



Departmental Report 2008

This document is part of a series of Departmental Reports which, along with the Main Estimates 2008-09, the document Public Expenditure Statistical Analyses 2008 and the Supplementary Budgetary Information 2008-09, present the Government's expenditure plans for 2008-09, and comparative outturn data for prior years.



Department for Work and Pensions

Departmental Report 2008

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

Foreword from the Secretary of State.....	5
The Department's Ministers.....	7
Recognition of excellence.....	8
Chapter One – Introduction and overview.....	9
Chapter Two – Objectives and strategies.....	22
Chapter Three – Performance against PSA targets.....	31
Part 1: Children.....	34
Part 2: Employment and well-being at work.....	44
Part 3: Security in retirement.....	55
Part 4: Disabled people.....	61
Part 5: Quality of service delivery.....	65
Part 6: The efficiency challenge.....	73
Chapter Four – Corporate enablers.....	76
Human Resources.....	77
Finance.....	79
Information Technology.....	81
Chapter Five – Other areas of public interest.....	85
Better regulation.....	86
Sustainable development.....	88
International work.....	89
Ministerial correspondence from members of the public.....	90
Citizen redress.....	90
Communications and marketing.....	91
Sponsorship.....	92
Consultancy and staff substitutes/interims.....	92
Public Accounts Committee recommendations.....	93
Annex A – Expenditure tables.....	95
Annex B – Trends in benefit expenditure from 2002–03 to 2008–09.....	122
Annex C – The Department's agencies and Non-Departmental Public Bodies.....	127

Table of Figures

Figure 1: How the Department is organised	24
Figure 2: Number of children in relative poverty and in relative poverty and material deprivation combined	36
Figure 3: Proportion of children living in workless households	37
Figure 4: Proportion of parents with care on Income Support/Jobseeker's Allowance in receipt of maintenance	39
Figure 5: Percentage of children reaching a good level of development	40
Figure 6: Growth in registered childcare places.....	42
Figure 7: UK employment and unemployment, 1971–2007.....	45
Figure 8: Employment rates of lone parents, GB (overall) and SR04 target	46
Figure 9: Employment rate of ethnic minorities, GB (overall), and the gap between the two	47
Figure 10: Employment rate of older workers, GB (overall), and the difference between the two	48
Figure 11: Employment rate and gap with the overall rate for the lowest qualified	49
Figure 12: Employment rate for the 903 local authority wards with the poorest initial labour market position, overall rate and gap between the two.....	51
Figure 13: SR2002 employment targets.....	52
Figure 14: Occupational health and safety sub-targets and performance	54
Figure 15: Major hazards sub-targets and performance	54
Figure 16: Number of pension forecasts issued since April 2005	57
Figure 17: Number of successful pension traces by 2007–08	58
Figure 18: Progress on the general population's awareness of the DDA	62
Figure 19: Employment rate of disabled people, GB overall rate and the gap between the two	64
Figure 20: SR2002 employment target for disabled people.....	64
Figure 21: Average number of days taken to process a new HB/CTB claim.....	66
Figure 22: Levels of fraud, customer error and official error in Income Support and Jobseeker's Allowance.....	68
Figure 23: Change in working-age Housing Benefit overpayments	70
Figure 24: Reconciliation of aims and targets from SR2004 to CSR2007	70
Figure 25: Progress against efficiency targets.....	75
Figure 26: Progress against equality targets.....	79
Figure 27: Investment plans to 2011	80
Figure 28: The Department's key IT-enabled projects.....	84
Figure 29: Major publicity campaigns costing over £500,000 during 2007–08.....	91
Figure 30: Departmental expenditure (including VAT) on externally acquired staff resources (£million)	92
Figure 31: Benefit expenditure by objective (2007–08 prices).....	122
Figure 32: Numbers in receipt of key benefits.....	123

Foreword from the Secretary of State

I believe the Welfare State exists to improve people's chances in life.

In order to sweep away the barriers that stand between people and a better future, everything we do must aim to give our customers ever greater control over their lives. We provide people the opportunities to work and get on in work wherever they can. For those who are not in a position to have a job, we provide the means to ensure that they too can live independently.

These principles provide the direction for our recent reforms of the Welfare State: better incentives to work for lone parents, an easier way to save for retirement and higher expectations and improved support for sick and disabled people provided by the Employment and Support Allowance. These same principles will also inform the reforms to come, as together we build on what we have already done.

This report demonstrates that the Department is well placed to deliver these new reforms. We have met in full the ambitious efficiency targets set by the 2004 spending review. We have delivered savings of nearly £1 billion a year and reduced our headcount by over 30,000 while actually increasing our productivity. We have shown that it is possible to improve service and reduce the cost to taxpayers at the same time.

We are playing our part to stamp out the disadvantage and inequality that can blight a child's entire future. The joint Child Poverty Unit, the updated Departmental strategy Working for Children, and the development of the Child Maintenance and Enforcement Commission all demonstrate the Department's continuing commitment to ending child poverty.

For those of working age, *Ready for work* set out our steps towards the goal of an 80 per cent employment rate in order to bring the independence of work to more people than ever before. Pathways to Work is now in place across the country and we look forward to the implementation of the Employment and Support Allowance by the end of the year, as we lead the world to actively engage with sick and disabled people who in the past for too long have been overlooked or written off.

The Pensions Act 2007 was passed, paving the way for the current Pensions Bill which will enable millions more people to save for retirement, while the extension of the Financial Assistance Scheme has ensured a secure, independent future for many pensioners otherwise facing hardship and uncertainty. These are significant achievements for people of all ages.

We have also achieved much in improving the way in which we deliver to our customers. The National Audit Office praised the successful modernisation of the Jobcentre Plus network. The new Pension, Disability and Carers Service will enhance our dealings with millions of customers and the Personal Accounts Delivery Authority has been created to develop proposals to make it easier to save for retirement.

In February this year the Department launched its Commissioning Strategy that will redefine the relationship between the Department and the providers who deliver an increasing proportion of our welfare to work programmes. The flexibility and innovation that these providers offer will help tackle the problems of the hardest to help, providing them greater opportunities for work and in turn the greater independence that brings.

This report shows that in many areas we are making good progress. This is a testament to the abilities and commitment of the staff in the Department and its agencies, as well as those with whom we work to deliver on the targets. We still have more to do to achieve the ambitious goals that we have set and we must continue to build on the excellent work done to date to strive towards a society where everyone has the opportunity to be the authors of their own lives.

A handwritten signature in black ink, appearing to read 'JP', enclosed within a faint, light-colored oval shape.

James Purnell MP

Secretary of State for Work and Pensions

The Department's Ministers



The Right Honourable James Purnell MP
Secretary of State for Work and Pensions



The Right Honourable
Stephen Timms MP
Minister of State for
Employment and
Welfare Reform



Mike O'Brien MP
Minister of State for
Pensions Reform



James Plaskitt MP
Parliamentary Under
Secretary (Commons)



Lord McKenzie of Luton
Parliamentary Under
Secretary (Lords)



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

Recognition of excellence



In 2007–08 the Department continued its success at the second annual Whitehall and Westminster World Civil Service Awards.

Nine finalists from the Department were shortlisted for the 13 categories in the 2007 Awards.



The customers workstream team in the Pensions Transformation Programme won the Diversity Award for their work in putting diversity at the heart of the programme.

The award recognises significant improvements in diversity and equality.



The Department's Benefit Strategy Directorate won the Joined Up Government Award for their work with The Pension Service and local authorities in helping to increase pensioner incomes and tackle poverty.

The award recognises joint working arrangements and using a coordinated strategy for implementation and delivery.



Chapter 1 Introduction and overview

What do we do?

The Department for Work and Pensions provides opportunities for millions of people.

We help people to find jobs, help children out of poverty, support those out of work, provide security in retirement, strive to advance the rights of disabled people and improve health and safety in the workplace.

Here are a few examples of what we have been doing to meet our objectives in 2007–08.



Work

“At around 75% by end-2007, UK employment has reached new record levels.”

Our objective

“Promote work as the best form of welfare for people of working age, while protecting those in greatest need.”

Key events

- The Welfare Reform Act 2007 received Royal Assent, enabling:
 - the replacement of incapacity benefits with the Employment and Support Allowance from autumn 2008. This provides new opportunities for people with a health condition or disability; and
 - the national rollout of Local Housing Allowance in April 2008. This allowance makes housing support simpler for customers to understand and easier for local authorities to deliver.
- In December 2007, *Ready for work: full employment in our generation* was published. This paper sets out the steps the Government will take to reach the goals of an 80 per cent employment rate and working people with world class skills.
- In January 2008, the Prime Minister set out plans for a major expansion of apprenticeships and how employers, unions and the Government can work together to deliver the skills agenda.



Children

“Since 1998–99 600,000 children have been lifted out of poverty”

Our objective

“Ensure the best start for all children and end child poverty by 2020.”

Key events

- A joint Child Poverty Unit was established in November 2007, bringing together people from the Department for Work and Pensions (DWP), the Department for Children, Schools and Families and other organisations to provide an integrated approach across government to tackling child poverty.
- The process of establishing a new Non-Departmental Public Body, the Child Maintenance and Enforcement Commission (C-MEC), to replace the present Child Support Agency is underway. The Chair and Commissioner Designate of C-MEC were appointed in November 2007 and January 2008 respectively.
- The Department published its refreshed child poverty strategy *Working for Children* in March 2007. Increasing the family focus of employment programmes is a key theme of the strategy.



Pensions

“More than 3 million pensioners now benefit from Pension Credit”

Our objective

“Combat poverty and promote security and independence in retirement for today’s and tomorrow’s pensioners.”

Key events

- The Pensions Act 2007 was passed, setting out reforms to make the State Pension fairer, simpler, more generous and more widely available.
- The current Pensions Bill was introduced to Parliament, to enable and encourage more people to build up a private pension income.
- The Financial Assistance Scheme was extended. New measures include a guaranteed 90 per cent of accrued pension for scheme members at the date their scheme began wind-up, subject to a cap of £26,000.
- The Personal Accounts Delivery Authority (PADA) was established. A Consumer Representative Committee, which will work with PADA, gives consumer groups a key role in advising on plans for the personal accounts scheme to help millions of people save for retirement for the first time.



Disability

“The Department, which hosts the Government’s Office for Disability Issues, has continued to work towards equality for disabled people”

Our objective

“Improve rights and opportunities for disabled people in a fair and inclusive society”

Key events

- Equality 2025, the UK Advisory Network on Disability Equality, held its first public meeting in November 2007.
- *The Independent Living Strategy* was published in February 2008. The strategy brings together recent government initiatives on employment, housing and social care to remove barriers and to improve access to services.
- To enhance our service to customers, a new Agency was created in April 2008 which brings together The Pension Service and the Disability and Carers Service. The new Pension, Disability and Carers Service will serve around 17 million customers in Great Britain and abroad.



Fraud and error

"No ifs, no buts."

Our objective

"Ensure customers receive a high quality service, including levels of accuracy."

Key events

- In its January 2008 report *Progress in Tackling Benefit Fraud*, the National Audit Office concluded that good progress has been made in reducing fraud.
- The commencement of a national implementation of the use of credit reference agency data and trials of Voice Risk Analysis technology.
- On track to substantially exceed the target for reducing Housing Benefit processing times – average times reduced by four weeks and by eight weeks for the worst performers by April 2008.
- Under the Welfare Reform Act 2007, local authorities are able to investigate and prosecute fraud against certain national benefits from April 2008.



Health and Safety

“HSE’s vision is to achieve a record of workplace health and safety that leads the world”

Our objective

“By 2008 improve health and safety outcomes in Great Britain through progressive improvement in the control of risk in the workplace”

Key events

- **Merger** of the Health and Safety Commission and the Health and Safety Executive (HSE) successfully passed through the Lords’ Delegated Powers and Regulatory Reform Committee.

Our Information Technology

We make the best use of technology to deliver our services...

- DWP's new Voice over Internet Protocol (VoIP) telephony and increased network capacity is the first major UK application of VoIP technology supporting more than 40 networked contact centres in the new contact centre network, enabling the Department to respond to the increasing demands of its huge customer base.
- Staff have been provided with 135,000 new desktop PCs and encrypted laptops and nearly 70,000 new Internet Protocol telephones.
- The Customer Management System (CMS) provides staff with on-screen information and guidance. It enables data to be gathered and transferred electronically to benefits payment systems, reducing the use of paper.
- www.jobcentreplus.gov.uk – handles more than four million job searches every week, making it the UK's number one recruitment website.
- Ninety-eight per cent of benefit payments now go directly into our customers' bank or building society accounts meaning reduced fraud and lower cost to the taxpayer.

Our People

“I was on New Deal eight years ago and found it fantastic. I was put forward for voluntary job placements and gained office and customer service experience. Eventually I was successful in gaining a job within the Department. New Deal was a great way for me to gain the skills and confidence to get back into work.”

Allan Jones, Administrative Assistant at Jobcentre Plus in Birkenhead.

“Older people seem to really appreciate our visits because they get to speak to someone face-to-face – sometimes we’re the only people they talk to that day. The best thing about my job is the level of satisfaction you feel when you’ve helped somebody make a successful claim.”

Maria Davey, Customer Liaison Manager at The Pension Service in Bromley, Kent

“I made a list of all the financial help a customer can get if they go into work – many can’t believe the support that’s out there. One customer showed the list to her mum, who came straight down to the Jobcentre. She had been unemployed for a long time and didn’t realise she could get any help.”

Roshney Mistry, a Lone Parent Adviser with Jobcentre Plus in Edgware, London

Our Values



We aim to deliver the best possible service for the people who rely on us. That's why our four values are: achieving the best, making a difference, respecting people and looking outwards.

But what do the people we help think of our work?

"I knew I had to support my daughter, but didn't know where to turn to look for a job. My adviser listened to every problem I had and, step-by-step, we overcame a lot. I achieved my goal of getting a job with their help and support."

Jan, Liverpool

"My adviser was a credit to the system and it was great to deal with someone who knew their job so well and worked with such competence. I knew the day would come when I would be able to come off benefits and support my family as a single working mum."

Karen, London

"After seven years of suffering domestic violence, my self-esteem was shattered and I just could not see a way out for me and my children. But the fantastic help I received from Jobcentre Plus and Jericho [a community project] shows that there is help for other women who are victims of domestic violence."

