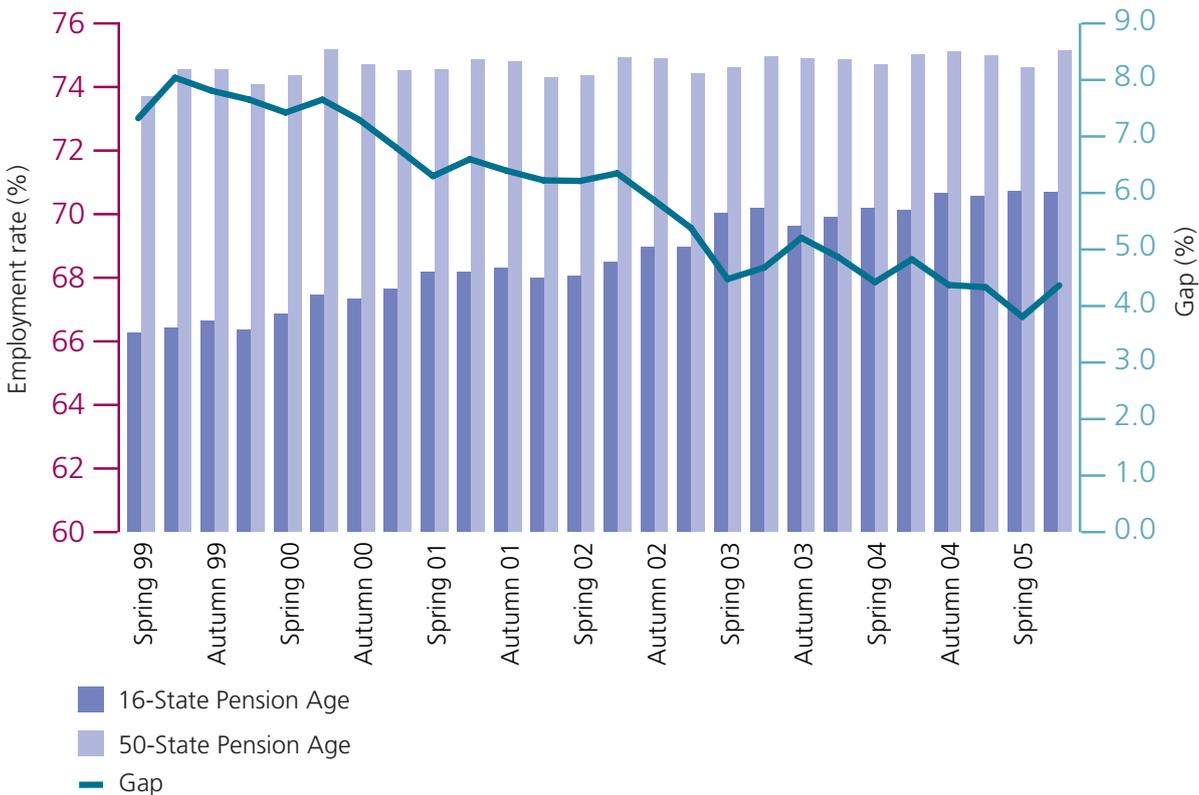
**SR2002 target rolled forward – PSA 4c:** Over the three years to spring 2006, increase the employment rate of people aged 50 and over and significantly reduce the difference between the employment rate of this group and the overall rate.

**Performance**

The Department is **on course** to meet this target. The baseline is spring 2003, when the employment rate for those aged 50 to State Pension Age was 70.0 per cent, 4.6 percentage points lower than the overall rate. The employment rate in recent quarters has tended

to be higher than the baseline and the gap with the overall employment rate lower. In spring 2005 the 50 to State Pension Age employment rate was 70.7 per cent and the gap with the overall average 3.9 percentage points.

**Figure 11:** Employment rates of people aged 50 to State Pension Age, those aged 16 to State Pension Age and the gap between the two



### Reasons for progress

The continued strength of the GB labour market has provided a positive context for the Government's policies towards older workers, including the promotion of age-diverse workforces. It also seems likely to have drawn some over 50s into the labour market. The employment rate has increased against a slightly unfavourable demographic change.

**PSA 4e:** increase the employment rate of those with lowest qualifications and significantly reduce the difference between the employment rate of this group and the overall rate.

### Measurement

The baseline is spring (March–May) 2005, when the employment rate for this group was 49.6 per cent and the gap with the overall employment rate was 25.1 percentage points.

A significant increase in the employment rate of the lowest qualified is defined in the PSA Technical Note<sup>32</sup> as at least a one percentage point increase in the Spending Review period. Similarly, the gap with the overall rate has to close by at least one percentage point for the reduction to be significant.

### Performance

Progress is **on course** to meet this target by spring 2008. There has been an improvement in performance against the spring 2005 baseline this quarter, and the four quarter moving average is above the projected level of growth required to meet the SR2004 target.

If the employment rate continues to grow at a similar rate the Department will remain on track to meet this target. The employment rate for the 15 per cent lowest qualified group has remained relatively stable over the past three years, as shown in Figure 12. This, however, masks an overall decline in the employment rate for those with no qualifications, which is currently at 48.8 per cent. As a result of demographic change, increasing numbers of older people with no qualifications are retiring, while younger people with some qualifications are reaching working age. This means that the 15 per cent lowest qualified group is increasingly made up of people with some qualifications, who enjoy a significantly higher employment rate than those with no qualifications.

The Department's forward projections, based upon Government Actuary's Department (GAD) population projections predict that the 15 per cent lowest qualified employment rate will be 51.9 per cent in spring 2008, which is just above the 51.7 per cent target level for SR2004.

<sup>32</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)  
Further information on this target is also available from the 2005 Departmental Report at:  
[www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp)

**SR2002 target rolled forward – PSA 4d:** Over the three years to spring 2006, increase the employment rate of people with the lowest qualifications and significantly reduce the difference between the employment rate of this group and the overall rate.

**Performance**

The Department remains **on course** to meet this target. The baseline for the SR2002 target was spring 2003, when the 15 per cent lowest

qualified employment rate was 50.2 per cent. While the current (spring 2005) rate is 49.6 per cent and under target, GAD-based projections, discussed above, predict an employment rate of 51.7 per cent by spring 2006. Despite predicted falls in the No Qualifications employment rate, the demographic effect of a reduced proportion of the 15 per cent lowest qualified group with no qualifications means the Department remains on course to meet this target.

**Figure 12:** Employment rates and projections for the 15 per cent lowest qualified<sup>33</sup>



<sup>33</sup> Employment rate figures in the graph are based on a four quarter moving average and may therefore slightly differ from actual quarterly figures quoted elsewhere.

### Reasons for progress

A positive demographic effect is the main reason for the reported stability in performance. There is however, a clear need to tackle the low employment rate of the group with no qualifications. The Department will be publishing an evidence-based strategy on this in due course.

**PSA 4f:** increase the employment rate of those living in local authority wards with the poorest initial labour market position and significantly reduce the difference between the employment rate of this group and the overall rate.

### Measurement

The baseline for this target is intended to be a four quarter average of LFS data to spring 2005 across all the selected wards. As retrospective data is not available, the baseline has not yet been decided. The Department is working with National Statistics to agree an appropriate level.

A significant increase in the employment rate of people living in local authority wards with the poorest initial labour market position is defined in the PSA Technical Note<sup>34</sup> as at least a one percentage point increase in the Spending Review period. Similarly, the gap with the overall rate has to close by at least one percentage point for the reduction to be significant.

### Performance

Progress towards this target is **not yet assessed**. Subject to agreement on the baseline, an initial assessment will be available in the spring 2006 Departmental Report.

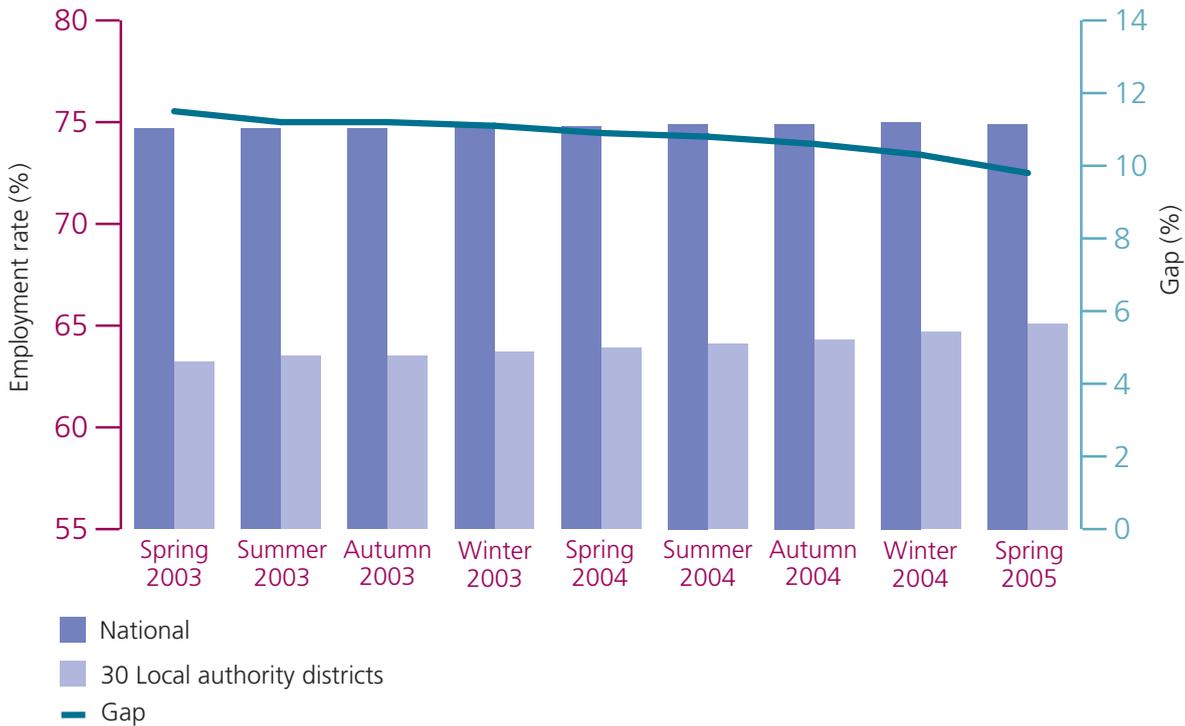
**SR2002 target rolled forward – PSA 4e:** Over the three years to spring 2006, increase the employment rate of disadvantaged groups – those living in local authority districts with the poorest initial labour market position and significantly reduce the difference between the employment rate of this group and the overall rate

### Performance

The Department is **on course** to meet this target. Since the spring 2003 baseline, the employment rate for the thirty local authority districts has increased by 1.9 percentage points to 65.1 per cent in and the gap has decreased by 1.7 percentage points to 9.8 per cent in spring 2005. Progress at this rate provides a statistically significant increase in the areas' employment rate and reduction in the areas' employment rate gap compared with the national average.

<sup>34</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)  
Further information on this target is also available from the 2005 Departmental Report at:  
[www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp)

**Figure 13:** Employment rates in the 30 local authority districts with the poorest initial labour market position



**Reasons for progress**

Reported progress towards this target is primarily due to the growth of the wider economy as well as the performance of the Department’s employment programmes.

**PSA target 5: By 2008 improve health and safety outcomes in Great Britain through progressive improvement in the control of risk in the workplace.**

Further detail on this target is available in the Technical Note.<sup>35</sup>

**Measurement**

This target is measured by reference to a number of sub-targets, which are grouped under the two main areas of the Health and Safety Commission/Executive's work.

Progress towards the **conventional health and safety sub-targets**<sup>36</sup> is measured against a 2004–05 baseline when:

- the incidence rate of work-related fatal and major injuries was 118.4 per 100,000 workers;
- the incidence rate of self-reported work-related ill health was 1,800 per 100,000 workers (1.8 per cent); and
- the number of working days lost due to work-related injury and ill health was 1.5 per 100,000 workers.