Sevil, Birmingham

Moving forward

But we know there is more that we can do. Future plans include:

- Extend Pathways to Work through contracts with external provider organisations.
- From 2009, expand mandatory Pathways to Work to existing Incapacity Benefit customers starting with the under 25s.
- Prepare for the delivery of the new Employment and Support Allowance in October 2008, supporting people with a health condition or disability.
- Continue to tackle child poverty by, for example, extending our personal adviser support to more lone parents, offering advice on formal childcare, and introducing extended in-work financial support.
- Deliver the Integrated Employment and Skills Service recommended by the Leitch Review.
- Implement a more personalised, flexible New Deal, delivering support which is right for the individual.
- Promote the benefits of employers and workers working together to manage health and safety sensibly.
- Explore how we can simplify the benefits system.

Improving performance, adding value

We have pledged to deliver an annual five per cent real-terms budget reduction from 2008–09 to 2010–11

- We have already made excellent progress, surpassing our March 2008 efficiency target of £960 million. This puts us in a strong position as we make the transition into the next spending review period.
- We will continue to implement our Skills Strategy, developing a capable and flexible workforce with the skills and abilities to meet current and future business requirements.
- We will develop leadership capabilities resulting in inspirational and effective leaders with the ability and confidence to lead through transformational change.
- We will continue with our flexible retirement policy, having become the first Government Department to remove an upper retirement age for its staff.



Chapter 2 Objectives and strategies

Chapter Two – Objectives and strategies

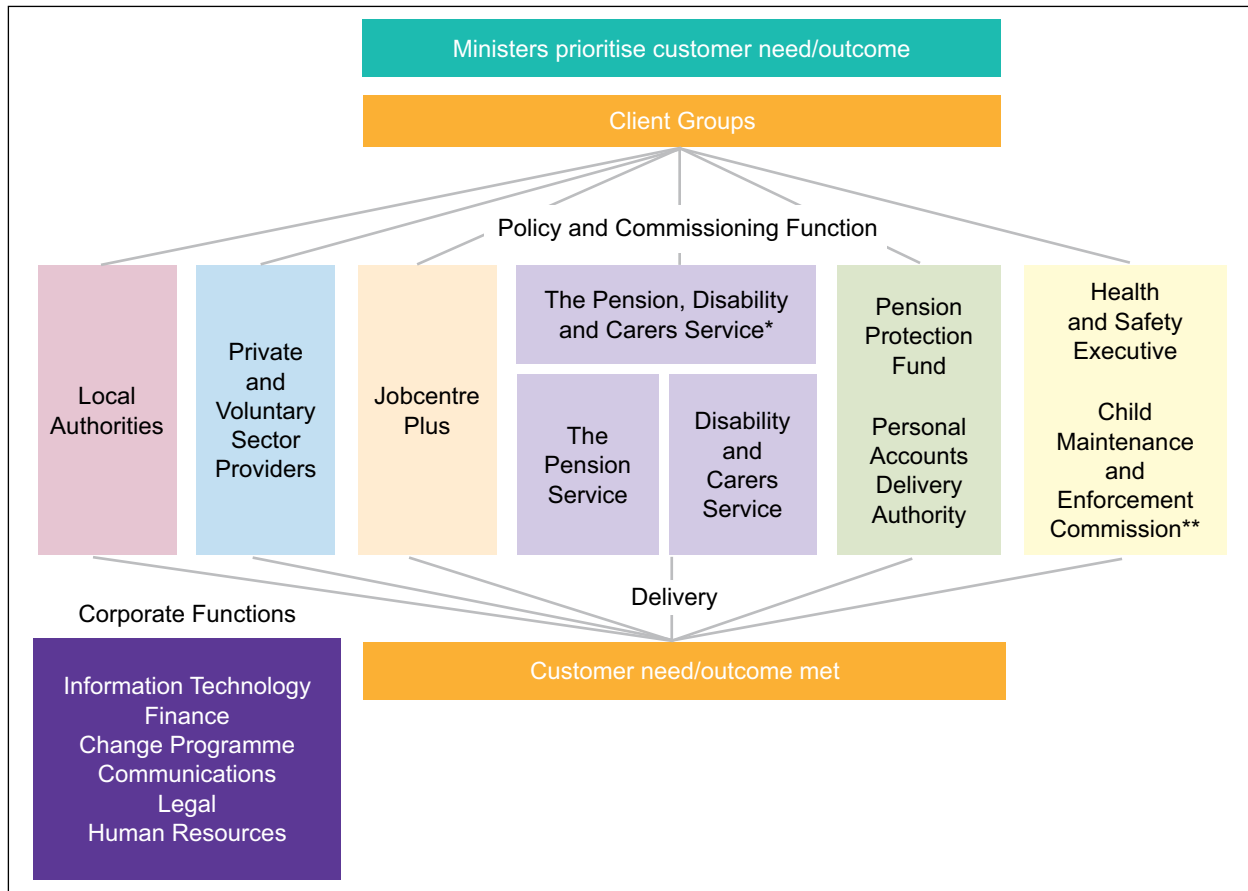
Spending Review (SR) 2004 strategic objectives

1. The Department for Work and Pensions exists to promote opportunity and independence for all. It provides help to individuals and supports the country's economic growth and social cohesion.
2. The Department helps individuals to achieve their potential through employment to provide for themselves, their children and their future retirement. It works with others to combat poverty, both of aspiration and outcome.
3. The Department set out its strategic objectives for the SR2004 period in its Five Year Strategy *Opportunity and security throughout life*¹ (Cm 6447 February 2005). These are to:
 - ensure the best start for all children and end child poverty by 2020;
 - promote work as the best form of welfare for people of working age², while protecting the position of those in greatest need;
 - combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners;
 - 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.
4. To deliver these objectives, the Department is organised into policy, corporate and delivery functions, as shown in Figure 1.

¹ www.dwp.gov.uk/publications/dwp/2005/5_yr_strat/

² 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.

Figure 1: How the Department is organised



Notes:

* The newly formed Pension, Disability and Carers Service will, for the short to medium term, retain the distinct branding of The Pension Service and the Disability and Carers Service in providing its services to customers.

** From July 2008 the Child Maintenance and Enforcement Commission will be created. This Crown Non-Departmental Public Body will replace the Child Support Agency.

Progress towards the Department’s objectives in 2007–08

Ensure the best start for all children and end child poverty by 2020

- Following the November 2006 publication of the Harker report *Delivering on Child Poverty: what would it take?* (Cm 6951)³, in March 2007, the Department published its refreshed strategy *Working for Children* (Cm 7067)⁴. This shows that there are now 600,000 fewer children living in relative poverty than in 1998–99 with the increase in lone parent employment being a key contributing factor. From April 2010, in real terms, families with children in the poorest fifth of the population will be, on average, £4,500 a year better off than in 1997 and measures announced in Budget 2007, the Pre Budget Report and Budget 2008 will together help lift around 500,000 children out of poverty by 2010–11.

³ www.dwp.gov.uk/publications/dwp/2006/harker/harker-full.pdf

⁴ www.dwp.gov.uk/publications/dwp/2007/childpoverty/childpoverty.pdf

6. To inject fresh impetus into the Government's strategy, a joint Child Poverty Unit⁵ was established in November 2007. By bringing together officials from DWP and the Department for Children, Schools and Families, as well as from third sector organisations, the Unit will provide an integrated approach across government to tackling child poverty. Following new funding announced in Budget 2008, work will be undertaken to test out innovative approaches to tackling child poverty, exploring solutions to the critical challenges in meeting the 2020 target. The Unit will also work with stakeholders to develop a strategy for the next decade to meet the 2020 goal, building on research and evidence from these pilots.
7. An effective child maintenance system that helps children achieve financial security is integral to achieving the Government's child poverty objectives. The Child Maintenance and Other Payments Bill⁶ is expected to receive Royal Assent by early June 2008. The Bill takes forward, and builds on, the recommendations made in Sir David Henshaw's report *Recovering Child Support: routes to responsibility* (Cm 6894 July 2006)⁷ and the subsequent proposals in the White Paper *A New System of Child Maintenance* (Cm 6979 December 2006)⁸.
8. The Bill sets out a new policy and delivery framework which will give parents more choice in their maintenance arrangements and lift many more children out of poverty. It provides for new institutional arrangements to deliver child maintenance in a new way, including the creation of the Child Maintenance and Enforcement Commission as a Crown Non-Departmental Public Body.
9. In addition, the Government's Ten Year Childcare Strategy continues to improve the quality, availability and suitability of formal childcare, particularly for low-income parents. Formal childcare is a key work enabler for parents, particularly lone parents, and the Government has invested significantly in this area; over £21 billion since 1997. The continued roll-out of Sure Start Children's Centres and Extended Schools, alongside measures such as the sufficiency duty under the Childcare Act 2006, should ensure that progress in this area is maintained.

⁵ www.dwp.gov.uk/childpoverty

⁶ www.publications.parliament.uk/pa/pabills/200607/child_maintenance_and_other_payments.htm

⁷ www.dwp.gov.uk/childmaintenance/pdfs/Henshaw_complete22_7.pdf

⁸ www.dwp.gov.uk/childmaintenance/csa_report.pdf

Ensuring that work is seen as the best route out of welfare

10. More people are now in employment than ever before, and the employment rate is at an historically high level. The number of people claiming unemployment benefits is at its lowest level for 32 years. The number of people on key out-of-work benefits has reduced from about 5.5 million in 1997 to 4.5 million in 2008.
11. In December 2007, the Government published the Command Paper *Ready for work: full employment in our generation* (Cm 7290)⁹ which sets out the next phase of welfare reform. During 2007–08, the Government also published a number of documents¹⁰ on how it intends to extend, modernise and personalise the support it offers to people who often face multiple challenges to finding and keeping a job. These documents also explain how the DWP and the Department for Innovation, Universities and Skills will work together to ensure that more people gain the training and support they need to move from benefits to work and then to progress in work.
12. The key measures the Department is taking are:
 - **lone parents** who can work will be required to actively seek work, helped by a flexible system of pre-work preparation and in-work support, which starts for lone parents whose youngest child is 12 or over from 2008, 10 or over from 2009 and 7 or over from 2010;
 - from October 2008, incapacity benefits for new claimants will be replaced by an **Employment and Support Allowance** which emphasises what a person with a physical or mental health condition can do rather than what they cannot;
 - the introduction of mandatory Pathways to Work interviews and the new Work Capability Assessment for **existing Incapacity Benefit customers who are under 25** from 2009;
 - a more **flexible New Deal** from April 2009, with the first customers referred to contracted provision from October 2009, to better meet the employment and skills needs of those who have been on benefit for a long time, or who have struggled to find a stable pattern of work; and
 - **integrated employment and skills provision**, including: skills screening for all new claimants and full Skills Health Checks for those who need it, tailored provision for those with basic skills needs, and increased access to training allowances for Jobseeker's Allowance customers, all from 2009–10.

⁹ www.official-documents.gov.uk/document/cm72/7290/7290.pdf

¹⁰ *World Class Skills: Implementing the Leitch Review of Skills in England* (CM 7181 July 2007) www.dfes.gov.uk/skillsstrategy/uploads/documents/World%20Class%20Skills%20FINAL.pdf
Opportunity, Employment and Progression: making skills work (Cm 7288 November 2007) www.dius.gov.uk/publications/7381-TSO-Skills.pdf
Ready for work: full employment in our generation (Cm 7290 December 2007) www.dwp.gov.uk/welfarereform/readyforwork/readyforwork.pdf

Sustaining the reductions in pensioner poverty and encouraging people to save for later life

13. The number of pensioners living in relative poverty has fallen by over one million since 1996–97. The Department continues to sustain this achievement by promoting the take-up of benefits and simplifying the claims process. For example, customers can now claim Pension Credit, State Pension, Housing Benefit and Council Tax Benefit in a single telephone call.
14. In the White Paper *Security in Retirement: towards a new pensions system* (Cm 6841, May 2006)¹¹ the Government outlined an integrated package of reforms which built on the analysis and recommendations of the Pensions Commission which addressed the challenges posed by an ageing society and widespread undersaving among certain groups.
15. The first part of this reform package was implemented in the Pensions Act 2007. It introduces a simpler, more generous and widely available State Pension to address the historic inequalities in entitlement especially for women. It also provides for a gradual increase in State Pension age to ensure the system is sustainable in the face of demographic change and to enable people to extend their working lives. The measures contained in the Act ensure there is a solid foundation upon which people can plan for retirement.
16. A second Pensions Bill builds on the Pensions Act 2007 through reforms, primarily to the private pension system, that will encourage more people to build up a private pension income to supplement that received from the State. From 2012, all eligible workers will be automatically enrolled into a qualifying workplace pension scheme helping to overcome barriers to saving, such as inertia. For those without access to workplace pension provision, a new low-cost occupational pension scheme will be set up. For the first time employers will be required to contribute to workers' pensions.

Improving the rights and opportunities of disabled people

17. The Department has continued to work towards equality for disabled people through the implementation of the Disability Discrimination Act 2005, including hosting the Government's Office for Disability Issues (ODI), and by promoting effective cross-government implementation of the Disability Equality Duty. Equality 2025, the UK Advisory Network on Disability Equality, held its first public meeting in November 2007. The Disability Equality consultation¹², held in spring 2007, involved disabled people in a debate about the measurement of progress towards disability equality and the *Independent Living Strategy* was published in March 2008. More information can be found in the ODI second annual report, published in December 2007¹³.

¹¹ www.dwp.gov.uk/pensionsreform/pdfs/white_paper_complete.pdf

¹² www.officefordisability.gov.uk/consultations/

¹³ www.officefordisability.gov.uk/publications/report/2007/

18. The Department's employment strategy for disabled people aims to raise the employment rate of disabled people and reduce the numbers of disabled people claiming incapacity benefits¹⁴. The final phase of the rollout of Pathways to Work started in December 2006 and by April 2008 national rollout had been completed. Remploy's modernisation plan was agreed in November 2007, with the aim to expand Remploy's employment services for mainstream employment provision. The Department's public consultation on specialist disability employment services was launched on 3 December 2007 and continued until 10 March 2008. A formal response by the Department to the consultation is expected to be published in June 2008.
19. The Department published its race, disability and gender equality schemes annual progress report in November 2007.