The **major hazards sub-targets** are measured against a 2001–02 baseline when:

- the number of events reported by licence holders, which the Health and Safety Executive's Nuclear Installations Inspectorate judges as having the potential to challenge a nuclear safety system was 143;
- the number of major and significant hydrocarbon releases in the offshore oil and gas sector was 113; and
- the number of relevant RIDDOR<sup>37</sup> reportable dangerous occurrences in the onshore sector was 179.

Data for monitoring this target is gathered from various sources:

For the **conventional health and safety sub-targets**, sources include the Labour Force Survey; Self-reported Work-related Illness household surveys; The Health and Occupation Reporting network; and other reports made under RIDDOR. The Health and Safety Executive publishes annual progress reports each autumn.<sup>38</sup>

The three measures of occupational health and safety outcomes (work-related injuries, work-related ill health, working days lost) are subject to sampling error/statistical uncertainty. To maximise the ability to detect change, the judgement on progress will be based on analysis of movements from all relevant data

35 [www.hse.gov.uk/aboutus/plans/sr2004.htm](http://www.hse.gov.uk/aboutus/plans/sr2004.htm)

36 [www.hse.gov.uk/revitalising/what\\_is/index.htm](http://www.hse.gov.uk/revitalising/what_is/index.htm)

37 Reporting of injuries, diseases and dangerous occurrences regulations.

38 [www.hse.gov.uk/statistics/targets.htm](http://www.hse.gov.uk/statistics/targets.htm)

sources, including indicators of the control of risks in the workplace, as well as data from other sources

For the **major hazards sub-targets**, data is obtained from reports made to HSE for the nuclear and offshore sectors and relevant reports made under RIDDOR for the onshore sector.

Data is collected quarterly and made public on the Health and Safety Executive's website. Progress is formally published annually in the Health and Safety Commission's Annual Report.

**Figure 14:** Conventional health and safety sub-targets and performance

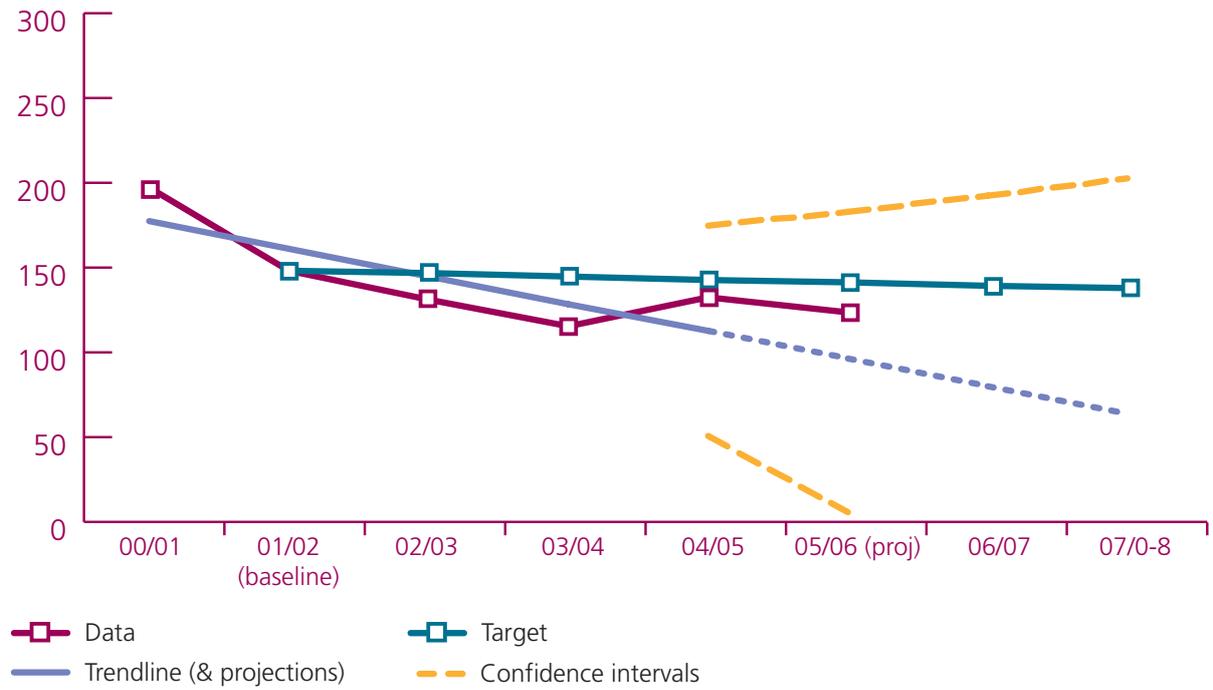
Sub-target	Baselines: 2004–05	2007–08 target
Injury reduction	118.4 injuries per 100,000 employees	3 per cent reduction
Ill health reduction	1800 per 100 000 employed	6 per cent reduction
Days lost reduction	1.5 days lost per worker	9 per cent reduction

**Figure 15:** Major hazards sub-targets and performance

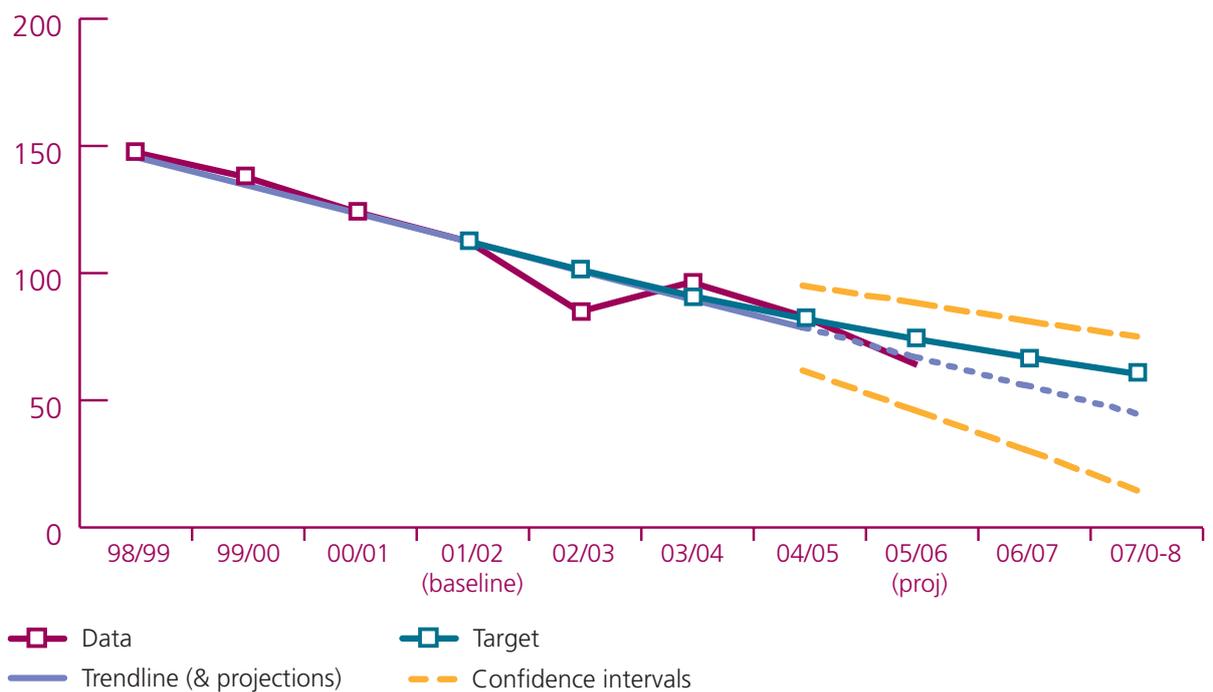
Sub-target	Baselines: 2001–02	Outturn to Q2 2005–06*	2007–08 target
Nuclear industries	143	59	7.5 per cent reduction
Offshore hazardous installations	113	32	45 per cent reduction
Onshore hazardous installations	179	60	15 per cent reduction

\*Latest figures.

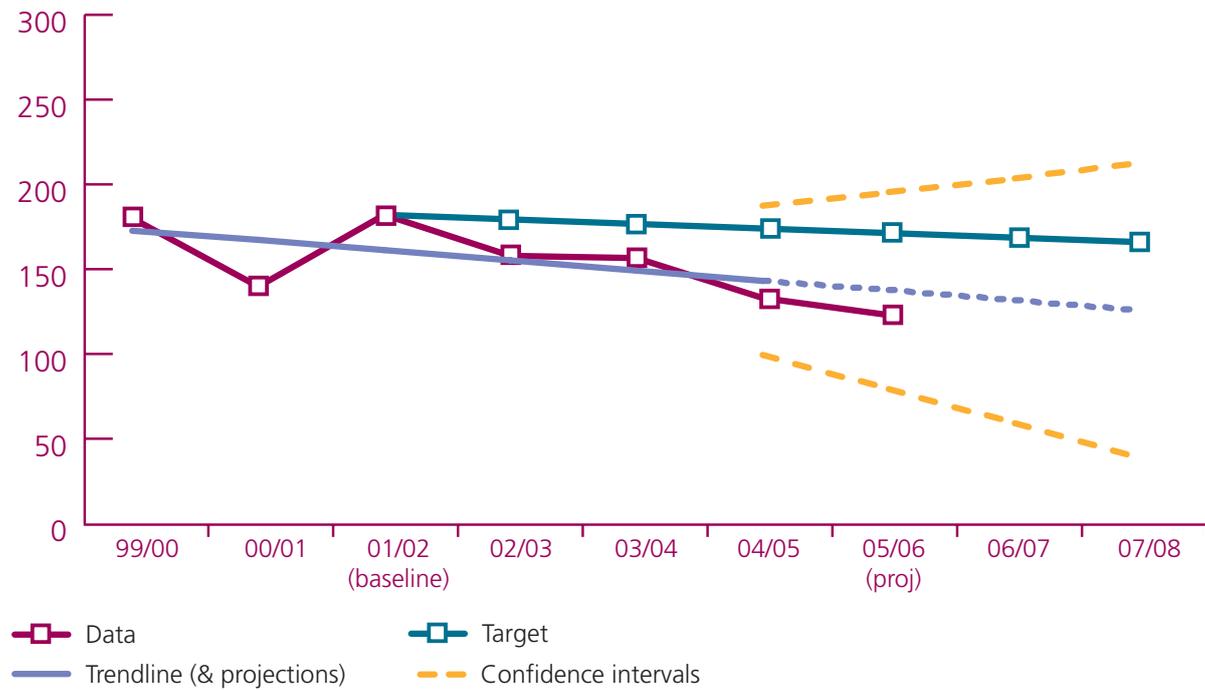
**Figure 16:** Performance trajectory for nuclear industries



**Figure 17:** Performance trajectory for offshore hazardous installations



**Figure 18:** Performance trajectory for onshore hazardous installations



**Performance**

Assessment of progress is **not yet assessed**.

Although the major hazards element of the PSA is on course, baseline figures for 2004–05 have only recently been established for the conventional health and safety element (November 2005<sup>39</sup>). It will take time to analyse fully the impact of this information. Over the course of the SR2004 period the assessment of progress will be refined, informed by intelligence from the Strategic Programmes and by data from our normal statistical sources as well as new surveys.

**Progress to date**

In order to deliver the targets, HSE has re-aligned its work into two Strategic Delivery Programmes (SDPs):

- **Fit for work, Fit for life, Fit for tomorrow (Fit 3):** the structure is aligned with the conventional health and safety components (injury, ill health and days lost) of the PSA; and
- **Major Hazards:** which focuses on HSE’s work regulating and assuring safe management of those industries where failure to manage risks to health and safety could have catastrophic effects.