Continuing to improve delivery services

Change Programme

20. The DWP Change Programme is driving delivery of the Department's business strategy, which will transform the way it delivers services for customers, as detailed in a blueprint – 'Work, Welfare, Well-being, Well delivered'.
21. In line with the Government's Service Transformation agenda, the Change Programme, working with the Department's delivery businesses, will provide more integrated services that better meet the needs of the Department's customers and offer greater choice on how they access those services.
22. During 2007, a Customer Insight team was established as a permanent Departmental function to help ensure that the needs of the customer are at the heart of policy and service delivery, and nine Lean pathfinder initiatives were launched in seven locations, with further rollout from spring 2008.
23. The Department is also piloting improved services for customers who move in and out of work, in collaboration with Her Majesty's Revenue and Customs (HMRC) and local authorities, and is leading the Tell us Once project which is exploring the feasibility of a one stop service for customers to report key changes of circumstances across government, using a channel of their choice. From spring 2008, customers will be able to access new and existing Departmental services through the Directgov site¹⁵.

Benefit simplification

24. The Department's benefit simplification guide to best practice was revised in May 2007¹⁶. The guide brings together best practice in a succinct and accessible way, and ensures that the reduction of complexity is considered as a priority before making any changes.

¹⁴ For more information see Chapter 2 of *A New Deal for Welfare: Empowering People to Work*.

¹⁵ www.directgov.gov.uk

¹⁶ www.dwp.gov.uk/publications/dwp/2006/simplification-guide-best-practice.pdf

25. In 2007 the Department introduced a number of simplifications, including:
- ignoring certain compensation payments in the final pay packet when assessing new claims to working age benefits (removing the need for around 1.2 million telephone calls to employers each year);
 - revising and updating medical guidance for Disability Living Allowance and Attendance Allowance Decision Makers; and
 - announcing, via the 2007 Pre Budget Report, the abolition of the separate, lower single person rate in Income Support and Jobseeker's Allowance for those aged 16-17 years, reducing three benefit rates to two.
26. The Department also announced, on 5 December 2007, a package of changes to income-related benefits for pensioners which further demonstrates its commitment to making the process of claiming benefits less intrusive, less confusing, and more automatic to provide a better experience for the customer. The changes also deliver simplified arrangements for staff to help deliver the improved service.
27. The Department continues to look at the feasibility of a single system of benefits for people under pension age. The December 2007 command paper *Ready for Work: full employment in our generation* set out five guiding principles for benefit reform. These are that a simple benefits system should promote work, be affordable, have clear obligations, have straightforward rules and ensure fair treatment.

The New Performance Framework

28. The Comprehensive Spending Review 2007 introduced a reduced set of Public Service Agreements (PSAs) which reflect government-wide priorities and focus on the most important areas for collective action. The Secretary of State for Work and Pensions will have responsibility for two PSAs:
- PSA8 – Maximise employment opportunity for all; and
 - PSA17 – Tackle poverty and promote greater independence and well-being in later life.
29. The Department will contribute to nine further PSAs, which are led by other government departments. These are:
- Halve the number of children in poverty by 2010–11, on the way to eradicating child poverty by 2020;
 - Increase the number of children and young people on the path to success;
 - Increase the proportion of socially excluded adults in settled accommodation and employment, education or training;
 - Make communities safer;

- Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions;
 - Improve long-term housing supply and affordability;
 - Improve the skills of the population, on the way to ensuring a world-class skills base by 2020;
 - Ensure controlled, fair migration that protects the public and contributes to economic growth; and
 - Address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief.
30. The PSAs are underpinned by seven Departmental Strategic Objectives (DSOs) which are intended to cover the totality of the Department's business and to express the key outcomes that it is seeking to deliver:
- DSO 1: Reduce the number of children living in poverty.
 - DSO 2: Maximise employment opportunity for all and reduce the numbers on out-of-work benefits.
 - DSO 3: Improve health and safety outcomes.
 - DSO 4: Promote independence and well-being in later life, continuing to tackle pensioner poverty and implementing pension reform.
 - DSO 5: Promote equality of opportunity for disabled people.¹⁷
 - DSO 6: Pay our customers the right benefits at the right time.
 - DSO 7: Make DWP an exemplar of effective service delivery to individuals and employers.
31. The Comprehensive Spending Review (CSR) 2007 settlement also requires the Department to deliver an ambitious value for money reform programme generating annual cash-releasing savings of £1,225m by 2010–11.
32. The Department's Three Year Business Plan 2008–2011¹⁸ sets out how the DSOs will be delivered with the resources available to the Department over the CSR07 period. The *2007 CSR Value for Money Delivery Agreement*¹⁹ sets out how savings will be made.

¹⁷ The title of this Strategic Objective has been altered from the one published in the 2007 CSR to reflect machinery of government changes.

¹⁸ www.dwp.gov.uk/publications/dwp/2008/3yrplan

¹⁹ www.dwp.gov.uk/publications/dwp/2007/CSR-value-for-money-delivery-agreement-2007.pdf

Chapter 3

Performance against PSA targets



Chapter Three: Performance against PSA targets

33. Unlike the new CSR07 performance framework, the SR2004 PSA targets only cover a proportion of the Department's activities. Whilst PSA performance is important, therefore, it should be seen in a wider context.
34. The last year has seen the Department achieve hugely significant improvements in key areas of reform which have and will continue to benefit the lives of millions of people. These include welfare reform, tackling poverty, increased employment and pensions. As outlined in Chapter One, this builds on a solid record of delivery for the Department:
- more people now employed in Britain than ever before;
 - one million fewer people on out-of-work benefits than in 1997;
 - more than one million pensioners and 600,000 children lifted out of relative poverty;
 - a department that has become more productive in each year of SR2004 and has met all of its efficiency targets.
35. This chapter gives an assessment of progress against each outstanding SR2004 PSA target. It is set out in six parts:
- Part One – targets related to children (PSAs 1, 2 and 3).
 - Part Two – targets related to employment and safety in the workplace (PSAs 4 and 5).
 - Part Three – targets related to retirement (PSAs 6 and 7).
 - Part Four – target related to disabled people (PSA 8).
 - Part Five – targets related to the quality of service (PSAs 9 and 10).
 - Part Six – the efficiency challenge.

Measuring performance against targets

36. To make consistent judgements on final outturn against all PSA targets, the Department uses the terms below to describe performance, in accordance with HM Treasury guidance.

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 the 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.

37. The National Audit Office *4th Validation Compendium Report* (HC 22–11, December 2007)²⁰ provides an independent assessment of the quality of the data systems used by departments to measure progress against their 2005–2008 Public Service Agreement targets. Additional background information about the targets reported on in the following pages is available from the relevant Technical Notes:

SR2002: www.dwp.gov.uk/publications/dwp/2002/sda/oct/psa_oct.pdf

SR2004: www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf

²⁰ www.nao.org.uk/publications/nao_reports/07-08/070822i.pdf

Part 1: Children

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

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 target 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

38. Household income is reported in the Households Below Average Income (HBAI) statistics, published annually as National Statistics by the Department. UK figures for 1994–95 to 2005–06 were published in spring 2007 (until 2006, the figures were based on GB data).
39. To ensure valid comparisons, income is equivalised (adjusted to take into account variations in both the size and composition of the household). The Department uses the modified Organisation for Economic Cooperation and Development equivalisation scale to ease international comparisons. This scale can only be used with income before housing costs.
40. As with any survey, HBAI results are subject to sampling error. For estimates of numbers of children, the 95 per cent confidence range around a published estimate is approximately plus or minus 140,000.
41. The SR2004 target is measured through the following components of the Department's child poverty measure for 2010–11:
 - incomes less than 60 per cent of the contemporary median income; and
 - incomes less than 70 per cent of the contemporary low-income level and material deprivation combined.

42. The material deprivation indicator is based on a suite of material deprivation questions as outlined in *Measuring Child Poverty* (December 2003)²¹. The precise construction of the material deprivation indicator was published alongside the 2007 Comprehensive Spending Review (CSR07).

Performance

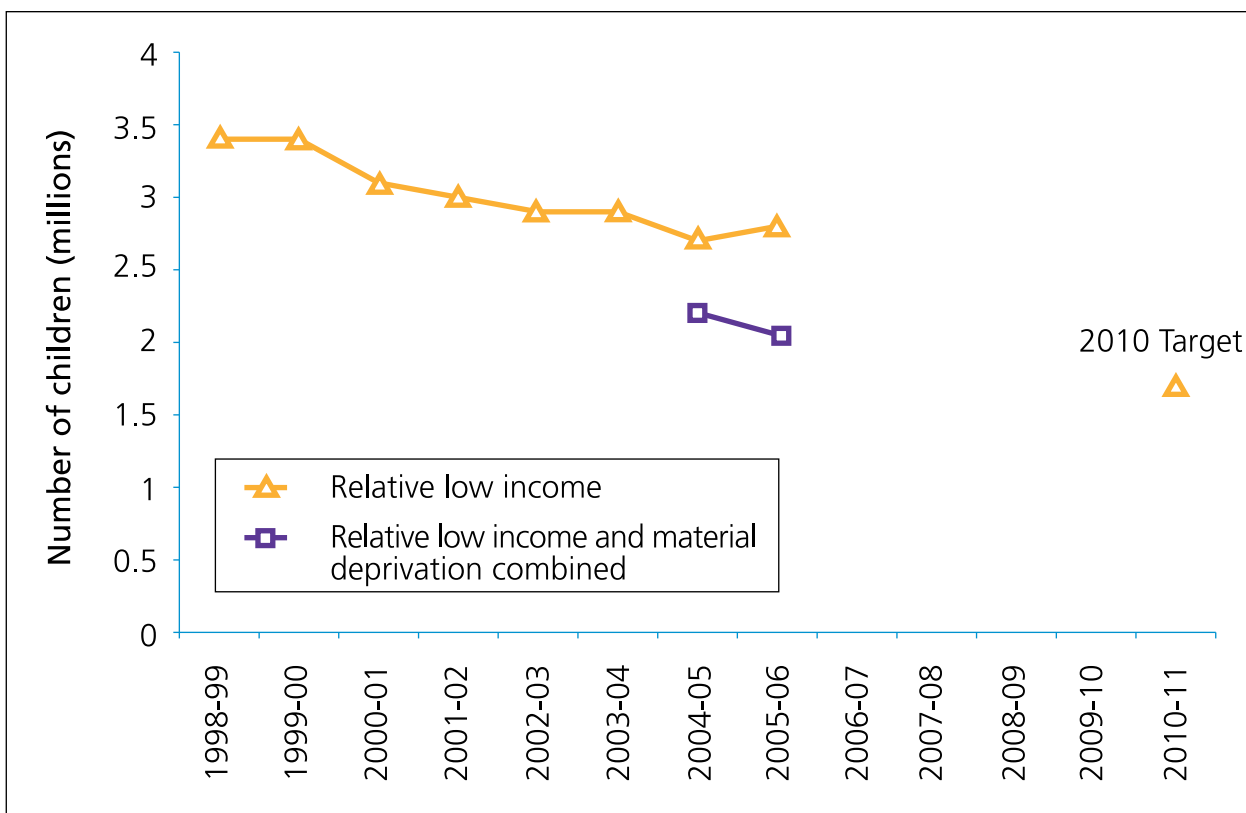
43. There has been some **slippage** in progress towards this target. The target is to halve the number of children in relative low-income households between 1998–99 and 2010–11. The 1998–99 baseline figure for the number of children in households with less than 60 per cent of median income is 3.4 million. The target for 2010–11 is thus 1.7 million.
44. The latest HBAI figures showed that there were 2.8 million children living in households with less than 60 per cent of median income in 2005–06, 600,000 fewer than in 1998–99. This was an increase in child poverty of 100,000 since 2004–05, which is within the margin of error. In 2004–05 – the first year that data was available – 2.2 million children in the UK were in households below 70 per cent of median income and materially deprived. In 2005–06, the figure was 2.1 million children. This is consistent with the steady falls in persistent child poverty that have occurred in recent years.
45. Measures announced in the last year, including Budget 2008, will make significant further progress towards the target of halving child poverty by 2010–11. Taken together, reforms announced in Budget 2007, the 2007 Pre Budget Report and Comprehensive Spending Review, and Budget 2008 will lift around 500,000 children out of poverty. Alongside the Budget, the Department has also published jointly with the Department for Children, Schools and Families and the Treasury, a report that sets out how the Government aims to end child poverty by 2020: *Ending child poverty: everybody's business*.²² The Government is investing an additional £10m in 2008–09, £35m in 2009–10 and £80m in 2010–11 across the UK to prepare for the next decade. One of the report's key announcements is a series of pilots which will help families move into work:
- building on the In-Work Credit programme to target potential additional earners, including partners of the unemployed, providing financial incentives and support for couples with children to move into work;
 - placing HM Revenue and Customs advisers in 30 children's centres to give information about tax credits to parents. These centres will also look at providing practical support and training for parents who want to return to work;
 - making child development grants worth £200 available in 10 areas. Payment will be made to parents who take up taster sessions of childcare and make contact with their local children's centre;

²¹ www.dwp.gov.uk/ofa/related/final_conclusions.pdf

²² http://www.hm-treasury.gov.uk/budget/budget_08/documents/bud_bud08_child.cfm

- extending the London Childcare Affordability pilots to support new ways of providing childcare that is year-round, high quality, flexible and that meets the needs of all parents;
- extending Family Intervention Projects to support an additional 500 of the poorest families with complex needs;
- giving additional funding to local authorities so they can run pilots to meet their local needs.