39 <http://www.hse.gov.uk/statistics/overall/hssh0405.pdf>

Four Strategic Enabling Programmes (STEPs) support the two overarching SDPs: **Business Involvement; Worker Involvement; Local Authorities and HSE Working Together** and **Enforcement**. The STEPs embrace the HSC strategic theme<sup>40</sup> of developing closer partnerships and seek to secure improved health and safety by working with and through local authorities, businesses, other organisations and workers.

### Conventional health and safety sub-targets

There are some encouraging results that suggest that the trajectories are moving in the right direction. In particular:

- The **Construction Programme** (contained within Fit 3) has clearly been successful; the rate of reported fatal and major injury has reduced between 1999–2000 and 2004–05 by 24 per cent.
- On **incidence of ill health**, the evidence suggests that incidence has fallen for most major categories of work-related ill health.
- For **days lost due to work-related ill health** there was a statistically significant fall between 2001–02 and 2004–05.

However, the scale of the challenge remains considerable. We need to continue our work with local authorities, which are crucial to delivery (service industries, where HSE and local authorities. As share regulatory responsibility, are showing an increase in the rate of fatal and major injury between 1999–2000 and 2004–05). In the Local Authorities and HSE Working Together STEP, project milestones have been met and progress is as expected. However, there are challenges ahead as the focus moves from the Programme to the field.

A key theme of HSC's Strategy is working with and through others. HSE, DWP and the Department of Health's *Health, Work and Well-being Strategy*, a new, ambitious strategy focused on the health and well-being of people of working age, exemplifies this approach to delivering improved health and safety outcomes. HSE will continue to build on its partnership network over the PSA period.

### Major hazards

Trajectories show we are currently on track to deliver the **major hazards** sub-targets and good performance is reported in all three components.



<sup>40</sup> Contained in *HSC's Strategy for workplace health and safety in Great Britain to 2010*.



# Progress against Spending Review 2004 targets

## **Part 3:**

# Security in retirement

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**Objective:** to combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners.

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

### Measurement

Until September 2005, progress against this target was measured using information from the Pension Credit Quarterly Statistical Enquiry<sup>41</sup>, which held information on the numbers and characteristics of Pension Credit recipients. The Quarterly Statistical Enquiry (QSE) is a survey of five per cent samples taken at the end of February, May, August and November of each year.

From October 2005 the QSE was replaced by a 100 per cent data source which now forms the basis of the majority of the Department's National Statistics. This data source is subject to validation by the National Audit Office.

Further information on this target can be found in the PSA Technical Note and the 2005 Departmental Report.<sup>42</sup>

### Performance

There is some **slippage** in progress towards this target. Between 30 June and 30 September the net increase in the number of

Pension Credit recipients was 5,100 households or 7,900 individuals. The campaign is still generating significant numbers of applications to Pension Credit. For example during the period of this report almost 80,000 successful applications have been made, although this has been offset by the number of people who have left the caseload because of changes in circumstance or death.

The initial approach was to get Pension Credit to as many people as possible, as quickly as possible. So over the first year or so of the Pension Credit campaign the focus was on increasing take-up. The priority then shifted to the hard-to-reach groups – those who are less likely to take up their entitlement, many of whom are entitled to relatively small amounts of savings credit. It is therefore encouraging to note that the upward trend of reaching savings credit only customers continues with 12,000 more households receiving the savings credit only element since June.

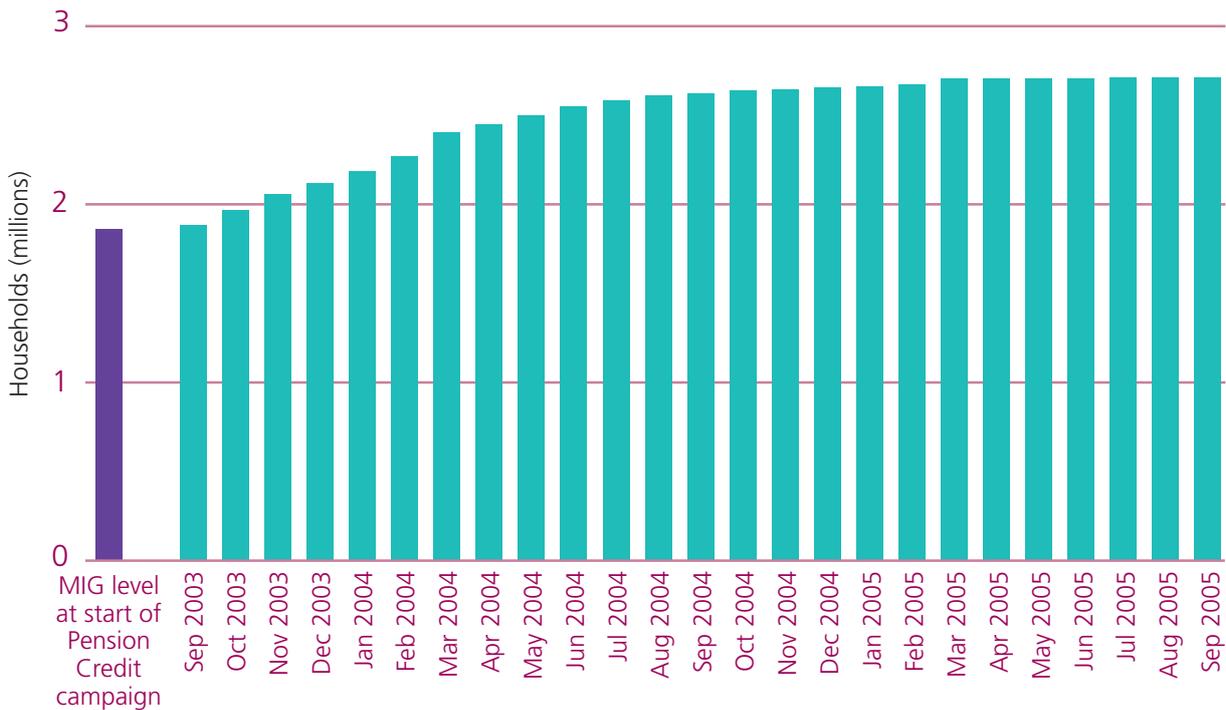
Preliminary figures suggest that take-up levels for guarantee credit customers (with or without savings credit) are around 80 per cent (and 90 per cent for single women) compared to around 69 per cent for Minimum Income Guarantee. The Department accepts that improving take-up among those likely to be entitled to relatively small amounts of this element is the most challenging part of the target.

Given the current caseload growth rates and the high levels of take-up already attained, achieving a caseload of 3.2 million households by March 2008 will be challenging.

<sup>41</sup> [www.dwp.gov.uk/asd/pcqse.asp](http://www.dwp.gov.uk/asd/pcqse.asp)

<sup>42</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf) for the technical note and [www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp) for the Departmental Report

**Figure 19:** Households in receipt of Pension Credit



**SR2002 target rolled forward – PSA 6:** by 2006, be paying Pension Credit to at least 3 million pensioner households.

Due to a slow-down in take up, there is some **slippage** in progress towards this target. Between 30 June and 30 September the net increase in the number of Pension Credit recipients was 5,100 households or 7,900 individuals. This brought the total number of households in receipt of Pension Credit to 2.711 million, of which 2.1 million were also in receipt of the guarantee element of Pension Credit.

There is some evidence that eligibility for Pension Credit is less than the 4 million households originally estimated, so that the 2006 target of 3 million households would represent take-up of more than 75 per cent. Current rates of take-up, coupled with the fact that the majority of those who are yet to take up their entitlement are only likely to receive relatively small amounts, mean that it is unlikely that an overall caseload of 3 million will be achieved by February 2006. Given the challenge, the Department is continually looking at ways of improving take-up among groups which are harder to reach.

## Improving performance

- By writing to every pensioner household to tell them about Pension Credit, the Department is ensuring that everyone who is likely to be entitled to Pension Credit knows what they need to do to take up their entitlement.
- A mix of direct mailings and mass communication channels such as advertising have been used to build awareness and understanding of Pension Credit and to encourage eligible pensioners to take up their entitlement.
- New marketing campaigns have been developed, which maximise the use of available data and which are carefully targeted on the regions and on demographic groups under-represented in relation to the volume of Pension Credit applications received.
- Further contact with those households that are likely to be eligible but are yet to respond continues to be made. This has included direct mail, telephone calls and, where appropriate, home visits. Through the Local Service, the Department continues to work closely with local partners such as Help the Aged and Age Concern to help ensure pensioners take up their entitlement to Pension Credit.
- From 5 December, customers who contact the Pension Credit Application Line to make an application for Pension Credit will also be able to claim Housing Benefit and Council Tax Benefit during the one phone call. The simplified process used means that new customers will only need to provide financial details once to claim these benefits.
- At the same time, the Department is using data-matching techniques to increase the accuracy with which invitations are targeted.

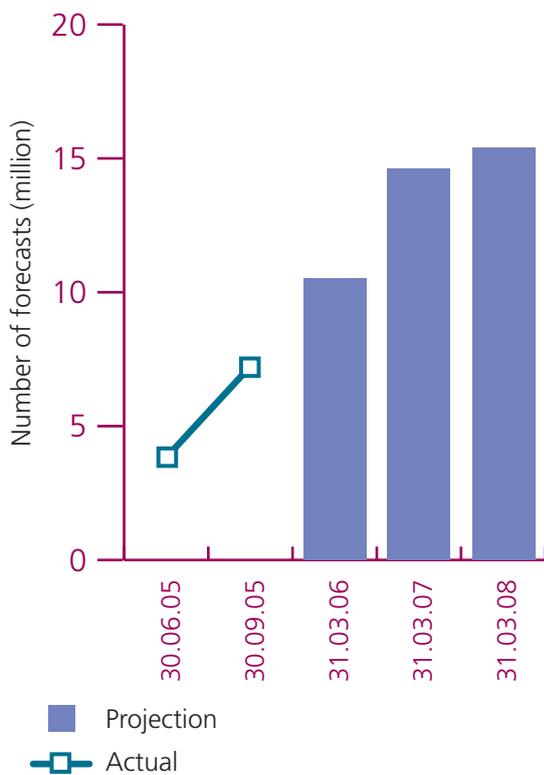
**PSA target 7: Improve working-age individuals' awareness of their retirement provision such that by 2007–08, 15.4 million individuals are regularly issued a pension forecast and 60,000 successful pension traces are undertaken a year.**

**PSA 7a: by 2007–08, 15.4 million individuals are regularly issued a pension forecast.**

**Measurement**

The baseline for measuring this target is spring 2005. The target will be met if 15.4 million individuals are issued with at least one of four types of pension forecast<sup>43</sup> in the three year period from the beginning of April 2005 to end of March 2008. Progress is monitored by reference to monthly reports from the forecast-issuing IT systems.

**Figure 20: Number of pension forecasts issued**



<sup>43</sup> Combined Pension Forecasts (CPFs), Automatic Pension Forecasts (APFs), Individual Pension Forecasts (IPFs) or Real Time Pension Forecasts (RTPFs).

All State Pension forecast information is based on an individual's own contributions and provides a forecast based on National Insurance Contributions paid (or credited) to date and assumes these will continue to be paid (or credited) on the same basis until State Pension Age is reached. Private pension forecast information within Combined Pension Forecasts and available through the retirement planner is based on the annual benefit statements sent to everyone in a personal and/or occupational pension scheme.

Further information can be found in the PSA Technical Note and the Departmental Report.<sup>44</sup>

### Performance

The Department is **on course** to reach the target. From April to the end of September 2005, a total of 7,510,439 forecasts were issued. This equates to 7,238,224 individuals being issued with a pension forecast<sup>45</sup>, representing progress of 39 per cent towards the target of 15.4 million. Figure 20 illustrates the contribution of all types of forecast towards that total. It presents the anticipated level of achievement for each year end and actual volumes achieved for all forecast types in quarterly periods. It reflects the position as at half way through the first year of the PSA period.

**PSA 7b: by 2007-08, 60,000 successful pension traces are undertaken a year**

### Measurement

The Pension Tracing Service became part of the Department for Work and Pensions from April 2005. Prior to this the service was delivered by the Occupational Pensions Regulatory Authority (Opra). Figures from the Opra annual report and accounts 2004–05 show that 25,200 requests were received and 95 per cent of these were successfully traced.

Pension tracing statistics will be published annually in the Departmental Report. Further information can also be found in the PSA Technical Note and in the Departmental Report.<sup>46</sup>

The Pension Tracing Service is administered by The Pension Service on behalf of the Department. It collects data on the number of callers, the number of traces and the number of successful traces. This information is produced on a quarterly basis. The IT system holds information on the number of individuals requesting a pension trace and the number of successful traces. The data produced for pension traces will fully adhere to Departmental data standards and follows data validation guidelines.

<sup>44</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf) for the technical note and [www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp) for the Departmental Report.

<sup>45</sup> after accounting for any additional – second, third, etc – forecasts an individual may have received since 1 April 2005 and having subtracted these from the total.

<sup>46</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf) for the technical note and [www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp) for the Departmental Report.

### Performance

Performance against this target is **not yet assessed**. Annual performance data for the target is not yet available, but statistics for the first two quarters of 2005–06 indicate that the Pension Tracing Service delivered 13,327 successful traces.





Progress against Spending  
Review 2004 targets

**Part 4:**

**Disabled people**

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**Objective:** to improve rights and opportunities for disabled people in a fair and inclusive society.

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**PSA target 8: In the three years to March 2008:**

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

**PSA 8a: further improve the rights of disabled people and remove barriers to their participation in society, working with other government departments, including through increasing awareness of the rights of disabled people**

**Measurement**

The measure used to detect an improvement in the rights of disabled people is the percentage of adults who are aware that the civil rights of disabled people are protected. The baseline is October 2004–March 2005 when 73 per cent of adults fell in this category. This information is collected continuously from the Office for National Statistics Omnibus Survey<sup>47</sup> from

October 2004 and is available for analysis eight times a year.

An increase of two percentage points in the measure, between October 2004 and March 2008 would be statistically significant with 95 per cent confidence. Further detail on this target is available from the PSA Technical Note.<sup>48</sup>

The current PSA target records the rise in awareness in the general population of the civil rights of disabled people over the period covered by SR2004. This target substantially modified the previous target – agreed in SR2002 – which was designed to monitor progress in implementing the Government’s commitment to legislate to improve the civil rights of disabled people and to monitor other progress, including media and other campaigns to raise awareness.

**Performance**

Performance against this target is **not yet assessed**. Statistically significant measurement of progress can only be devised from at least 4 waves of data. An initial assessment will be included in the 2006 Departmental Report.

**SR2002 target rolled forward – PSA 7b:**  
In the three years to 2006, work to improve the rights of disabled people and to remove barriers to their participation in society.

47 [www.statistics.gov.uk/services/SurveyOmnibus.asp](http://www.statistics.gov.uk/services/SurveyOmnibus.asp)

48 [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

### Performance

The Department is **on course** to meet this target. Progress has been in line with expectations, including:

- As part of the Government's programme of legislative reform to ensure comprehensive civil rights for disabled people, the Disability Discrimination Act 1995 was significantly amended.
- The Disability Discrimination Bill 2005 was successfully taken through all of its Parliamentary stages and considerably amended to further improve its effectiveness. The Bill gained Royal Assent on 7 April 2005.

### Reasons for progress

The Department has taken a leading role in the implementation of the Strategy Unit report *Improving the Life Chances of Disabled People*<sup>49</sup> published in January 2005. The cross-Government Ministerial and Officials Steering Groups are up and running and the launch of an Office for Disability Issues was launched on 1 December 2005. The Department for Work and Pensions and other government departments are implementing specific recommendations in the report in order to further remove the barriers faced by disabled people to participation in society.

The new Disability Discrimination Act 2005's provisions are being progressively implemented from 5 December 2005. On 5 December, changes were made to the definition of disability to protect a further 250,000 people who have HIV infection, cancer or multiple sclerosis; effectively from the point of diagnosis. People who have a mental illness will no longer be required to show that it is "clinically well-recognised" for it to count as an impairment for the purposes of the DDA. From 4 December 2006 private clubs with 25 or more members will be required to make reasonable adjustments, as will local councils in respect of local councillors. Disabled tenants will have further rights to make adaptations to their dwellings.

The Department continues to work closely with the Disability Rights Commission and to monitor the Commission's performance through regular meetings. In the first half of 2005-06, for example, the DRC's Helpline handled 45,749 contacts, the Conciliation Service took 58 new cases and closed 49; and the Commission funded 30 new legal cases. The DRC also launched a 'Disability Debate' which is intended to produce a longer term agenda for disability and disability rights, began a consultation exercise on revisions to the Code of Practice on Part 3 of the DDA and, at the beginning of October, formally submitted its draft Disability Equality Duty Code of Practice for England and Wales to the Secretary of State.

<sup>49</sup> [www.strategy.gov.uk/downloads/work\\_areas/disability/disability-report/index.htm](http://www.strategy.gov.uk/downloads/work_areas/disability/disability-report/index.htm)

This year's awareness-raising programme has been agreed and the Department is in the final stages of preparation before launching a campaign aimed at small and medium-size enterprises and business intermediaries in December 2005. This campaign has been designed to meet the specific needs of both small and medium-size enterprises and the general public. Agencies with a suitable background in both disability issues and communicating with small employers have been contracted to undertake both public relations and advertising work in support of the campaign.

**PSA 8b and c: taking account of the economic cycle, increase the employment rate of disabled people and significantly reduce the difference between their employment rate and the overall rate.**

### Measurement

The baseline for this target is spring 2005, when the employment rate of disabled people was 46.6 per cent, and the gap between their rate and the overall rate was 28 per cent.

The definition of a disability for the purpose of the SR2002 PSA includes people with a disability consistent with the Disability Discrimination Act (DDA) and/or people with a long term work-limiting disability. For the purpose of SR2004, the definition of a disability has changed and only includes those people with a disability consistent with the DDA.

Excluding those with a work-limiting disability only has an important implication, in that the monitored PSA employment rate will be lower. There are two reasons why the definition of disability supporting the employment elements of this PSA target was changed between SR2002 and SR2004:

- The first is to allow for greater consistency over the whole PSA target for disabled people aged between 16 and 59 (women) and 16 and 64 (men).

- The second is to reduce measurement problems that arose because of a variation in reported disability in the Labour Force Survey (LFS) for those with a work-limiting disability only.

The target is monitored quarterly using ILO employment rates from the LFS. Because data is not seasonally adjusted, comparisons can only be made year on year. Further information can be found in the Departmental Report and the PSA Technical Note.<sup>50</sup>

#### Performance

Performance against this target is **not yet assessed**. The first assessment will use spring 2006 data which will be available in July 2006.

#### SR2002 target rolled forward – PSA 7a:

In the three years to spring 2006, increase the employment rate of disabled people, taking account of the economic cycle, and significantly reduce the difference between their employment rate and the overall rate.

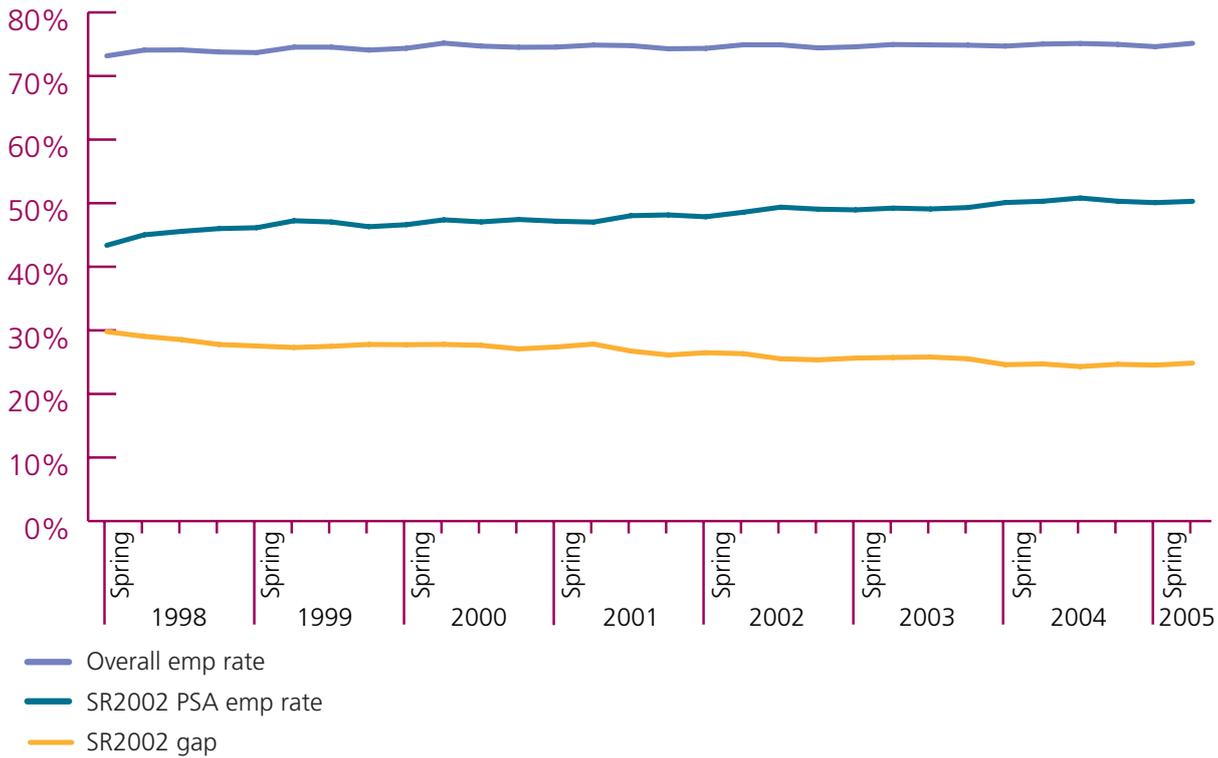
#### Performance

Progress towards this target is **on course**. The base year for measuring this target was spring 2003 when the employment rate of disabled people was 48.9 per cent and the gap between this rate and the overall employment rate was 25.6 percentage points.

By spring 2005, the employment rate of disabled people was 50.1 per cent, which represents an increase of 2.2 percentage points. Over the same period, the gap in employment rates has also narrowed by 1 percentage point to 24.5 per cent. The graph below illustrates these results, and shows the general trend; disabled employment rates up, and the gap between the overall employment rate and the disabled employment rate going down.

50 [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf) for the technical note and [www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp) for the Departmental Report.

**Figure 21:** Employment rates of disabled people, GB (overall) and gap between the two



**Reasons for progress**

Some of the increase in the employment rate is due to a general trend in the population to report milder disabilities or health conditions. In the last five years the number of disabled people has increased by half a million to 5.7 million. This includes those already in work; accordingly this trend has led to an increase in the percentage of disabled people who are in work, which reduces the gap between the overall employment rate and the employment rate for disabled people.

Work-focused interviews, the Incapacity Benefits Pathways pilots, and the New Deal for Disabled People are also likely to have had a small positive impact upon the employment rate of disabled people over the PSA period.





Progress against Spending  
Review 2004 targets

**Part 5:**

Quality of service  
delivery

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**Objective:** to ensure customers receive a high quality service, including levels of accuracy.

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### PSA target 9: Improve Housing Benefit administration by:

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

**PSA 9a: reduce the average time taken to process a Housing Benefit claim to no more than 48 days nationally and across the bottom 15 per cent of local authorities to no more than 55 days, by March 2008.**

### Measurement

The baseline for measuring this target is 2002–03 when the average time taken to process a Housing Benefit/Council Tax Benefit claim nationally was 55 days. In the same period, processing a Housing Benefit/Council Tax Benefit claim across the bottom 15 per cent of local authorities took an average of 99 days.