Figure 2: Number of children in relative poverty and in relative poverty and material deprivation combined



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

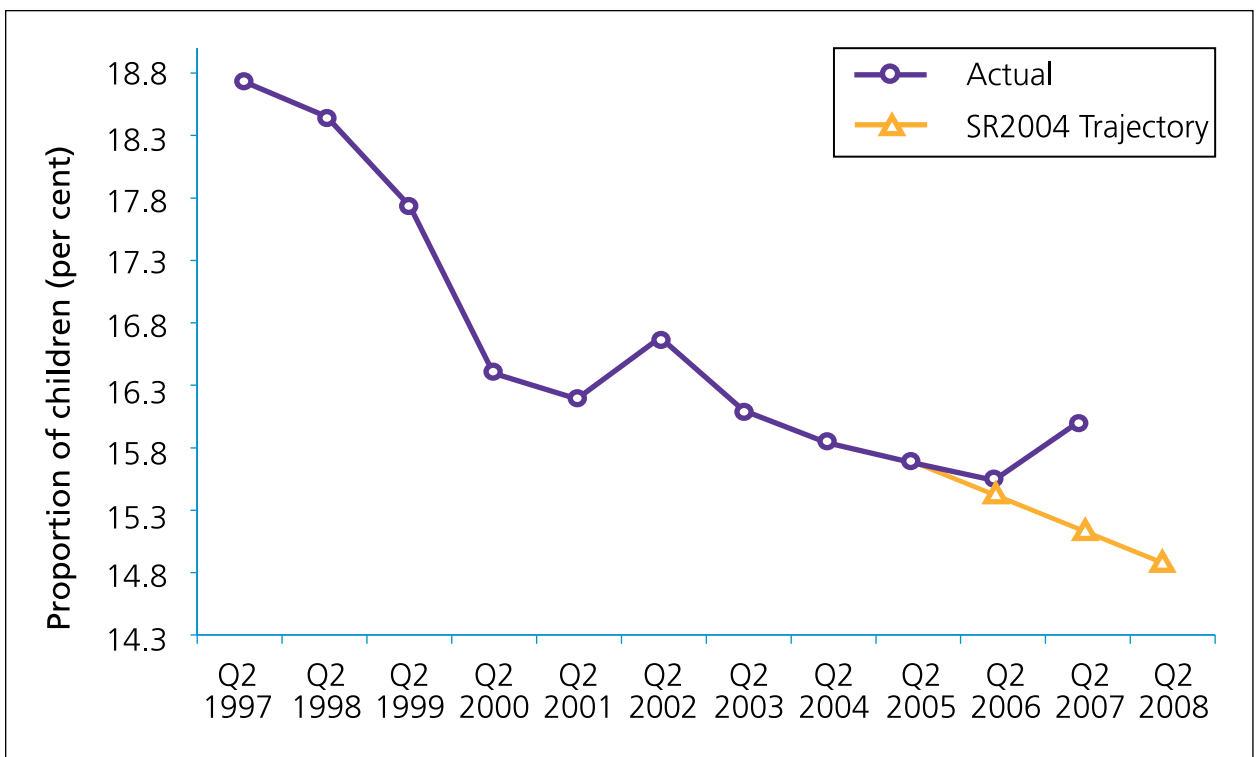
Measurement

46. The data used to measure this PSA are obtained from the Household Labour Force Survey and are released twice a year by the Office for National Statistics. Progress is measured annually using International Labour Organisation (ILO) employment rates and the Quarter 2 (April to June) Labour Force Survey release. 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.

Performance

47. The latest data shows **slippage** in progress towards this target. The baseline for this target is 15.7 per cent (1.75 million) of children living in workless households in Quarter 2 (April-June) of 2005. The requirement is to reduce the proportion of children living in workless households to 15 per cent. In Quarter 2 2007 the number of children in workless households was 1.76 million (16 per cent of all children), which is an increase of 0.3 percentage points since the baseline.

Figure 3: Proportion of children living in workless households



48. Two-thirds of children in workless households live in households that contain a lone parent. In previous years, falls in the number of children living in workless households have largely been driven by reductions in the number of lone parent workless households. However, in the last year there has been a polarisation of the economic status of lone parent households. While the proportion of all-working lone parent households has increased, so has the proportion of workless lone parent households, with a reduction in mixed households. As a result, the lone parent employment rate has increased without a corresponding fall in the proportion of workless lone parent households, and ultimately, without a fall in the proportion of children living in workless households. This means that the achievement of a five per cent reduction by Quarter 2 (Q2) 2008 is extremely challenging.
49. Figure 3 shows progress to date and the required future trajectory to meet this target.

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

50. A new methodology for measuring this target came into operation in February 2007, details of which were published in that month's Child Support Agency Quarterly Summary of Statistics in line with National Statistics protocols. The target is now measured using one hundred per cent data (instead of a five per cent sample) from Child Support and Income Support systems and a five per cent sample of Jobseeker's Allowance data. The measure is reported quarterly. Despite these improvements, the National Audit Office 4th *Validation Compendium Report* (HC 22–11, December 2007)²³ on PSA targets has classified this target as Red – not fit for purpose due to limitations with the data measurement. The figures provided are interim estimates only, based on the best information currently available and may be subject to change in the future.

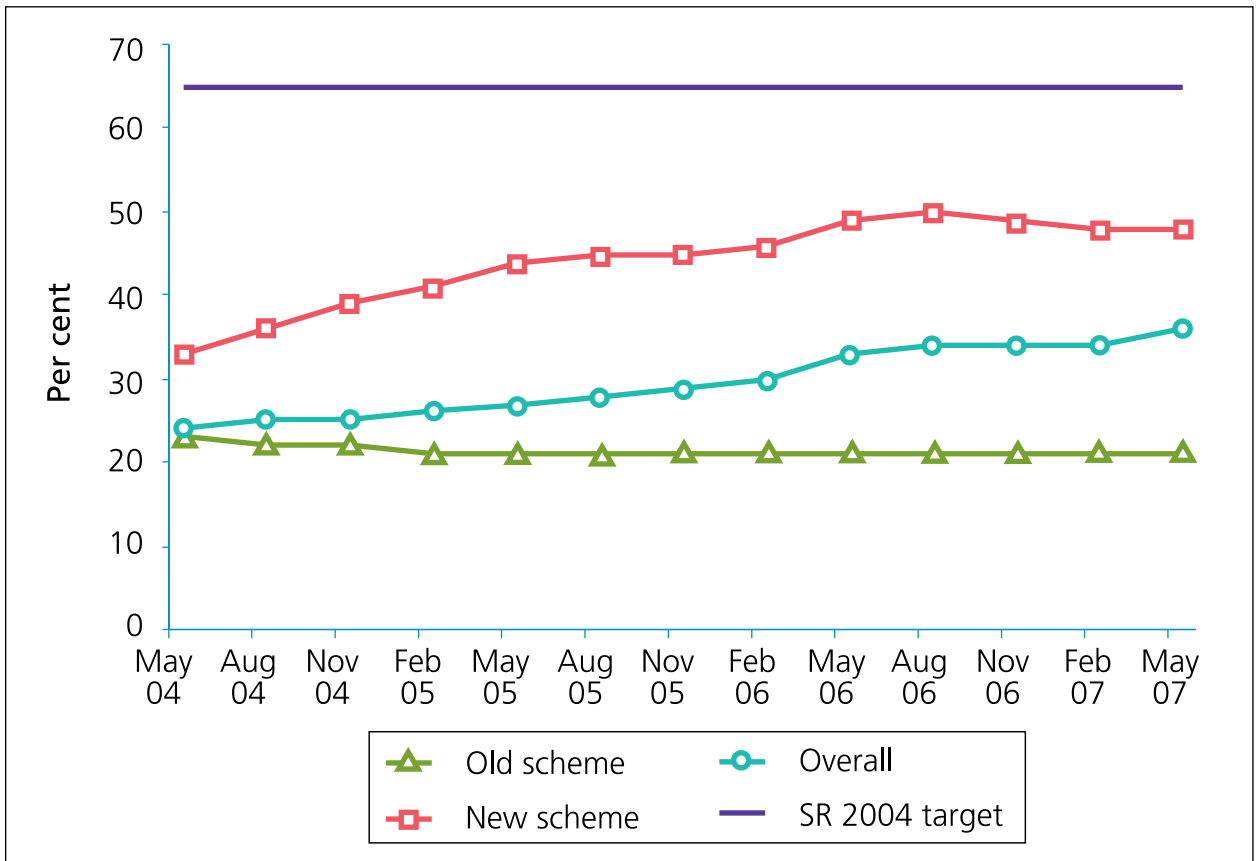
Performance

51. There is **slippage** against this target. At the end of May 2007, 36 per cent of parents with care on Income Support and income-based Jobseeker's Allowance received maintenance for their children, up nine percentage points on the May 2005 baseline of 27 per cent. This target cannot be met without converting the old scheme cases to the new child support scheme. The Henshaw report, published in July 2006, concluded that such a conversion would be challenging to deliver.

²³ www.nao.org.uk/publications/nao_reports/07-08/070822es.pdf

52. Ministers decided on a different approach which was set out in the White Paper *A new system of child maintenance* (Cm 6979)²⁴ published in December 2006 and is currently being taken forward as part of the Child Maintenance and Other Payments Bill. The Child Support Agency will continue to convert old scheme cases that have a relevant link to a new scheme case, but there are no plans for any bulk conversion exercise.

Figure 4: Proportion of parents with care on Income Support/Jobseeker's Allowance in receipt of maintenance



Note: The April 08 quarterly summary of statistics includes a measurement change which has impacted positively on PSA target 1c.

Until now, cases have only been counted as a positive outcome or as having children benefiting if the money collected from the non-resident parent has been allocated against an electronic collection schedule. There are a large number of cases where money is received from the non-resident parent, but is not allocated to an electronic collection schedule, meaning that the Agency's performance has been significantly understated. The new methodology now counts all cases where maintenance is collected from the non-resident parent.

²⁴ www.dwp.gov.uk/childmaintenance/csa_report.pdf

SR2004 PSA target 2: Improve children’s communication, social and emotional development so that by 2008, 53 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 30 per cent most disadvantaged Super Output Areas and the rest of England, by four percentage points from 16 to 12 per cent.

Joint target with Department for Children, Families and Schools through the Sure Start Unit.

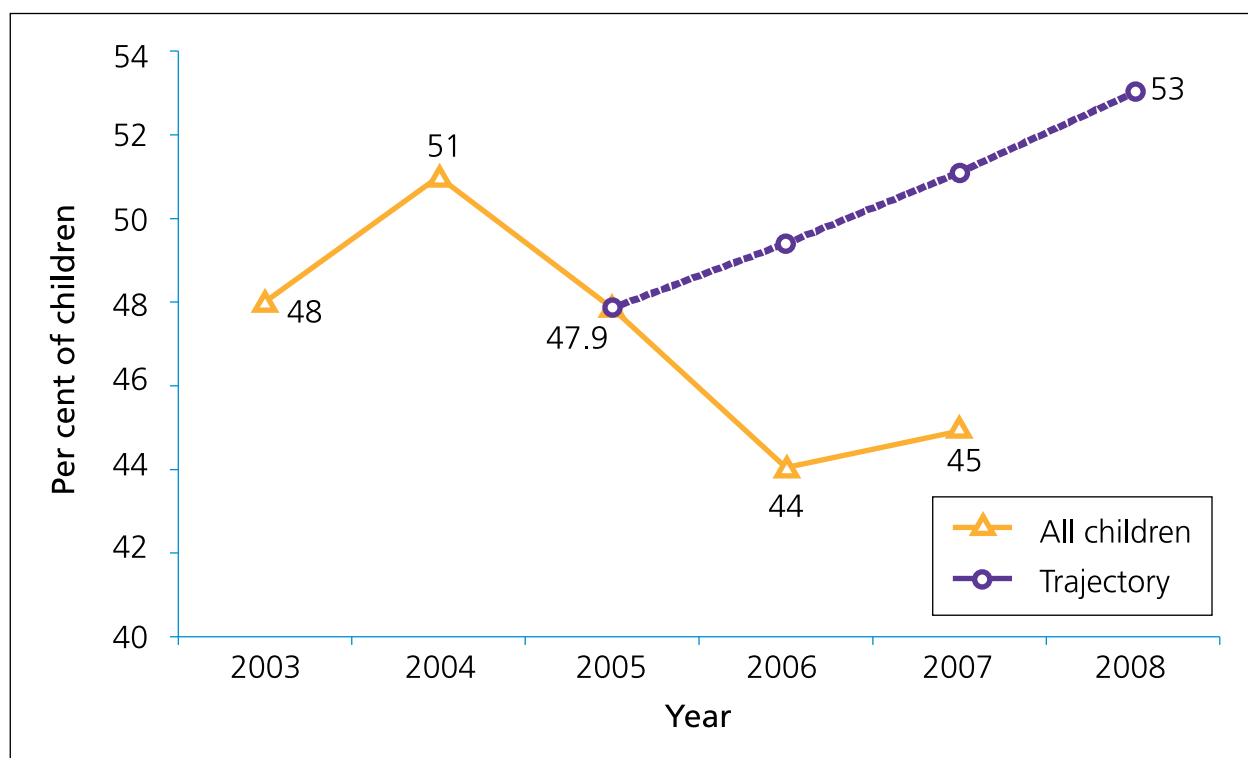
Measurement

53. This target is measured using the personal, social and emotional development (PSED) and communication, language and literacy (CLL) scales of the Foundation Stage Profile (FSP), a continuous observational assessment made during the academic year in which a child reaches the age of five and reported in July of that year. A ‘good level of development’ is defined as a score of six points on all the assessment scales for PSED and CLL.

Performance

54. There is **slippage** in progress towards this target. The final 2007 Foundation Stage Profile results published in October 2007 showed a small increase on the 2006 results (44 per cent up to 45 per cent) in the proportion of young children achieving a good level of development. However, the gap between children in areas of disadvantage (the 30 per cent most deprived Super Output Areas) and the rest remains at between 16 and 17 per cent.

Figure 5: Percentage of children reaching a good level of development



55. The upturn in the overall figure means an additional 7,500 children achieved a good level of development this year, reflecting improvements in the communication scales, where the Department for Children, Schools and Families (DCSF) has focused additional resources and effort. Consistency of results across the 13 scales means that moderation is improving.

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 number of children in lower-income working families using formal childcare by 120,000; and
- introduce, by April 2005, a successful light-touch childcare approval scheme.

Joint target with the Department for Children, Schools and Families and only relates to England, as provision of early years services and childcare are devolved.

PSA3a: increase the stock of Ofsted-registered childcare by 10 per cent.