The target will be measured using Housing Benefit/Council Tax Benefit Management Information annual un-audited data, available three months after the end of each reporting year and will be monitored on a quarterly basis.<sup>51</sup>

The data is submitted by local authorities and demonstrates reported performance. It is not compulsory to return the data, but most local authorities do so. However, some provide their data late and so the most recent quarter's data is subject to change as more information is provided.

Further information can be found in the PSA Technical Note.<sup>52</sup>

### Performance

As far as reducing the average time taken to process a Housing Benefit/Council Tax Benefit claim to no more than 48 days nationally is concerned performance would be described as **ahead** of expectations. Progress has been achieved through a long-term regime of reform, engagement and support. As Figure 23 demonstrates, by the end of 2004–05, the target was being exceeded with claims taking an average of 46 days to process. Data for the first quarter of 2005–06 demonstrates that performance has continued to improve.

With regard to reducing the average time taken to process a Housing Benefit/Council Tax Benefit claim across the bottom 15 per cent of local authorities to no more than 55 days

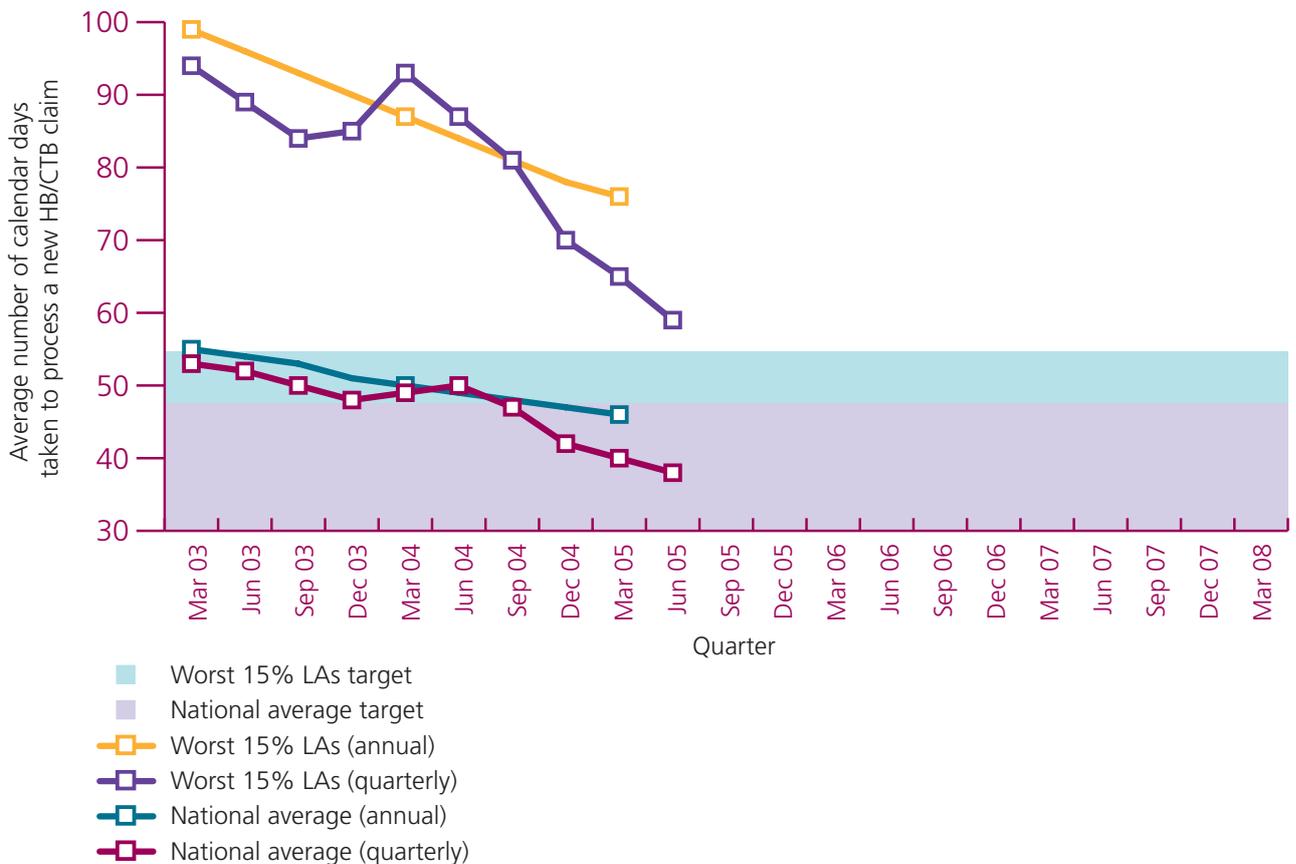
<sup>51</sup> [www.dwp.gov.uk/asd/asd1/hb\\_ctb/performance.asp](http://www.dwp.gov.uk/asd/asd1/hb_ctb/performance.asp).

<sup>52</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

nationally, performance would be described as **on course**. Figure 22 shows that local authorities in this group have been making good progress, with new claims being processed in an average of 76 days during 2004–05. Data for the first quarter of 2005–06 demonstrates that performance has continued to improve.

When interpreting Figure 22 it is important to remember that the target is measured against the annual performance, and the quarterly information is used as a guide to what the annual performance figure is likely to attain.

**Figure 22:** Processing times for Housing Benefit and Council Tax Benefit claims



**PSA 9b:** increase the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by 2008.

### Measurement

The baseline for measuring this target is February 2005 when 43,500 cases in the deregulated private rented sector were in receipt of the Local Housing Allowance. Until rollout of the Local Housing Allowance across Great Britain has taken place, progress towards the target will be measured using data covering 100 per cent of the claimants in the existing pilot areas. Once a national rollout commences, the target will be monitored and measured using quarterly administrative data on reported performance which is submitted to the Department for Work and Pensions by local authorities.<sup>53</sup> It is not compulsory to return the data, but most local authorities do so.

Further information can be found in the PSA Technical Note.<sup>54</sup>

### Performance

As of May 2005, the number of cases in the deregulated private rented sector in receipt of the Local Housing Allowance was 44,700 across nine Pathfinder areas.

To meet the target, rollout across Great Britain must be complete by March 2008. However,

the timing of the completion of this target national rollout depends on a number of factors, including the passage of any necessary legislation by Parliament. The current status is therefore: **not yet assessed**.

**PSA 9c:** increase the number of cases in receipt of the Local Housing Allowance where the rent is paid directly to the claimant to 470,000 by 2008.

### Measurement

The baseline for this target is February 2005 when the number of cases in receipt of the Local Housing Allowance where rent was paid directly to the claimant, was 38,200 (88 per cent of all cases in receipt of Local Housing Allowance). Until rollout of the Local Housing Allowance across Great Britain has taken place, progress towards the target will be measured using data covering 100 per cent of the claimants in the existing pilot areas. Following the start of a national rollout, the target would be monitored and measured using quarterly administrative data on reported performance which is submitted to the Department by local authorities.<sup>55</sup> It is not compulsory to return the data, but most local authorities do so.

Further information can be found in the PSA Technical Note.<sup>56</sup>

<sup>53</sup> HB Management Information quarterly data which is audited internally and published every 3 months at [www.dwp.gov.uk/asd/hbctb.asp](http://www.dwp.gov.uk/asd/hbctb.asp) or HB Matching Service(a new data stream)

<sup>54</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

<sup>55</sup> HB Management Information quarterly data which is audited internally and published every 3 months at [www.dwp.gov.uk/asd/hbctb.asp](http://www.dwp.gov.uk/asd/hbctb.asp) or HB Matching Service(a new data stream)

<sup>56</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

### Performance

As of May 2005 the number of cases in receipt of the local housing allowance where rent was paid directly to the claimant, was 38,500 (86 per cent of all cases in receipt of local housing allowance) across nine Pathfinder areas.

To meet the target, national rollout must be complete by March 2008. However, as above, the completion of this target depends on a number of factors, including the passage of any necessary legislation by Parliament. The current performance status is therefore: **not yet assessed**.

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

**PSA 10a: by 2010, reduce overpayments from fraud and error in Income Support and Jobseeker's Allowance by 15 per cent.**

### Measurement

This target will be measured against a new 2005–06 baseline, which will be available in September 2006. The data used to produce estimates for the target measures is drawn from a randomly selected sample of benefits in payment, which are subjected to a standardised review procedure. There are several levels of validation controlling data quality and methodology on Income Support/Jobseeker's Allowance is agreed with the National Audit Office.

Further information can be found in the Departmental Report and the PSA Technical Note.<sup>57</sup>

Data is drawn from randomly selected samples of Income Support and Jobseeker's Allowance cases and results are published twice a year. This includes a brief assessment on limitations and accuracy of data. By its nature, this method is complex, but the National Audit

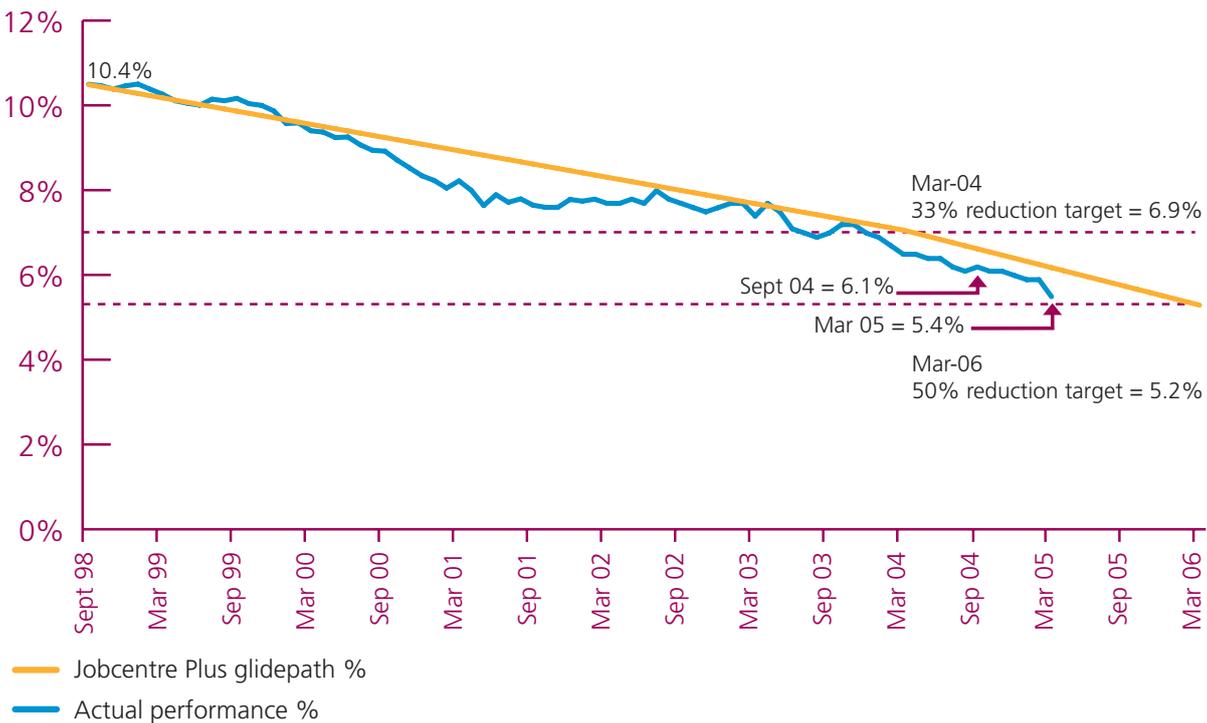
<sup>57</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf) for the technical note and [www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp) for the Departmental Report.

Office (NAO) has approved the Department's methodology and the data is published as National Statistics. It has also been commended by the NAO as being at the forefront of developing estimates of welfare loss in the western world.<sup>58</sup>

**Performance**

As new baseline has yet to be set, performance against this target is **not yet assessed**. However, current performance against the SR2002 target (shown in figure 23), provides good reason to expect that the SR2004 target will be achieved.