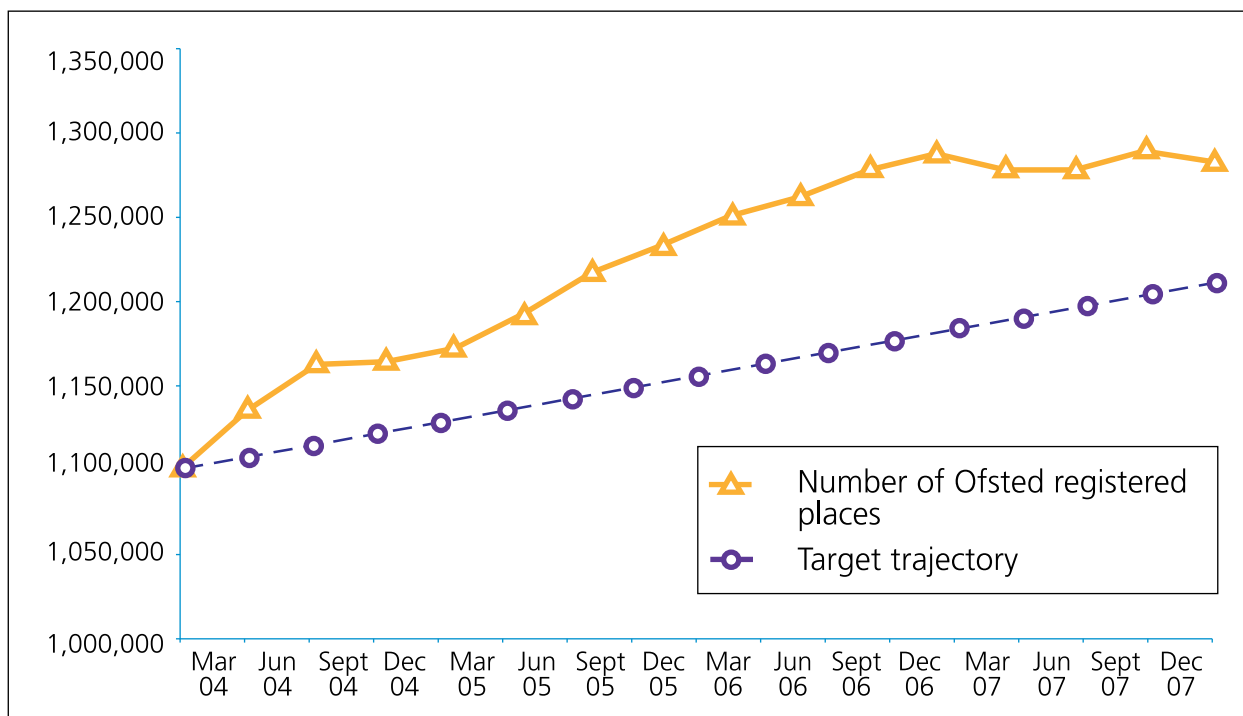
Measurement

56. Measurement was against a March 2004 baseline of 1,103,000 Ofsted-registered childcare places in England and the target was to increase the stock of childcare by ten per cent, to 1,213,000 registered places.
57. Data from Ofsted quarterly reports have been used to monitor this target. Data are collected by Ofsted based on the registrations of childcare providers.

Performance

58. The target was **met (final assessment)**. The stock of registered childcare places increased from 1,103,000 in March 2004 to over 1,286,000 in December 2007.

Figure 6: Growth in registered childcare places



PSA3b: increase the number of children in lower-income working families using formal childcare by 120,000.

Measurement

59. The target is to increase the number of children in lower-income working families using formal childcare by 120,000, by 2008, from a 2005 baseline of 615,000. The data source is the Department for Children, Schools and Families' Parents Childcare Survey – *Childcare and Early Years Provision: a study of parents' use, views and experiences*. The target relates to children aged 0–14, living in England.

Performance

60. Progress towards this target has **not yet been assessed**. The first figures are expected to be available in June 2008, when the 2007 Parents Childcare Survey is published.

PSA3c: introduce, by April 2005, a successful light-touch childcare approval scheme.

Measurement

61. The scheme began operating in April 2005, incorporating criminal record checks, first aid certification and a minimum training requirement. The final criterion for meeting the target, which was agreed in April 2006, was to have a cumulative total of 3,500 new approved carers by March 2008. Data from the contractor appointed by the then Department for Education and Skills (Nestor Primecare Services Limited) were used to measure the number of approvals.

Performance

62. This target has been **met** (final assessment). The Childcare Approval Scheme was successfully launched in April 2005. The target for new approved carers was met in December 2006, but the total number of approvals has continued to grow.
63. The Scheme is now being phased out following the introduction of its replacement – the Ofsted Childcare Register (OCR) – in April 2007. The number of new approved carers when the Register was introduced in April 2007 was 4,286. At 3 March 2008, 6,072 had been approved.

Part 2: Employment and well-being at work

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

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 a joint target with HM Treasury.

PSA4a: demonstrate progress on increasing the employment rate (joint target with HM Treasury).

Measurement

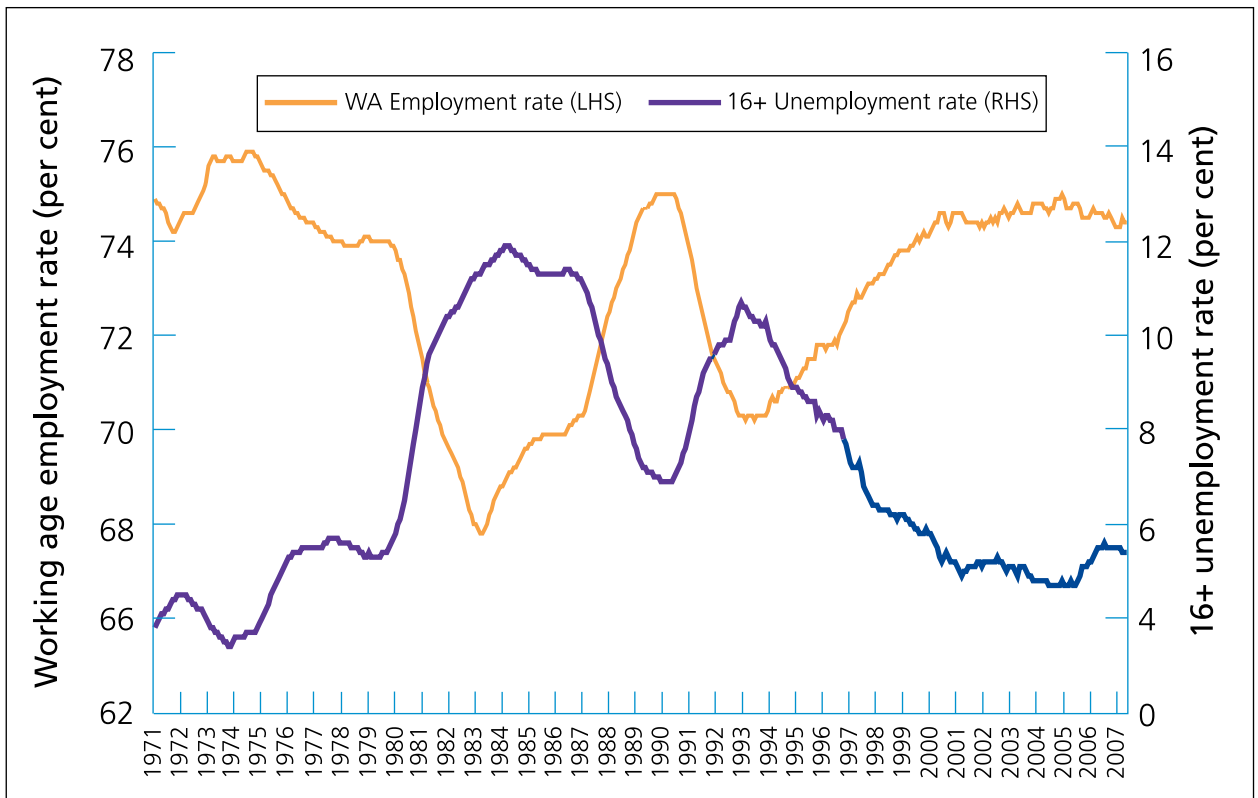
64. The target is monitored using a three-month rolling average of the working-age employment rate from the Labour Force Survey published each month by the Office for National Statistics (ONS). The published working-age employment rate figure has a sampling variability of +/- 0.3 percentage points (a rise needs to be more than 0.3 percentage points to be significant) and is seasonally adjusted. Measurement takes account of the stage of the economic cycle.²⁵
65. In December 2007, ONS re-weighted the data with the latest population estimates which led to an increase in the 2005 Quarter 2 baseline from 74.8 per cent to 74.9 per cent.

²⁵ 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.

Performance

66. This target is **on course**. The baseline employment rate was 74.9 per cent in 2005 Quarter 2. The latest Great Britain (GB) employment rate, as at December 2007–February 2008, was 75 per cent which is marginally above the baseline. Looking over the economic cycle there has been a clear rise in the employment rate from 72.8 per cent in the first half of 1997, the start of the cycle.

Figure 7: UK employment and unemployment, 1971–2007



Source: Labour Force Survey

Note: this chart is for the UK, though the PSA target is for Great Britain. GB data is only available on a consistent basis back to 1992, whereas the UK data is available back to 1971, providing a longer trend series. The GB and UK long-term trends are similar, so the UK series provides a good proxy for the GB trend.

PSA4b: increase the employment rate of lone parents and significantly reduce the difference between the employment rate of this group and the overall rate.

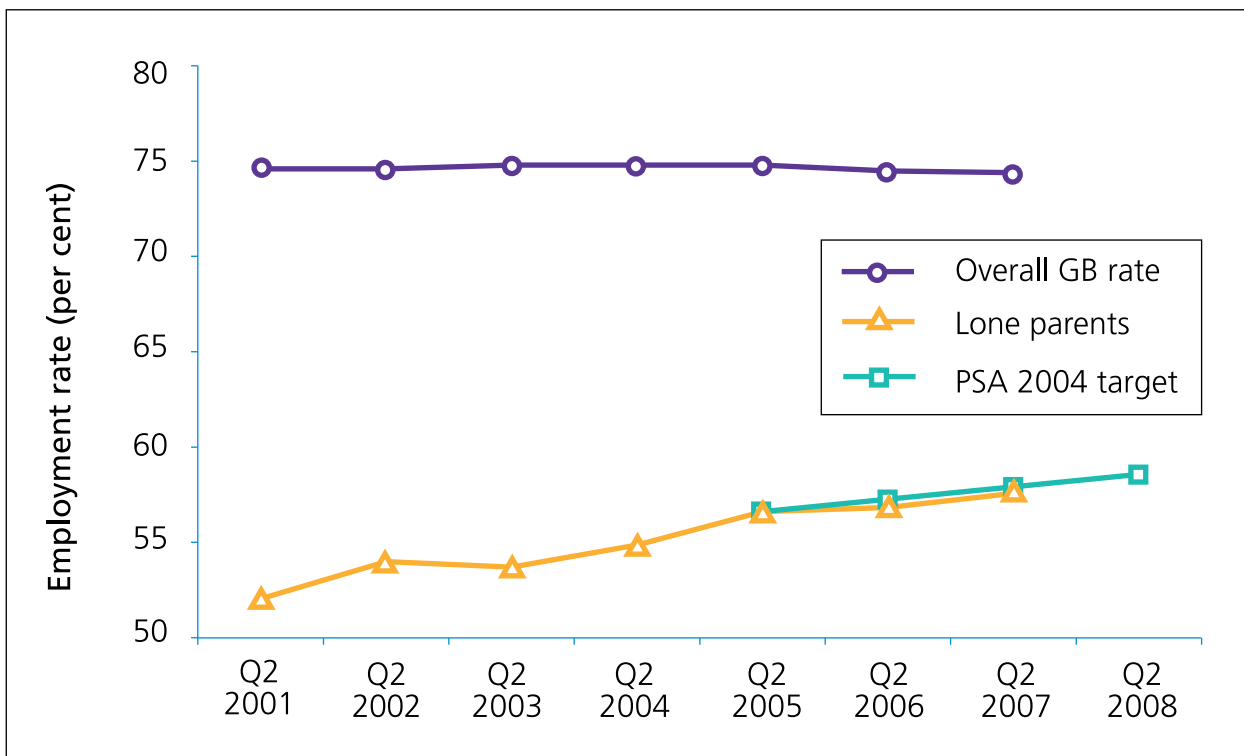
Measurement

67. The data used to measure this PSA are obtained from the Household Labour Force Survey and are released twice a year by the ONS. Progress is measured annually using International Labour Organisation employment rates and the Quarter 2 (April to June) Labour Force Survey release.

Performance

68. There is some **slippage** against this target, as progress is slightly below profile. The baseline is the 2005 Quarter 2 lone parent employment rate of 56.2 per cent and a gap with the overall rate of 18.5 percentage points. A two percentage point change from the baseline would represent a significant difference both to the rate and to the gap with the overall rate.
69. The lone parent employment rate in Quarter 2 2007 was 57.2 per cent, an increase of 0.8 percentage points in the year. The gap with the overall employment rate has fallen by 0.9 percentage points since Quarter 2 2006 to 17.1 percentage points.

Figure 8: Employment rates of lone parents, GB (overall) and SR04 target



PSA4c: increase the employment rate of ethnic minorities and significantly reduce the difference between the employment rate of this group and the overall rate.

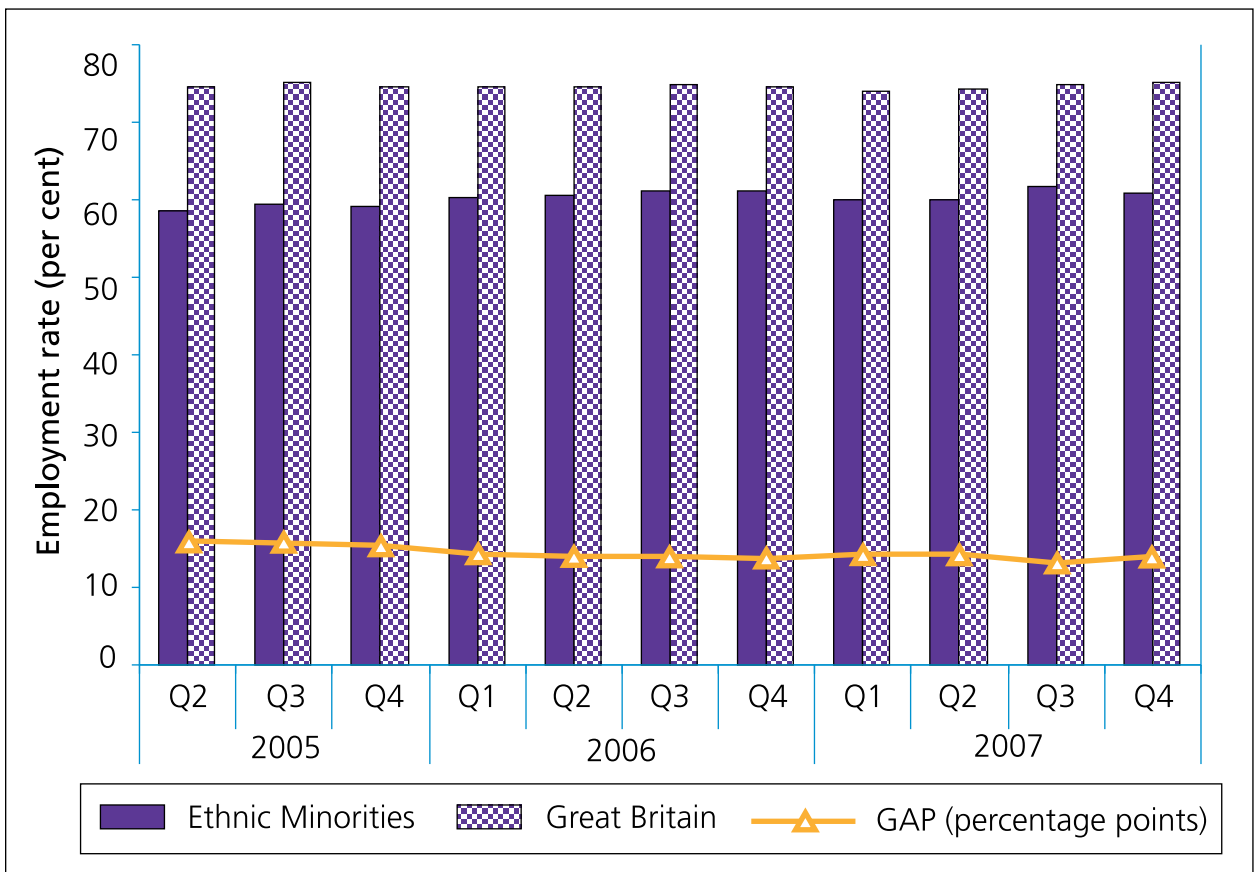
Measurement

70. The ethnic minority employment rate is measured using aggregated data for all working-age respondents to the Labour Force Survey who classify themselves as belonging to a non-white ethnic group. The Department uses single quarter estimates to assess performance against the target.

Performance

- 71. The Department is **on course** to meet this target. The baseline ethnic minority employment rate is the Quarter 2 2005 estimate which was 58.6 per cent. The baseline figure for the gap between the ethnic minority employment rate and the overall employment rate for Great Britain was 16.1 percentage points.
- 72. Latest estimates for Quarter 4 2007 show an ethnic minority employment rate of 60.9 per cent and a gap against the overall rate of 14.1 percentage points. Compared to the baseline this is a 2.3 percentage point increase in the ethnic minority employment rate and a 2 percentage point decrease in the gap against the overall population.

Figure 9: Employment rate of ethnic minorities, GB (overall), and the gap between the two



PSA4d: 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.

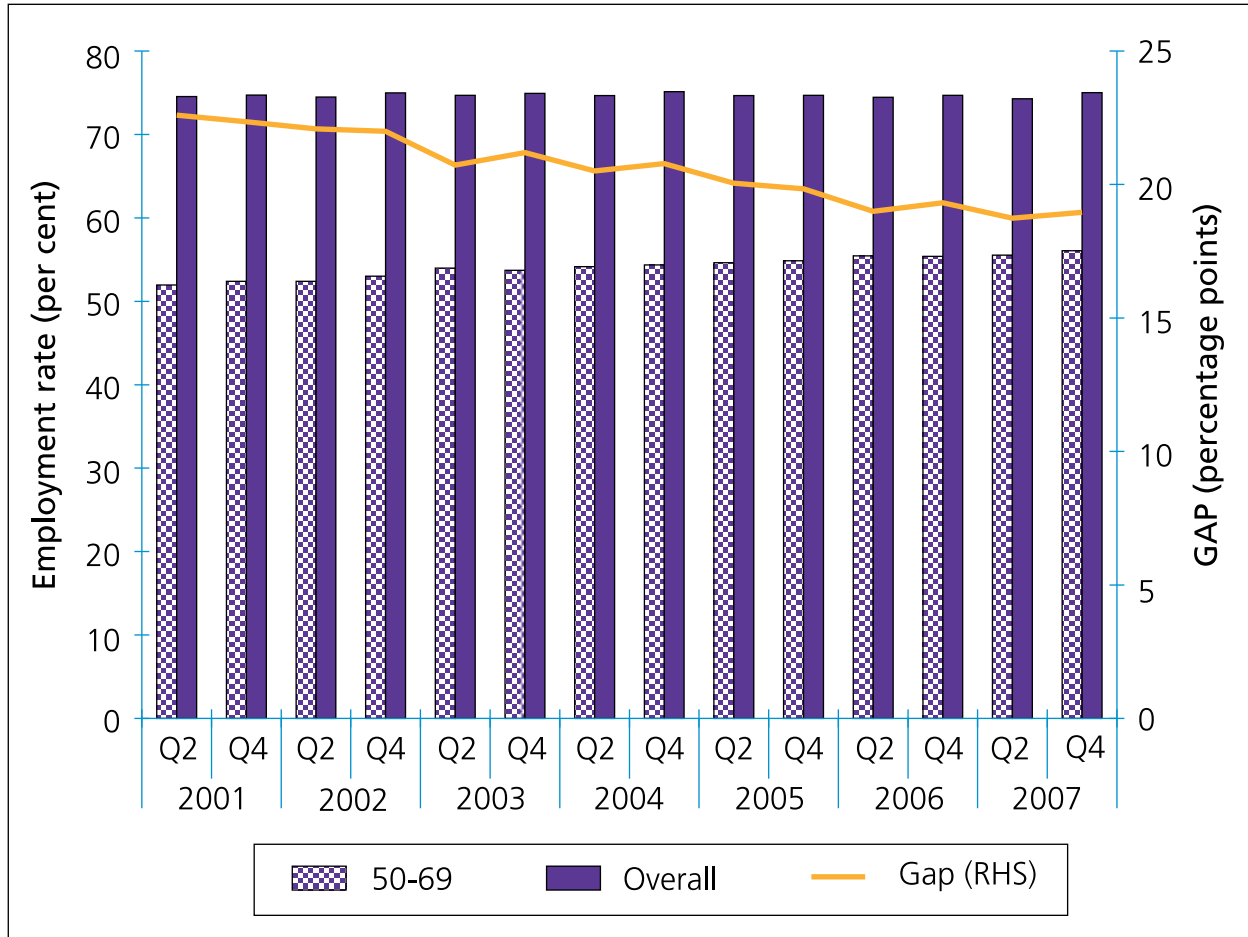
Measurement

73. The target is measured using the employment rate of 50 to 69-year-olds, to reflect the fact that over one million people over State Pension age are currently in work. Measurement is based on International Labour Organization definitions, and uses quarterly estimates from the Labour Force Survey.

Performance

74. The Department is **on course** to meet this target. The baseline is Quarter 2 2005 when the employment rate for the age 50 to 69 group was 54.6 per cent, 20 percentage points lower than the overall rate. In Quarter 4 2007 the employment rate for people aged 50 to 69 was 56 per cent, 19 percentage points lower than the overall rate.

Figure 10: Employment rate of older workers, GB (overall), and the difference between the two



Source: Labour Force Survey

PSA4e: 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

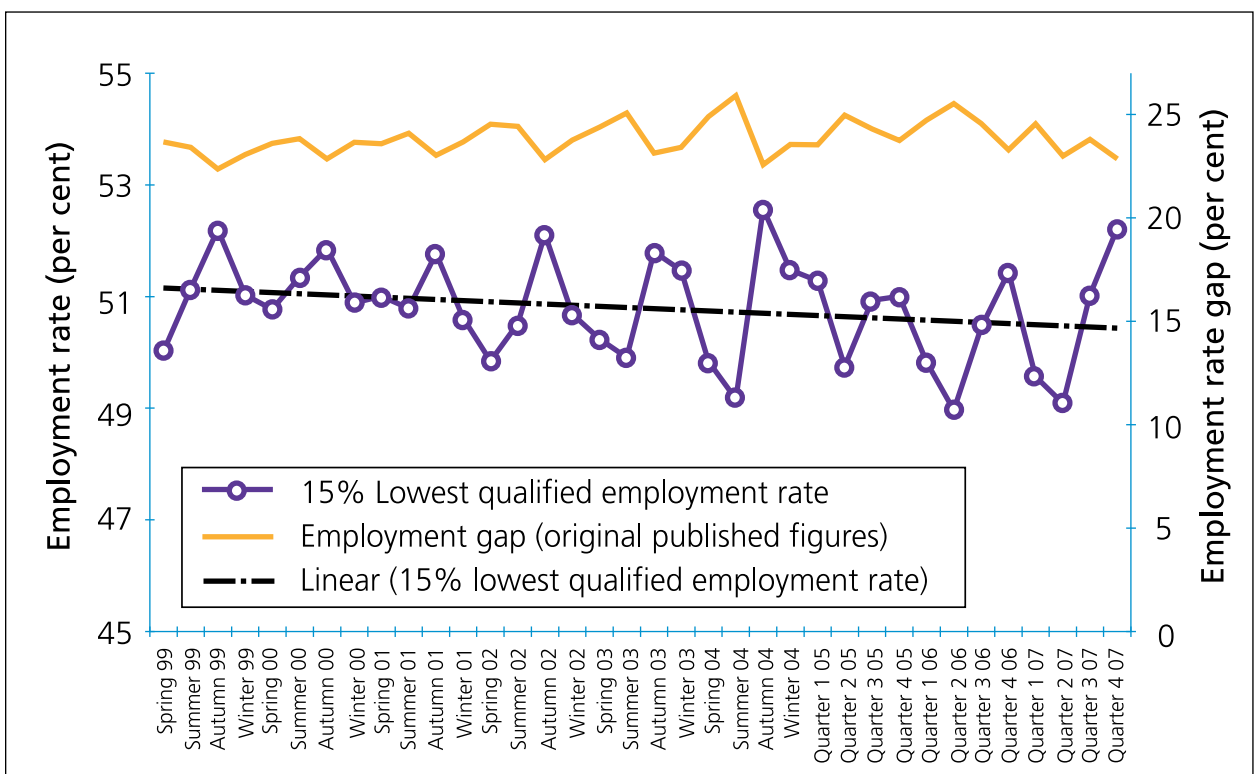
75. The target is monitored using seasonally unadjusted quarterly Labour Force Survey data. The employment rate of the 15 per cent lowest qualified group is based on aggregated data of working-age respondents and is the weighted combination of the employment rates of those with no qualifications and those with some low level qualifications.

Performance

76. Progress towards this target is **on course**. The baseline is an employment rate of 49.8 per cent and a gap with the overall rate of 25 per cent in Quarter 2 2005. The employment rate for the 15 per cent lowest qualified group was 52.2 per cent in Quarter 4 2007 and the gap with the overall working-age employment rate was 22.8 per cent.

77. The employment rate for this group is subject to significant seasonal variation. Quarter 3 and Quarter 4 (the two most recent quarters) usually record the highest employment rates. We can therefore expect the target employment rate to fall (by up to two per cent) over the last two quarters of the three-year target period for SR2004.

Figure 11: Employment rate and gap with the overall rate for the lowest qualified



Source: Labour Force Survey

PSA4f: 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.

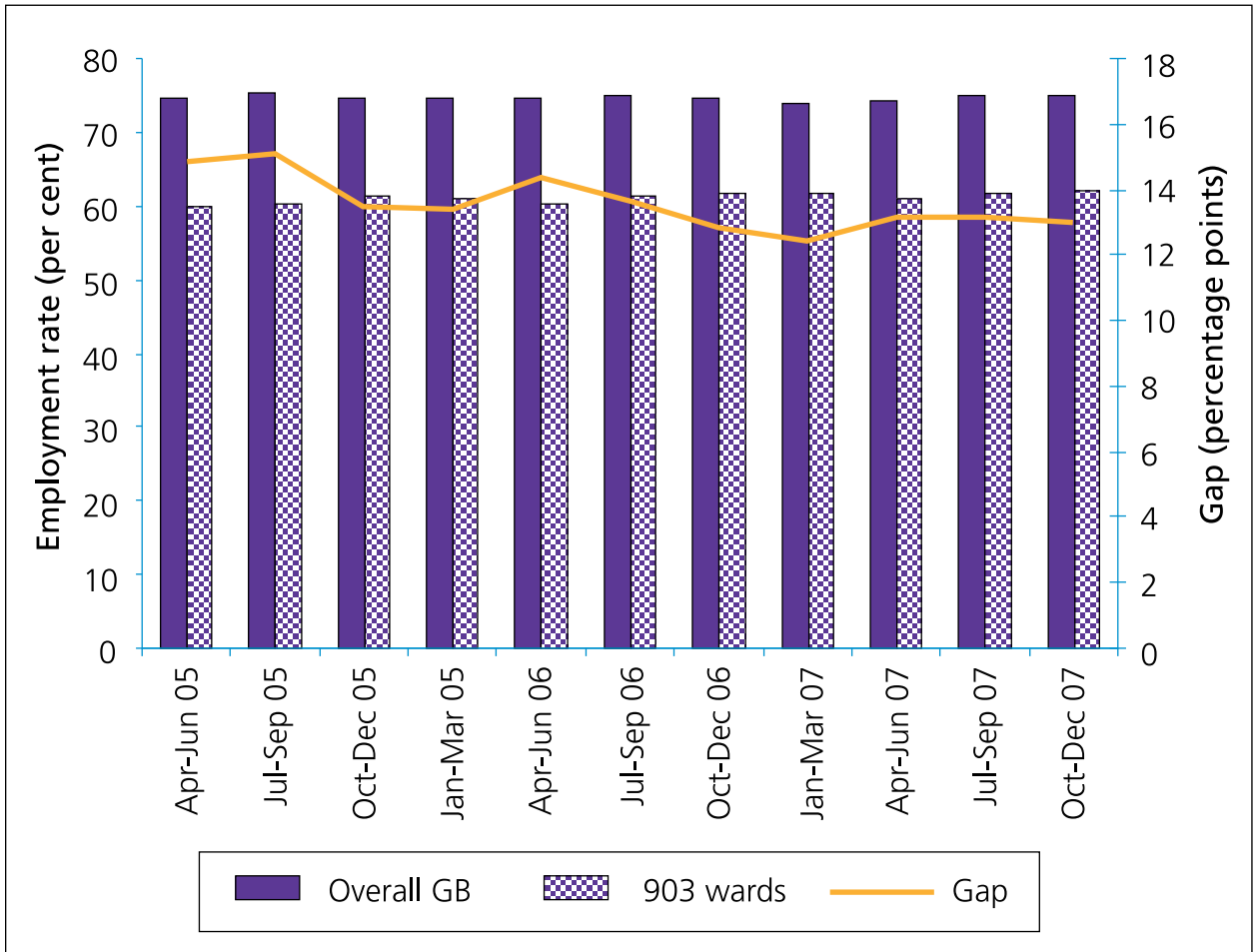
Measurement

78. The 903 most disadvantaged wards are defined as those which have a benefit claim rate of 25 per cent or above and wards in the ten local authorities with the lowest employment rates which have benefit claim rates between 20 and 25 per cent. They represent nine per cent of all local authority wards. The employment rate is based on International Labour Organisation definitions, using estimates from the Labour Force Survey. The target is an increase of at least one per cent in the employment rate and at least a one per cent narrowing of the employment gap between the 903 wards and the rest of the country by March 2008.