**Figure 23:** Reduction in the proportion of Income Support/Jobseeker's Allowance expenditure overpaid



58 DWP: Tackling Benefit Fraud [www.nao.org.uk/publications/nao\\_reports/02-03/0203393.pdf](http://www.nao.org.uk/publications/nao_reports/02-03/0203393.pdf)

**SR2002 target rolled forward – PSA 10: reduce losses from fraud and error for people of working age – in Income Support and Jobseeker’s Allowance, with a 33 per cent reduction by March 2004 and 50 per cent by 2006.**

**Performance**

The Department is **on course** to reach the 2006 milestone.

This target is measured against the October 1997-September 1998 baseline when loss from fraud and error for working age customers represented 10.4 per cent of programme expenditure. Published figures to March 2005<sup>59</sup> show that fraud and error stands at 5.4 per cent. After allowance is made for changes made to the measurement methodology, this represents a 44 per cent reduction since the baseline.

**Reasons for progress**

Improved performance is attributed to:

- Intelligence-led fraud investigation.
- More effective data matching at point of claim and throughout the life of the claim.
- Setting of clear priorities for staff.

Although the Department has made a lot of progress in reducing fraud, levels of error – mistakes made by the customer (customer error), and by our own staff (official error) remain high. The Department has a duty to ensure that benefits are administered as correctly as possible, and that customers are aware of the need to report changes in circumstances quickly.

A number of the strategies employed in tackling fraud can also be employed to reduce official error. These include: a clear target structure; improved use of IT; and increased staff awareness. The Department is also moving towards administering benefits from fewer sites which will support greater standardisation of benefit processing, while ensuring that the more difficult claims are handled by the most expert staff. Official error can also be reduced through better design as well as simplification of benefits.

The Department is confident that these measures will result in a reduction in official error, and work alongside plans to reduce fraud further. They will be introduced over time, as resources and the programme of organisational change allow.

59 [www.dwp.gov.uk/asd/asd2/fraud.asp](http://www.dwp.gov.uk/asd/asd2/fraud.asp)

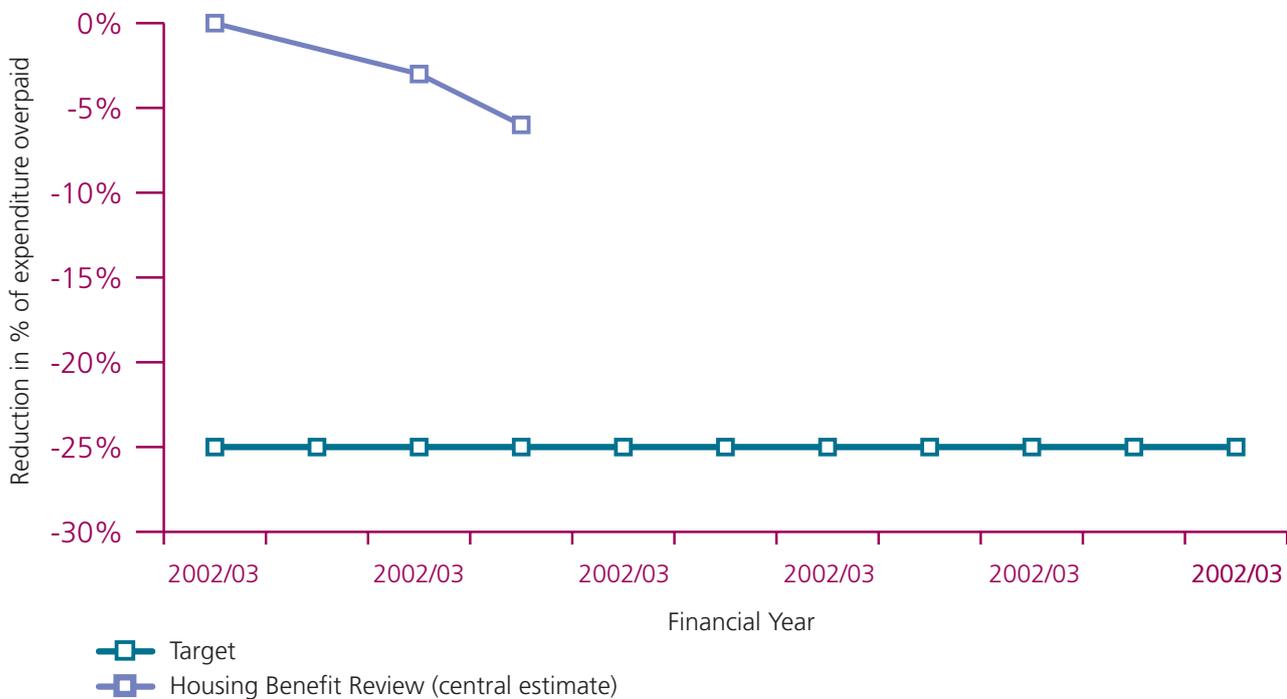
**PSA 10b:** by 2008, reduce overpayments from fraud and error in Housing Benefit by 25 per cent.

**Measurement**

This target will be measured against the 2002–03 baseline when an estimate equivalent to 6.2 per cent of Housing Benefit expenditure was overpaid to customers below state pension age. Measurement is based on

payments within the scope of the Housing Benefit Review sample, which covers 85 per cent of the total payments. Although extrapolation is possible, this introduces an additional degree of uncertainty. The estimates of progress are subject to margins of sampling error and other uncertainties, and the reports include discussion of these factors. The Housing Benefit Review is published biannually, usually in March and September. Further information can be found in the Departmental Report and the PSA Technical Note.<sup>60</sup>

**Figure 24:** Reduction in the proportion of Housing Benefit expenditure overpaid



<sup>60</sup> [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf) for the technical note and [www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp](http://www.dwp.gov.uk/publications/dwp/2005/dr05/home.asp) for the Departmental Report.

In summer 2004 when PSA targets for 2008 were set, the measurement of fraud and error in Housing Benefit was still relatively new, and it was too early in the reporting cycle to draw firm enough conclusions to justify increasing the target. Consequently, the initial target to reduce fraud and error in working age cases by 25 per cent by March 2006 has been maintained until March 2008.

### Performance

The Department is **on course** to deliver this target. Estimates for the 12 month period to September 2004<sup>61</sup> show a 6 per cent reduction in Housing Benefit compared to the baseline. This progress is broadly in line with the forecast reduction, which is based on analysis of the most recent management information.

**SR2002 target rolled forward – PSA 10b:**  
by spring 2006, reduce losses from fraud and error for people of working age in Housing Benefit by 25 per cent.

### Performance

The Department is broadly **on course** to deliver this target. Estimates for the 12 month period to September 2004 show a 6 per cent reduction in Housing Benefit overpayments.

### Reasons for progress

The Department attributes progress so far to the deterrent impact of local authority sanctions, the targeting fraud advertising campaign, and reductions in overpaid Income Support/Jobseeker's Allowance.

Projected progress is slow until 2004–05 because the main initiatives expected to drive progress, risk scoring and improvements to data matching, were only introduced in April 2004. According to forecasts, a substantial amount of progress is currently feeding through the system and the Department would expect this to become more apparent in the next National Statistics report on Housing Benefit fraud and error. The next report, containing the latest estimates for the three year period April 2002 to March 2005, is due to be published in January 2006.



61 [www.dwp.gov.uk/asd/asd2/fraud\\_hb/hbmasterjuly05.pdf](http://www.dwp.gov.uk/asd/asd2/fraud_hb/hbmasterjuly05.pdf)



3

## The Efficiency Challenge

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**The Target:** Delivery of PSA targets is set in the context of the Government's efficiency agenda, which forms part of the Spending Review settlement.

The Department is required to achieve a reduction in the size of its workforce of 40,000 posts with redeployment of 10,000 posts to frontline roles and deliver annual savings of at least £960 million by 2007–08 while, at the same time, maintaining and improving customer services.

In conjunction with this, the Department has also been set a target by the Lyons review<sup>62</sup> to relocate 4,000 posts away from London and the South East to other regions by March 2008.

More detailed information about the Department's efficiency targets and their measurement can be found in the Efficiency Technical Note.<sup>63</sup>

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62 [www.hm-treasury.gov.uk/consultations\\_and\\_legislation/lyons/consult\\_lyons\\_index.cfm#final](http://www.hm-treasury.gov.uk/consultations_and_legislation/lyons/consult_lyons_index.cfm#final)

63 [www.dwp.gov.uk/publications/dwp/2004/etn/etn.pdf](http://www.dwp.gov.uk/publications/dwp/2004/etn/etn.pdf)

## Progress on Efficiency Gains

### Monetary savings

As part of SR2004, the Department's financial settlement for the period to 2008 was made net of the annual £962 million efficiency savings the Department must achieve. Therefore, in order to deliver this aspect of the efficiency challenge, the Department will need to operate within its overall budget allocations.

Departmental expenditure for the 2004–05 financial year was in line with the SR2004 allocation and current forecasts for the current financial year (2005–06) indicate that the Department will live within the £8.4 billion allocated. Continued progress of projects and activity to transform the way in which the Department organises its business and services indicate that it will achieve a reduction in its Departmental Expenditure Limit expenditure of £962 million by 2008.

The realigned contract with EDS is helping the Department drive down costs, offering a saving of £180 million a year over the next five years. The Department will now spend on average £520 million a year over the next five years on services delivered by EDS, as opposed to an average of over £700 million a year since the DWP was formed.

### Planned headcount savings and relocations

#### Net reduction of 30,000 full-time equivalent posts.

Plans to improve services and ways of working within the Department were well underway before the current challenges were set. In the

2000 as well as the 2002 spending reviews, the Department received substantial extra sums to invest in the modernisation of its office network, business processes and better IT. The Department's business strategy of delivering improved services to customers by working more efficiently and reducing duplication already included planned headcount reductions of 18,000 by March 2006. The Budget statement set a further target, which in total means a net reduction of 30,000 excluding any additional resource allocated for new activities since the efficiency targets were agreed.

So far the Department has made a good start in delivering this stretching efficiency challenge and indications are that progress will continue. The 2004–05 headcount milestone (122,000) was achieved and current forecasts indicate that the Department is on course to meet the planned 2005–06 staffing level (112,500) by continuing to drive through change to its organisation and services.

Overall headcount within the Department has reduced by over 13,750 since 1 March 2004, with over 1,000 people having left the Department under voluntary early release schemes. Overall staffing within the Department stands at 116,250 full-time equivalents at August 2005.

#### Non-cashable redeployment of a further 10,000 staff.

The redeployment of 10,000 staff to front line roles is measured from a baseline date of 1 March 2004 and involves an increase in the number of posts that have regular, direct

contact with customers. Work has progressed well and by June 2005, Jobcentre Plus had an additional 2,700 new customer-facing posts, giving nearly 500 posts ahead of schedule.

### **Relocation of 4,000 posts from London and the South-East by 2008.**

This is measured from a baseline of June 2003 and primarily involves movement of posts through the redesign of business processes and centralisation of functions within the Department. The latest iteration of plans shows that the Department will achieve the relocation of 4,000 posts by 2007, one year ahead of schedule.

Figures leading to September 2005, show that around 3,000 posts have already been relocated to other parts of the country. As part of establishing the Pension Service over 1,700 posts have been relocated from benefit offices in London and the South East to Pension Centres in other parts of the country and Employer Services Direct has closed two of its 11 Employer Direct sites, with posts transferring to other sites.

### **Quality measures**

The efficiency target will be met when the overall efficiency savings, including the staff savings, are achieved without any detriment to performance across all areas of the Department for Work and Pensions' activities and its customers experience no diminution in the service they receive. Performance measurement will be based on the methodology developed by the Department and the Office for National Statistics for the Atkinson Review of the Measurement of

Government Output and Productivity.<sup>64</sup> This methodology measures the output of the Department as a whole and of each of the main delivery agencies.