Performance

79. The Department is **on course** to meet this target. The baseline is Quarter 2 2005 when the employment rate for the most deprived wards was 59.8 per cent and the employment rate gap between these wards and the rest of the country was 14.8 percentage points.
80. Latest estimates for Quarter 4 2007 show an increase in the employment rate of the 903 most workless wards to 62 per cent and a gap against the overall rate of 13 percentage points. Compared to the baseline there has been a 2.2 percentage point increase in the average 903 deprived ward employment rate and a 1.8 percentage point decrease in the gap against the overall population. This represents an improvement above the one percentage point change threshold for the rate and the gap required to meet the target.

Figure 12: Employment rate for the 903 local authority wards with the poorest initial labour market position, overall rate and gap between the two



SR2002 targets rolled forward:

PSA3: Demonstrate progress by spring 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle.

PSA4a-e: 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.

Figure 13: SR2002 employment targets

	Spring 2003 baseline	Spring 2006 outturn	Assessment
3. GB employment rate / unemployment rate	74.9 per cent / 5 per cent.	74.6 per cent / 5.5 per cent.	On course
4a. Lone parents	53.1 per cent and a gap with the overall rate of 21.5 percentage points.	56.6 per cent and a gap with the overall rate of 17.8 percentage points.	Met (Provisional)
4b. Ethnic minorities <i>Joint target with the Department for Business, Enterprise and Regulatory Reform</i>	57.8 per cent with an employment rate gap of 16.9 percentage points.	59.7 per cent with an employment rate gap of 15 percentage points.	Met (Provisional)
4c. People aged 50 and over	70 per cent and a gap of 4.6 percentage points with the overall employment rate.	70.9 per cent and a gap of 3.5 percentage points with the working-age average.	Met (Provisional)
4d. Those with the lowest qualifications	49.6 per cent and a gap with the overall rate of 25.1 percentage points.	49.4 per cent and a gap with the overall rate of 25 percentage points.	Not met (Provisional)
4e. Those living in the local authority wards with the poorest initial labour market position	63.2 per cent and a gap with the overall rate of 11.5 per cent.	66 per cent and a gap with the overall rate of 8.7 per cent.	Met (Provisional)

81. Measurement of these targets takes account of the economic cycle, so a final assessment cannot be made until the end of the cycle has been reached.

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

Measurement

82. This target is measured against six sub-targets, grouped under the two main areas of HSE's (and former Health and Safety Commission's²⁶) work: occupational health and safety, and major hazards.

- For the **occupational 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 Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR). These measures are subject to sampling error and statistical uncertainty. To maximise the ability to detect change, the judgement on progress is based on the analysis of all relevant data sources.
- For the **major hazards** sub-targets, data are obtained from reports made to HSE for the nuclear and offshore sectors and relevant reports made under RIDDOR for the onshore sector. The targets are based on numbers of 'precursor events' (i.e. events with the potential to develop into a catastrophic accident). These measures give only a partial view of how well major hazard risks are being controlled. HSE is working with the relevant industries to develop improved indicators.
- Data are collected quarterly and made public on HSE's website. Progress is reported formally in the Health and Safety Commission's Annual Report.²⁷

Performance

83. There is **slippage** in progress towards the overall target. The occupational health and safety element of the PSA is on course for injuries, but showing slippage on the ill-health and working days lost sub-targets. The major hazards element of the PSA has been partly met. Two of the three major hazards indicators have met (and exceeded) their targets, but the offshore indicator has levelled off over the last two years and the reductions made were not sufficient to meet the sub-target.

²⁶ On 1 April 2008, the Health and Safety Commission and Health and Safety Executive merged to form a single national regulatory body responsible for promoting the cause of better health and safety at work.

²⁷ www.hse.gov.uk/aboutus/reports/index.htm

Figure 14: Occupational health and safety sub-targets and performance

Sub-target	Baselines (2004–05)	Outturn to end 2006–07		Targets (2007/08)
		Indicator	Change ²	
Incidence of work-related fatal and major injuries per 100,000 employees	118.6	107.7 ¹	9.2 per cent reduction	3 per cent reduction
Incidence of self-reported work-related ill-health per 100,000 workers	1,850	2,090	13.5 per cent increase ³	6 per cent reduction
Number of working days lost due to work-related injury and ill-health per worker	1.53	1.55	1.1 per cent increase ⁴	9 per cent reduction

¹ Provisional

² Outturn figures are rounded for presentational purposes, but reflect an appropriate level of precision based on the data source. Percentage change figures are based on unrounded outturns and may differ from those calculated on the rounded outturns provided.

³ Subject to 95% confidence interval – range of possibilities is +4 to +23 per cent

⁴ Subject to 95% confidence interval – range of possibilities is -10.9 to +13.1 per cent

Figure 15: Major hazards sub-targets and performance

Sub-target	Baselines (2001–02)	Outturn to Q3, 2007–08	Targets (2007–08)
Number of events reported by licence holders, which HSE's Nuclear Installations Inspectorate judges as having the potential to challenge a nuclear safety system	143	108	132
Number of major and significant hydrocarbon releases in the offshore oil and gas sector	113	75	62
Number of relevant RIDDOR reportable dangerous occurrences in the onshore sector	179	109	152

Part 3: Security in retirement

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

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

84. Progress against this target is measured using information from the Work and Pensions Longitudinal Study. These data are based on a 100 per cent sample of claimants across the Department for Work and Pensions. The Longitudinal Study now forms the basis of the majority of the Department's National Statistics and is subject to validation by the National Audit Office.

Performance

85. There is **slippage** in progress towards this target. At the end of November 2007, 2.73 million households were receiving Pension Credit; 2.13 million of whom received the Guarantee element.
86. Since October 2003 Pension Credit has been paid to nearly 3.93 million pensioner households, a significant achievement in itself.
87. Despite many high-profile campaigns, it has become clear to the Department that the target cannot be achieved, and it would not represent value for money to repeatedly press unwilling eligible people to take up their entitlement. A revised aim was set for The Pension Service to achieve 235,000 successful applications to Pension Credit, which more directly reflects The Pension Service activity by focusing on successful applications rather than caseload. At the time the Autumn Performance Report was published, it was expected that 260,000 to 300,000 Pension Credit recipients would leave the caseload during 2007–08. More recent evidence suggests that these off-flows are more likely to be in the region of 250,000 to 260,000 for 2007–08.

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.

PSA7a: by 2007–08 15.4 million individuals are regularly issued a pension forecast.

Measurement

88. Four kinds of forecast have contributed to this target:

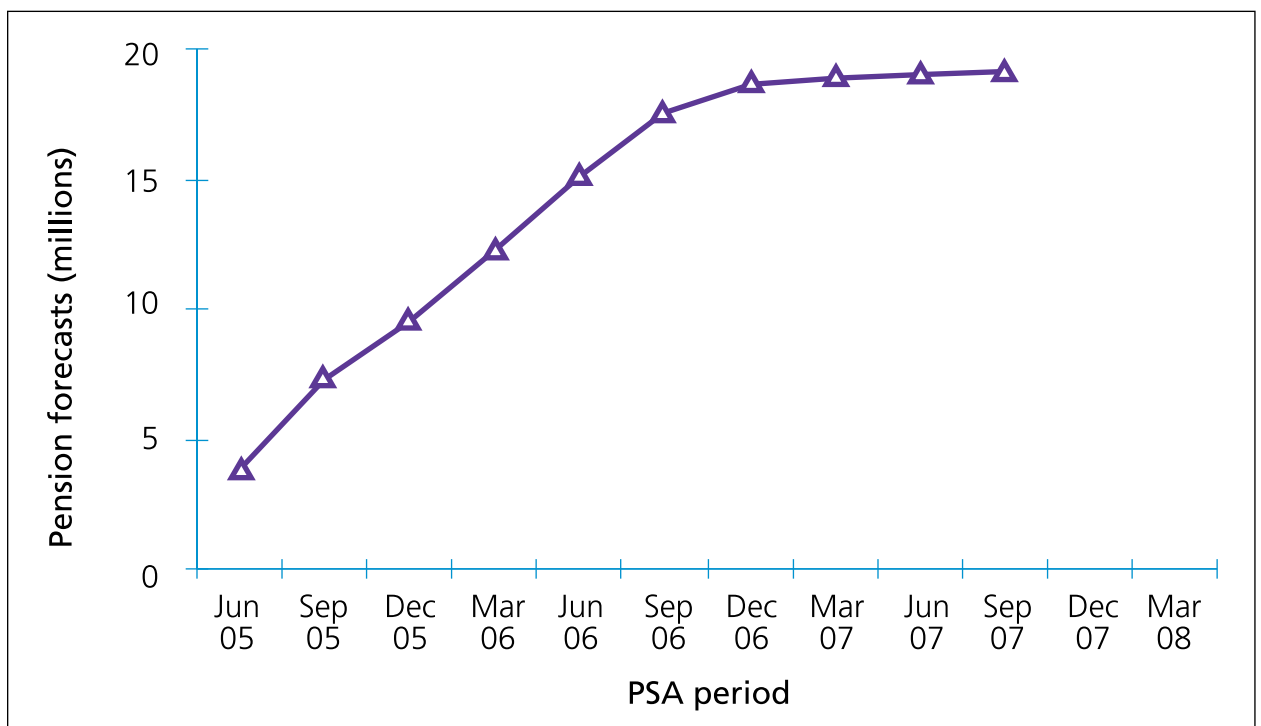
- **Combined Pension Forecasts (CPFs)** bring together a forecast of an individual's State Pension with a projection of their private pension, in a single product issued by the employer or pension provider. These forecasts are issued voluntarily (normally annually) by employers or pension providers who choose to participate in the CPF scheme;
- **Individual Pension Forecasts (IPFs)** are requested by individuals and contain a detailed and personalised State Pension forecast. In order to receive an IPF, the individual must supply the Department with specific information about their circumstances;
- **Real Time Pension Forecasts (RTPFs)** are requested by an individual via the Department's internet site. This web-based forecasting service provides personalised forecasting information, but does not include some of the features contained within IPFs; and
- **Automatic Pension Forecasts (APFs)** were sent out unsolicited between May 2003 and November 2006 to individuals who had not received a CPF, IPF or RTPF in the previous 12 months. The issue of APFs has been put on hold while the Department considers the role pension forecasts should play within wider future information and communications.

Progress is monitored by reference to monthly reports from the DWP forecast-issuing IT systems.

Performance

- 89. This target has been **met (final assessment)**. It is judged to be met if 15.4 million individuals are issued with at least one of the four types of pension forecast in the three-year period from 1 April 2005 to 31 March 2008.
- 90. Between April 2005 and October 2007, over 19.1 million individuals were issued with a pension forecast. Figure 16 shows the progress made towards the forecasting target during the PSA period.
- 91. The target of 15.4 million individuals was reached in July 2006, thus achieving the target 20 months early.

Figure 16: Number of pension forecasts issued since April 2005



Data source: Monthly data supplied by forecast providers.

PSA7b: by 2007–08 60,000 successful pension traces are undertaken a year.

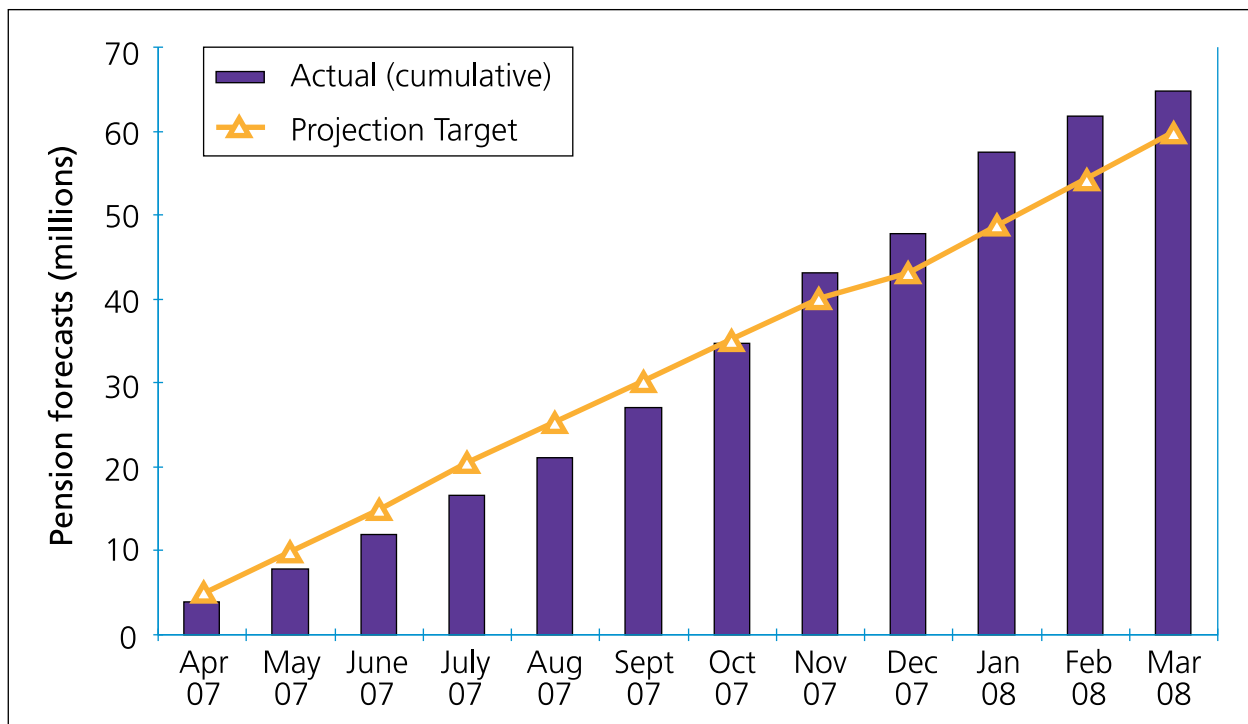
Measurement

- 92. The Pension Tracing Service, administered by The Pension Service, collects data on the number of pension trace applications received, the number of traces requested and the number of successful traces.
- 93. A successful trace is defined as an individual pension trace request which results in the most current address for a pension scheme held by the Pension Tracing Service being provided to the individual who made the application.