Under this methodology efficiency will be a measure of how well the Department uses inputs to produce its outputs. Inputs are all the resources used by the Department to deliver services to customers and will be measured in financial terms. Department for Work and Pensions' outputs will be measured by a cost-weighted index, where the unit cost of production is used as a proxy for the value of the output. In line with Atkinson recommendations, where possible, account will be taken of the quality as well as the volume of outputs. To provide a rounded picture of the Department's performance these measures will be supplemented by additional performance information including progress towards PSA targets and agency targets for business delivery and customer service.

Baselines for the measures of output and productivity will be set by the end of 2005. Progress against baselines will be published annually after the end of each financial year.

<sup>64</sup> [www.statistics.gov.uk/about/data/methodology/specific/PublicSector/Atkinson/downloads/Atkinson\\_Report\\_Full.pdf](http://www.statistics.gov.uk/about/data/methodology/specific/PublicSector/Atkinson/downloads/Atkinson_Report_Full.pdf)

### **Change and modernisation**

In order to deliver its objectives and the efficiency challenge, the Department is transforming the way it operates. It intends to achieve its targets through a combination of improvements to its IT infrastructure, more efficient procurement and through organising its business and service more efficiently. The continued rollout of Jobcentre Plus and transformation of The Pension Service is rationalising the old social security office network, centralising more processing work and enabling the Department to achieve economies of scale. These efficiencies will mean that the Department will need fewer staff to continue to deliver a high level of service to customers. Investing in modernisation and developing smarter ways of working will add value to many of the existing roles.

Based on current planning assumptions, and allowing for contingency, the Department expects that just under one half of its financial savings will come from improvements in transactional processing; around one quarter

of savings will come from the Payment Modernisation Programme; over one quarter of savings will come from improvements to central services; and around one tenth from improved value for money in procurement. These planning assumptions are subject to change as plans are developed over time to ensure that the Department maintains and improves customer services and achieve its PSA and efficiency targets.

The speed of change and transformation within the Department will continue to progress over the next 12 months. Jobcentre Plus will continue to drive forward changes to its organisational design, including the centralisation and automation of benefit processing. The Pension Service will continue to transform its operations and deliver better customer service through improvements to new claim processes for State Pension and Pension Credit and a rationalisation in the number of Pension Centres used to deliver operations.





# Appendix One:

## 2002 Spending Review targets not rolled forward

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The Department has two outstanding targets from SR2002 which have not been rolled forward into SR2004 and one remaining target from SR2000 against which a final assessment has not been reported.

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**PSA target 8: Make significant progress towards modernising welfare delivery so that by 2005, 85 per cent of customers have their benefit paid into their bank accounts.**

### Performance

This target has been **met early**. Progress reporting will continue to the target end date of December 2005.

The base year for this target is 2002 when 43 per cent of customers were paid by Direct Payment and by April 2005 nearly 97 per cent of all benefit accounts were being paid by Direct Payment. Latest figures for August 2005 show that this has remained stable and 97 per cent are still being paid directly into a bank account.

### Reasons for progress

In order to achieve these continued benefits, and realise further savings, targets for new claims and live load on Direct Payment were agreed in respect of all customer groups for 2005–06. Targets have formed a critical part of achieving the success to date and are likely to continue to be required in future years to ensure no erosion of savings to date.

**PSA target 9: Improve the delivery of the Department's services by setting annual published targets for each major business, addressing accuracy, unit costs and customer service, becoming progressively more demanding over the three-year period.**

This target applies to the Department's three major executive agencies, The Pension Service, the Child Support Agency and Jobcentre Plus. In order to provide a wider perspective on the Department's progress in this area, this report also includes the Disability and Carers Service, which became an executive agency in November 2004, although this is not a requirement of the SR2002 PSA target. Performance data for 2004–05 is set out below for each of these four agencies, along with details of the targets which have been set and published for 2005–06.

### Measurement

All data used to determine performance are either captured at regular intervals throughout the year from the IT systems of the individual businesses, or through a series of structured sampling exercises undertaken by specialised teams.

The Department's Internal Assurance Team provides independent assurance on the use of data and works alongside the National Audit Office in examining all aspects of sample methodology and results.

**PSA target 9a: The Pension Service**

to transform its business and there has been some slippage towards this PSA target while it continues to provide an effective and efficient service to its customers during this period.

There has been some **slippage** in progress towards this target. The Pension Service is currently undertaking an ambitious programme

**Figure 25:** 2004–05 performance and 2005–06 targets for The Pension Service

Performance area	2004–05 target	2004–05 outturn	2005–06 target
<b>Accuracy</b>	Achieve a Pension Credit accuracy rate of 94 per cent.	88.45 per cent	Achieve a Pension Credit accuracy rate of 96 per cent.
	Achieve a State Pension claims accuracy rate of 98 per cent.	97.65 per cent	Achieve a State Pension claims accuracy rate of 98 per cent.
<b>Customer service</b>	Ensure that 90 per cent of telephone calls to The Pension Service are answered by customer agents.	90.4 per cent	Ensure that 92 per cent of telephone calls to The Pension Service centres are answered by customer advisers.
	Ensure that no more than 1 per cent of attempted calls receive an engaged tone or message.	2.0 per cent	Ensure that less than 1 per cent of attempted calls receive the engaged tone or message.
<b>Unit costs</b>	Achieve a total staff cost per customer of £24.	£25.07	£25.50

## Improving Performance

### Accuracy – Pension Credit

This target was not met in 2004–05. A Quality Recovery Plan has now been implemented for 2005–06 drawing together a comprehensive list of activities that need to take place in order to improve accuracy performance. The impact of this action plan will not become apparent until later in the 2005–06 performance year due to the timing of the sampling.

### Accuracy – State Pension

This target was narrowly missed in 2004–05. Further improvements in accuracy will be dependent on the implementation of the Quality Recovery Plan.

### Customer Service – Percentage of calls answered by customer agents

This target was met in 2004–05, supporting the increased focus on the Pension Credit campaign.

### Customer Service – Percentage of attempted calls receiving an engaged tone or message

Although this target has not been met, there has been a substantial improvement on the previous year's performance which stood at

7.3 per cent. The latest year-to-date figure for 2005–06 shows further improvement with current performance at 1.2 per cent at August 2005.

### Unit Cost

This target was not met in 2004–05. The £24.00 target was not achieved principally due to revised headcount targets at the start of the year and additional costs relating to redeployment centres. Redeployment centres deal with staff who have been declared surplus when their current job role has ended, and an alternative role has not been secured.

For 2005–06, the unit cost target is £25.50. The reason for the apparent increase in the target from 2004–05 to 2005–06 is due to a correction in the calculation methodology. It has been established that a large proportion (87 per cent) of Pension Credit customers are also in receipt of State Pension. These customers were previously counted twice in the 2004–05 unit cost per customer target. Elimination of the 87 per cent double count results in a revised lower average customer base for 2005–06 and, consequently, a higher unit target cost. The table below provides a comparison between the previous and corrected methodologies:

Year	2004–05 actual	2004–05 target	2005–06 target
Corrected approach	£28.45	£28.56	£25.50
Previous approach	£25.07	£24.00	£21.00

Both the corrected and previous approaches demonstrate a significant reduction from 2004–05 to 2005–06. The unit cost target for 2005-06 of £25.50 is £2.95 lower than the comparable actual unit cost outturn figure for 2004–05.

**PSA target 9b: Child Support Agency**

**Performance**

Performance against this target has **slipped**. The performance targets for 2004-05 were rolled forward to 2005-06. Ministers will set targets for 2006-07 which will be aimed at ensuring real, sustained progress towards performance improvements and delivery.

**Figure 26:** 2004–05 performance and 2005–06 targets for the Child Support Agency

Performance area	2004–05 target	2004–05 outturn	2005–06 target
<b>Accuracy</b>	By 31 March 2005, accuracy on the last decision made for all maintenance calculations checked in the year to be correct to the nearest penny in at least 90 per cent of cases.	75 per cent	By 31 March 2006, accuracy on the last decision made for all maintenance calculations checked in the year to be correct to the nearest penny in at least 90 per cent of cases.
<b>Case compliance</b>	By 31 March 2005 to be collecting child maintenance and/or arrears from 78 per cent of all cases with a maintenance liability using the collection service.	66 per cent	By 31 March 2006 to be collecting child maintenance and/or arrears from 78 per cent of all cases with a maintenance liability using the collection service.

**Figure 26:** Continued

Performance area	2004–05 target	2004–05 outturn	2005–06 target
<b>Cash compliance</b>	By 31 March 2005 to be collecting at least 75 per cent of child maintenance and/or arrears due to be paid through the collection service.	61 per cent	By 31 March 2006 to be collecting at least 75 per cent of child maintenance and/or arrears due to be paid through the collection service.
<b>Cash and case compliance</b>	To develop for introduction from 1 April 2005 individual targets for case and cash compliance to measure the collection of current maintenance separately from collection of arrears.		Existing 2004–05 targets were rolled forward (with the exception of the Debt target) until Ministers had the opportunity to review targets in line with Agency delivery plans.
<b>Customer service</b>	To develop and introduce a debt reduction target by October 2004.	Target introduced for 2005-06	To collect arrears equivalent to 30 per cent of the amount accruing between 1 April 2005 and 31 March 2006.
<b>Unit costs</b>	Achieve a cost per case of £202.	£196	Achieve a cost per case of £202.

### Improving Performance

2004-05 was a difficult and challenging year for the Agency, as it continued to manage both new scheme and old scheme cases.

The new arrangements for child support came into operation for new applications and some linked old scheme cases from March 2003. Ongoing problems with the new computer and telephony systems meant that progress was slower than anticipated.

The Child Support Agency has worked closely with EDS, its IT supplier, to resolve technical issues and improve the computer service provided.

Agency performance against the compliance target increased steadily throughout the year and in March 2005 stood at over 60 per cent. This compares to 46 per cent for cash compliance and 57 per cent case compliance at the beginning of the year.

In 2004-05, the accuracy of maintenance calculation decisions on new scheme cases was 75 per cent against a target of 90 per cent. A target focus group has been set up with the purpose of focusing on the improvement of checking and accuracy of maintenance decisions.

The Agency Strategic Plan incorporates both the new conversion approach and the activities required to improve performance. Ministers will set targets for 2006-07 which will be aimed at ensuring real, sustained progress towards achieving the improvements that the strategy is intended to deliver.

### PSA target 9c: Jobcentre Plus

#### Performance

There has been some **slippage** in progress towards this target. Income Support and Jobseeker's Allowance accuracy elements feature in the existing Jobcentre Plus targets structure as sub-components of the wider, composite Business Delivery Target. Although latest available figures suggest that the planning assumption levels for the Income Support and Jobseeker's Allowance accuracy components will not be achieved, the overall Business Delivery Target for 2004-05 was met, with all of its other component elements being exceeded. In addition, Jobcentre Plus achieved its published customer service target and the benefit processing component of the unit cost target. However, the job broking element of the unit cost target was not achieved.

Maintaining performance against targets will be a challenge for Jobcentre Plus while it delivers a major transformation programme including rollout of the integrated Jobcentre Plus model and implementation of its Organisational Design Review.

**Figure 27:** 2004–05 performance and 2005–06 targets for Jobcentre Plus

Performance area	2004–05 target	2004–05 outturn	2005–06 target
<b>Accuracy</b>			
Income Support accuracy	92 per cent	89.05 per cent	90 per cent
Jobseeker's Allowance accuracy	94 per cent	93.53 per cent	94 per cent
<b>Customer service:</b> Achieve an 81 per cent customer service level in the delivery of the standards set out in the Customers' and Employers' Charters		83.2 per cent	Achieve an 81 per cent customer service level in the delivery of the standards set out in the Customers' and Employers' Charters.
<b>Unit costs</b>			
For each benefit processed	£28.18	£28.07	£28.24
For each job entry outcome point achieved	£191.49	£208.02	£217.03

Note: Published performance information is subject to checking and validation by the Department's own Internal Assurance Service and/or by National Audit Office. Not all data is validated every year, for example. Some of the customer service systems/processes are checked less frequently. However a positive assurance was given for 2004–05.

	2004–05 target	2004–05 actual	2005–06 target
<b>Benefit Processing</b>			
Previous basis	28.18	28.07	28.24
Re-stated	31.00		
<b>Job broking</b>			
Previous basis	191.49	208.02	217.03
Re-stated	216.78		

### Improving Performance

The Jobcentre Plus culture is very target-driven and performance-focused and the organisation closely monitors issues which could impact on the delivery of its performance targets. As PSA9c entered its final year, remedial action was put in place to address elements of the target where there had been slippage.

### Accuracy

In-year trajectories for targets are tracked and there is a robust system in place for monitoring and reviewing performance. Individual Target Focus Groups address poor performance and share good practice. In view of the gradual but persistent deterioration in Income Support accuracy performance, the Business Delivery Target Focus Group was commissioned to develop an Income Support accuracy recovery strategy and action plan following discussion at the Jobcentre Plus Board.

Comprehensive improvement plans were put in place during 2004–05 to attack the common causes of error within Jobseeker's Allowance accuracy and these improvement plans have been rolled forward into the new operational year.

The work in hand to improve accuracy supports the wider framework of improvements in programme protection and also affects PSA 10a. The Effective Case Management Framework was launched in May 2004 and products are continually being developed in conjunction with operational staff. The Monetary Value of Fraud and Error Target Focus Group forms part of that

framework. In addition, work is being taken forward to improve the quality of decision-making standards for all benefits.

In 2005–06 the planning assumption level for Income Support accuracy was reduced to 90 per cent and the levels for Jobseeker's Allowance accuracy, Incapacity Benefit Accuracy and Labour Market Interventions remained the same as 2004–05. These levels must be taken in context alongside the need to deliver increasing efficiencies within the business and the transformation programme to centralise benefit processing which was anticipated to have a detrimental impact in 2005–06 with an expectation that performance would recover subsequently. Additionally, actual Income Support accuracy performance was already some way below the 2004–05 assumption of 92 per cent at around 89 per cent. This indicated that the slow but steady decline in final accuracy levels throughout 2003–04 was continuing.

Halting the slide in Income Support accuracy performance and bringing it back up to a level of 90 per cent while undergoing the transformational change needed to deliver future improvements therefore represented an appropriate degree of challenge for Jobcentre Plus in 2005–06.

### Unit Costs

The unit cost target for benefit processing has been met, with the end-of-year result £0.11 below the target of £28.18. However, job broking has continued to track above its unit cost target with the actual end-of-year unit

cost coming in at £208.02 against a target of £191.49.

The increase in the job broking unit cost is largely the result of significant overspends in employment programmes, in particular New Deal for Disabled People. The effect of this overspend resulted in a higher than expected cost base for the calculation of the job broking unit cost despite the expected job entry points being exceeded.

**Re-basing the 2005–06 target:** Jobcentre Plus revised the methodology of calculation for the 2005–06 target to reflect more accurately the costs for benefit processing and job broking. The 2004–05 target has been restated on the same basis to enable comparison with the 2005–06 target. The restated 2004–05 Benefit Processing target is £31.00 with the 2005–06 target set at £28.24. This represents a reduction of £2.76 per unit of delivery. On a similar basis, the restated 2004–05 Job Broking target is £216.78 while the 2005–06 target is £217.03. The small increase of £0.25 from the restated 2004–05 target to the 2005–06 target is due to an increase in expenditure on employment programmes. This is a reflection of the focus during 2005–06 on the most disadvantaged clients who are more costly to help.

Further work is to be undertaken by the Department to continue the improvements in the measurement of unit costs.

## Disability and Carers Service<sup>65</sup>

### Performance

The Disability and Carers Service is **on course** to meet this target. Targets have been reviewed annually over the SR2002 period and have been reset in the light of performance during the previous year to ensure significant performance challenge. The targets for 2005–06 represent a significant challenge, which is both stretching and realistic. The gap between current performance and the new target levels can be bridged by improved consistency and accuracy of decisions.

### Accuracy

For 2004–05, the agency has met the Attendance Allowance and Carers Allowance targets but not the Disability Living Allowance target, although performance improved from 81 per cent in April 2004 to 87.6 per cent in March 2005. From 2004–05 onwards the basis of the measurement for accuracy has been the quality of Disability Living Allowance/Attendance Allowance decisions, which provides a more robust and detailed analysis of decision-making accuracy. A key factor affecting the achievement of this target was the existing target structure for the agency. In 2004–05 there were 13 clearance time targets and one quality of decision target, placing the emphasis on speed rather than accuracy. The current over-achievement of clearance time targets could contribute to inconsistency in decision-making. In addition

<sup>65</sup> Not part of PSA target, but included as additional information.

**Figure 28:** 2004–05 performance and 2005–06 target for the Disability and Carers Service

Performance area	2004–05 target	2004–05 outturn	2005–06 target
<b>Accuracy of decision making and payment</b>		<b>Accuracy of decision making and payment</b>	
Disability Living Allowance	90 per cent	87.6 per cent	90 per cent
Attendance Allowance	90 per cent	92.8 per cent	90 per cent
Carer's Allowance	95 per cent	95.8 per cent	96 per cent
<b>Customer service:</b> Average actual clearance time for new claims (days)		<b>Customer service:</b> Customer service: Average actual clearance time (days)	
Disability Living Allowance	39	36.2	New claims 39 Reconsiderations 35 Appeals 37
Attendance Allowance	24	18.2	New claims 22 Reconsiderations 35 Appeals 35
Carer's Allowance	24	16.4	New claims 22 Appeals 35
<b>Customer service:</b> Telephony – new target from 2005-06.		Ensure that 90 per cent of calls to the national Helpline are answered, and that less than 1 per cent of calls receive an engaged tone.	
<b>Unit costs</b>	£132.15	£133.17	£131.56

to a revised target structure, a capacity improvement team has been set up to examine the issues leading to performance variation, and to develop solutions for implementation. The agency is confident that the measures it has now introduced will enable it to achieve its targets in 2005–06.

### Unit Cost

As a result of higher than forecast costs arising from the 2004–05 pay award, the agency was unable to meet its 2004–05 Unit Cost target.

### Customer Service

The Disability and Carers Service achieved all clearance time targets. Steady improvement in the performance of the agency's national telephone service for Disability Living Allowance and Attendance Allowance customers has also been made throughout the year.

While the current performance for Carer's Allowance indicates achievement significantly within target, a reduction in the easier-to-process Pensions claims has been forecast for 2005–06. The target for 2005–06 therefore, continues to present a significant performance challenge.

### Reasons for progress

The Disability and Carers Service has:

- communicated the vision and renewed the agency's focus on the experience customers have of its service;
- made a steady improvement in the performance of the national telephone service for Disability Living Allowance and Attendance Allowance;
- developed, with support from disability and carers organisations, individual customers and representative groups, its Customer Promise which sets the framework for how the business will be driven in future to meet customer expectations;
- made significant progress in mapping out how the agency will be transformed into a modern more efficient service; and
- increased the focus on managing attendance, resulting in the reduction of working days lost through staff sickness.





## **Appendix Two:** Outstanding target from 2000 Spending Review

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Reduce, by 2004–05, compared to 1999–2000:

- the incidence rate of fatal and major injury accidents by 5 per cent per 100,000 workers;
  - the number of working days lost from work-related injury and ill health by 15 per cent per 100,000 workers; and
  - the incidence rate of work-related ill health by 10 per cent per 100,000 workers.
-

## Performance

The final assessment of performance against this target is: **partly met**<sup>66</sup>

**Figure 29:** Performance against SR2000 health and safety target

Indicator	Baselines	2004–05 target	Outturn	Final Assessment*
the incidence rate of fatal and major injury accidents per 100,000 workers	117.3 (1999/2000)	5 per cent reduction	118.4 (p)	Not met
the incidence rate of work-related ill health per 100,000 workers.	2200 per 100 000 employed in the last 12 months (i.e. 2.2%) (2001/02)	10 per cent reduction	1800 per 100 000 (1.8%)**	Probably met
the number of working days lost from work-related injury and ill health per 100,000 workers	1.8 days lost per worker (2000-02)	15 per cent reduction	1.5 days lost per worker***	Possibly met

\* Because of the importance of the targets and the complexities of measurement, HSE gave a commitment that the assessment of progress would be subjected to external peer review. We will be asking an expert Statistics User Group to review the 2004/05 progress judgements by around the end of the year.

\*\* The range of possibilities (95% confidence interval) for this fall is from 8% to 23%

\*\*\* The range of possibilities (95% confidence interval) for this reduction is from 3% to 23%.

<sup>66</sup> Details can be found in *Health and Safety Statistics 2004/05* on the hse website at <http://www.hse.gov.uk/statistics/overall/hssh0405.pdf>.

### Fatal and major injury accidents

The available sources indicate no clear change since the base year in the rate of fatal and major injury to employees.

### Work-related ill health

The evidence suggests that incidence has fallen for most major categories of work-related ill health. For the period between 1999–2000 and 2001–02, evidence from other sources suggests that ill health incidence was flat or rising. Allowing for this, the fall over the whole period since 1999–2000 is still **probably** at least 10 per cent.

The assessment of progress represents our statisticians' best judgement based on all the information currently available. It is subject to uncertainty, for example because some of the data come from surveys, which are affected by sampling error. This is why the judgement is given in terms of a range of possibilities: in statistical terms, we can only say it is **probable** that the 10 per cent target has been met.

### Days lost from work-related injury and ill health

There has been a significant fall in working days lost per worker since the base period, and this may have been large enough to meet the target of a 15 per cent reduction.

### Reasons for under-performance

#### The incidence of fatal and major injury

HSE needs time to fully analyse the impact of the latest statistics (published November 2005), but the 5 per cent target reduction was always challenging. More needs to be done to understand the details behind the high-level figures. For instance, it is not yet clear why major injuries have not reduced in line with other reportable injuries (for which both RIDDOR and the Labour Force Survey show reductions since the baseline year).

In order to help deliver the injury target, HSE focused on hazards and sectors where improvements were vital if the targets were to be met. These included construction, workplace transport, falls from height and slipping and tripping.

#### Key points

- The rate of employee **major injury** (reported by employers) dropped by 2.2 per cent in 2004–05, the first reduction since 2000–01. There is no clear trend since the base year 1999–2000. The rate of major injury is about 1 per cent higher than in 1999–2000.
- The rate of **fatal injury** to employees in 2004–05 is about 0.5 per cent lower than in 1999–2000. However, because of the relatively small numbers of fatal injuries, their impact on the injuries target is small.

- **Construction:** there has been a **reduction** of 24 per cent in the rate of reported ***fatal and major injury*** between 1999–2000 and 2004–05.
- **Falls from a height:** the number of ***fatal injuries*** to employees falling from a height has reduced by 16 per cent from 1999–2000 to 2004–05; reported ***major injuries*** have reduced by 31 per cent.
- **Slips and trips:** there are relatively few ***fatal injuries*** each year resulting from slips and trips, although this is the most common kind of accident resulting in a ***major injury***. The number of reported major injuries resulting from slipping or tripping is about 19 per cent higher, when comparing 2004–05 with 1999–2000.
- **Workplace transport:** being struck by a moving vehicle is one of the most common kinds of ***fatal accident*** to employees. The number has fluctuated since 1999–2000, but shows an overall reduction, from 27 in 1999–2000, to 23 in 2004–05 (15 per cent less).
- There were 715 reported ***major injuries*** resulting from being struck by a moving vehicle in 2004–05, compared to 959 in 1999–2000 (25 per cent less).

# Further information and references

The Department's published documents can be found on its website at: [www.dwp.gov.uk](http://www.dwp.gov.uk).

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