Performance

- 94. This target has been **met (final assessment)** early as more than 60,000 successful traces were performed by the end of February 2008.
- 95. By the end of March 2008, the number of successful traces performed was 64,852.

Figure 17: Number of successful pension traces by 2007–08



Source: Pension Tracing Service records.

Ongoing target from the 1998 Comprehensive Spending Review

Promote policies consistent with a change in the ratio of spending on pensions by the State to spending on pensions by the private sector from around 60:40 to 50:50 by 2025 and to 40:60 in 2050.

Measurement

96. The definition is the ratio of total State pension income to private pension income of all benefit units in Great Britain over State Pension age (defined as single people over State Pension age or couples where the man is over State Pension age).
97. The data come from the Pensioners' Income Series – National Statistics published annually by the Department, based on the Family Resources Survey. The latest data relate to 2005–06.

Performance

98. The target was **not met (final assessment)**. The latest data show that the ratio of State to private pension income was 57:43 in 2005–06, unchanged from the 1996–97 level.
99. The ratio of State to private spending has not changed significantly over the past decade. The ratio was 57:43 for 2005–06, and it has remained close to this level for each year since 1996–97. The lack of significant change since 1996–97 is not a surprise. The original aspiration to reverse the ratio was over the very long-term. However, the Government's immediate priority when it came to power was to tackle pensioner poverty. State Pension spending on current pensioners has become more generous as a result, contributing to lifting one million pensioners out of relative poverty. Furthermore, while the Government is introducing substantial policy measures to increase private pension provision, these will not have their full effect on pensioners' incomes for many years.

Commentary

100. The target was based on the policy regime set out in the 1998 paper *A new contract for welfare: Partnership in pensions* (Cm 4179, December 1998)²⁸, in particular the introduction of the State Second Pension and stakeholder pensions. At that time, it was expected that State Pension expenditure would continue to fall in earnings terms (as a result of the indexation of the basic State Pension by prices) and private pension income would continue to rise over a long period.

²⁸ www.dwp.gov.uk/publications/dss/1998/pengp/pdfs/foreword.pdf

101. However, the policy regime has changed significantly. The introduction and promotion of Pension Credit and above-inflation uprating of the basic State Pension have meant that state expenditure on pensions has grown. Despite significant increases in average private pensions, the target, as it was originally designed, has become more difficult to achieve and less relevant to the policy debate. As a long-term target, not much progress was to have been expected over the first decade and any trends that would otherwise have occurred will probably be counteracted by the effects of the new policy regime.
102. The mix of State and private income in 2050 will be affected by the implementation of the reforms to the State Pension system laid out in the Pensions Act 2007, and the proposed introduction of automatic enrolment, the employer contribution and the personal accounts scheme. These reforms will affect the situation significantly, and these changes, in particular the increased generosity of the State Pension system, will make this target increasingly out of step with policy.
103. The target, as it is constituted, contains a perverse incentive: an obvious way of achieving this target (and in fact, the only way in the short to medium term) is to cut state spending on pensions. This would, of course, have significant adverse consequences for pensioner poverty and the adequacy of retirement incomes. The Government has set new PSAs and DSOs as part of CSR2007, including PSA17 'Tackle poverty and promote greater independence and well-being in later life' on which the Department leads. This new regime reflects more accurately the issues and challenges facing the UK in relation to an ageing society.

Part 4: Disabled people

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

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.

PSA8a: 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.

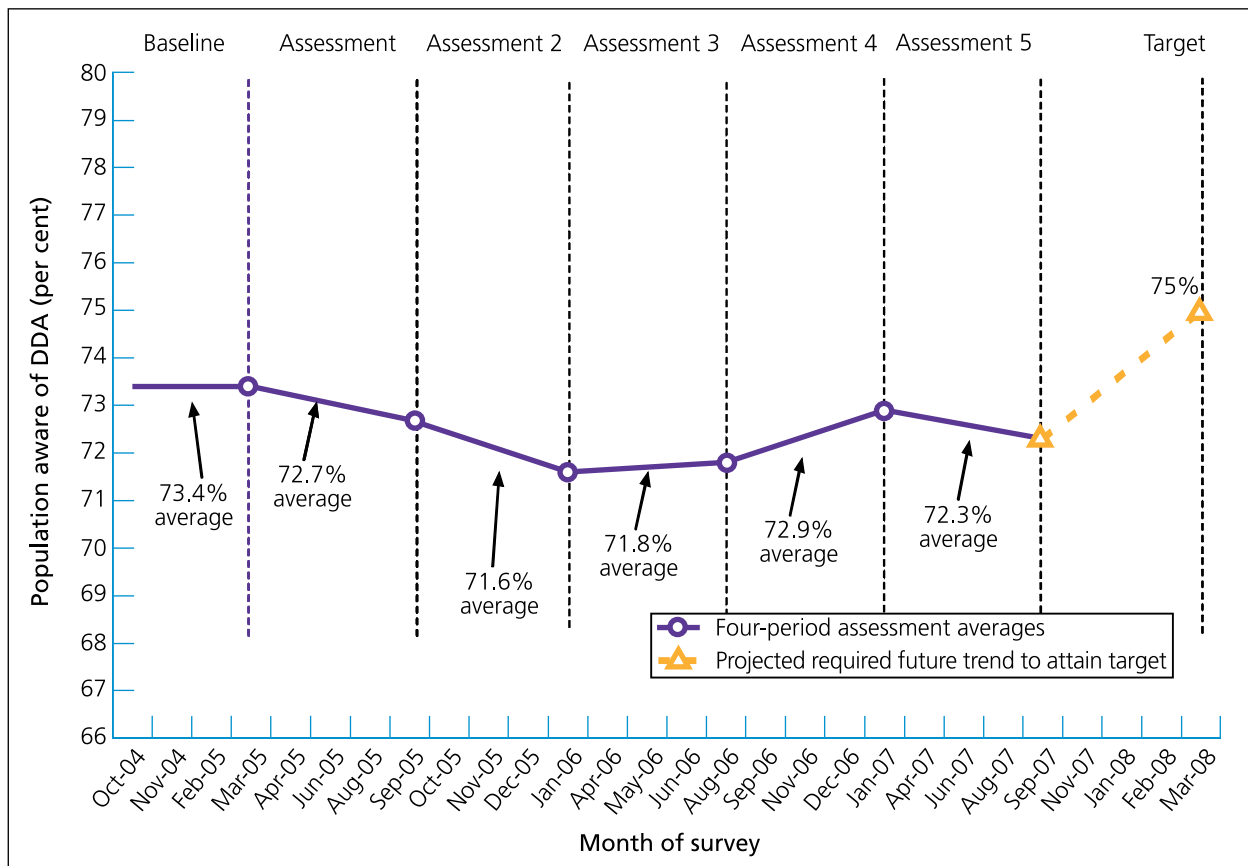
Measurement

104. Progress against PSA8a is monitored using the Disability Module of the Office for National Statistics (ONS) Omnibus Survey. This module runs eight months out of every 12. When four months of data are available, analysts can provide robust statistics on the general population's awareness of the Disability Discrimination Act (DDA). The figure was last updated using January to September 2007 data.
105. However, DDA awareness is not the sole measure of progress towards improving rights and removing barriers for disabled people. Other activities include promoting independent living for disabled people as well as an inclusive approach to their participation in decision making and mainstream activities.

Performance

106. The target is **on course** overall, with significant progress made in furthering the opportunities and rights of disabled people. However, there is minor slippage in the level of awareness of the DDA, which is currently displaying a downward trend. The baseline is October 2004 to March 2005 when awareness was 73.4 per cent and the target is to achieve at least a two percentage point increase in awareness by March 2008. Using the most up-to-date data available for between January and September 2007, awareness is at 72.3 per cent, 1.1 percentage points below the baseline. The baseline figure was particularly high, reflecting a period when the DDA October 2004 duties had recently come into force and had received considerable publicity.

Figure 18: Progress on the general population’s awareness of the DDA



Source: Office for National Statistics

PSA8b 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.

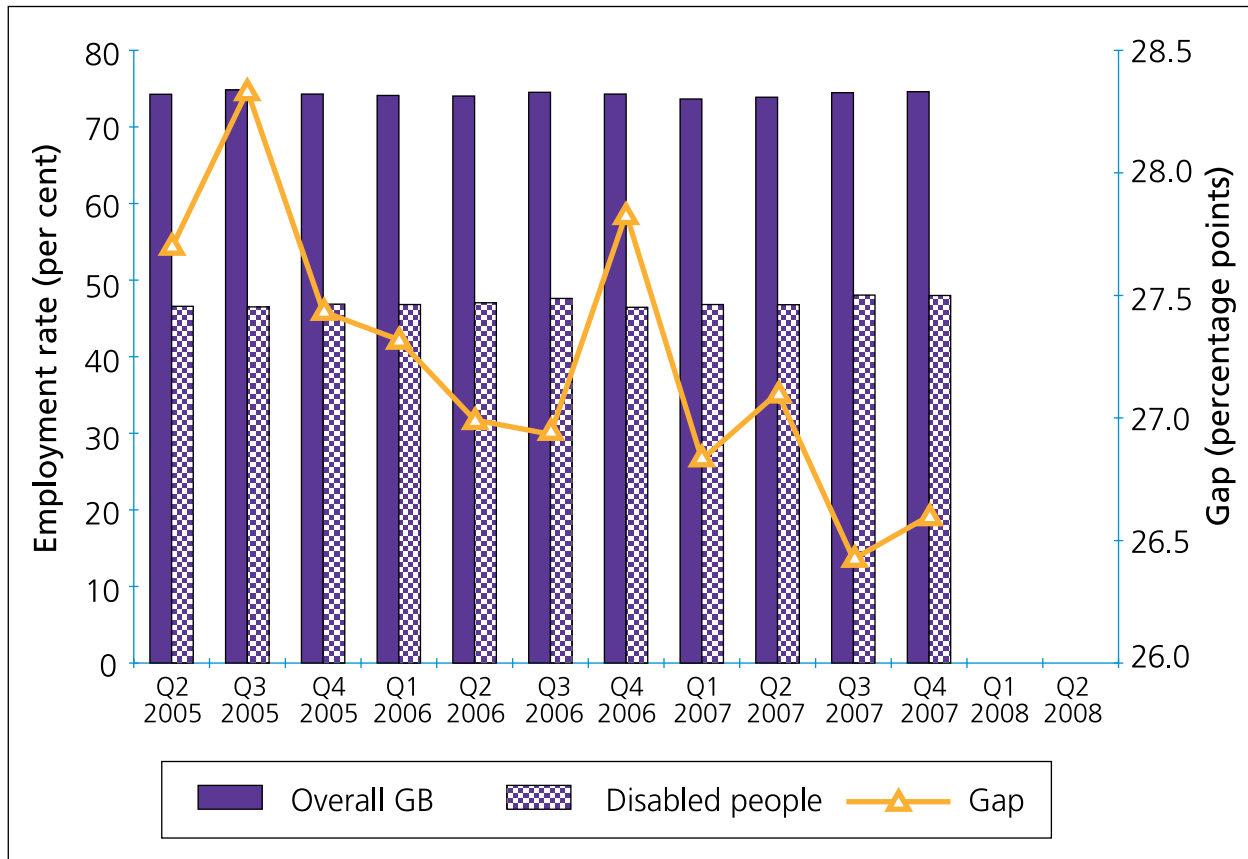
Measurement

107. The definition of a disability, for the purpose of this target, is people with a current disability consistent with the Disability Discrimination Act 1995. This covers those who currently have a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.
108. This target is monitored quarterly using International Labour Organization employment rates from the Labour Force Survey. Because the data is not seasonally adjusted, comparisons can only be made year on year. The recording of the employment rate for disabled people is subject to a measurement error of around one percentage point either side of the reported figure.

Performance

109. The Department is **on course** to meet this target. The baseline is Quarter 2 2005 when the employment rate for disabled people was 47 per cent, and the gap between the rate for this group and the overall rate was 27.7 per cent. The latest outturn data for Quarter 4 2007 show that the employment rate for disabled people had increased by 1.4 percentage points to 48.4 per cent and the gap between the overall employment rate had decreased by 1.1 percentage points to 26.6 per cent.
110. The New Deal for Disabled People and the Pathways to Work programme have had a positive impact on progress towards this target. The rollout of Pathways to Work has now been completed with full national coverage, allowing more disabled people to benefit from the assistance offered by the programme.
111. The Department also has a number of specialist disability employment programmes and services for helping disabled people, including those with mental health conditions and learning disabilities, to take up and retain paid employment. These are WORKSTEP, Work Preparation, the Job Introduction Scheme, Access to Work and the role of the Jobcentre Plus Disability Employment Advisers.
112. The Department consulted, between 3 December 2007 and 10 March 2008, on proposals to improve these specialist disability employment services. The Department's formal response to the consultation is expected to be published in June 2008.

Figure 19: Employment rate of disabled people, GB overall rate and the gap between the two



Source: Labour Force Survey

Figure 20: SR2002 employment target for disabled people

SR2002 target rolled forward PSA7a: In the three years to 2006, increase the employment rates of people with disabilities, taking account of the economic cycle and significantly reduce the difference between their employment rates and the overall rate.

Spring 2003 baseline	Spring 2006 outturn	Final assessment ²⁹ (provisional)
48.9 per cent and a gap with the overall employment rate of 25.6 percentage points.	50.6 per cent and a gap with the overall employment rate of 23.8 percentage points.	Met

²⁹ This target is measured taking account of the economic cycle, so a final assessment cannot be made until the end of the cycle has been reached.

Part 5: Quality of service delivery

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

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 Local Housing Allowance where the rent is paid directly to the claimant to 470,000 by 2008.

PSA9a: 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

113. The target is measured using Housing Benefit/Council Tax Benefit Management Information annual un-audited data, available three months after the end of each reporting year, and is monitored on a quarterly basis³⁰. The data are submitted by local authorities and demonstrates reported performance. It is not compulsory to return the data, but most local authorities do so. Some local authorities provide their data late and so the most recent quarter's data is subject to change as more information is provided.

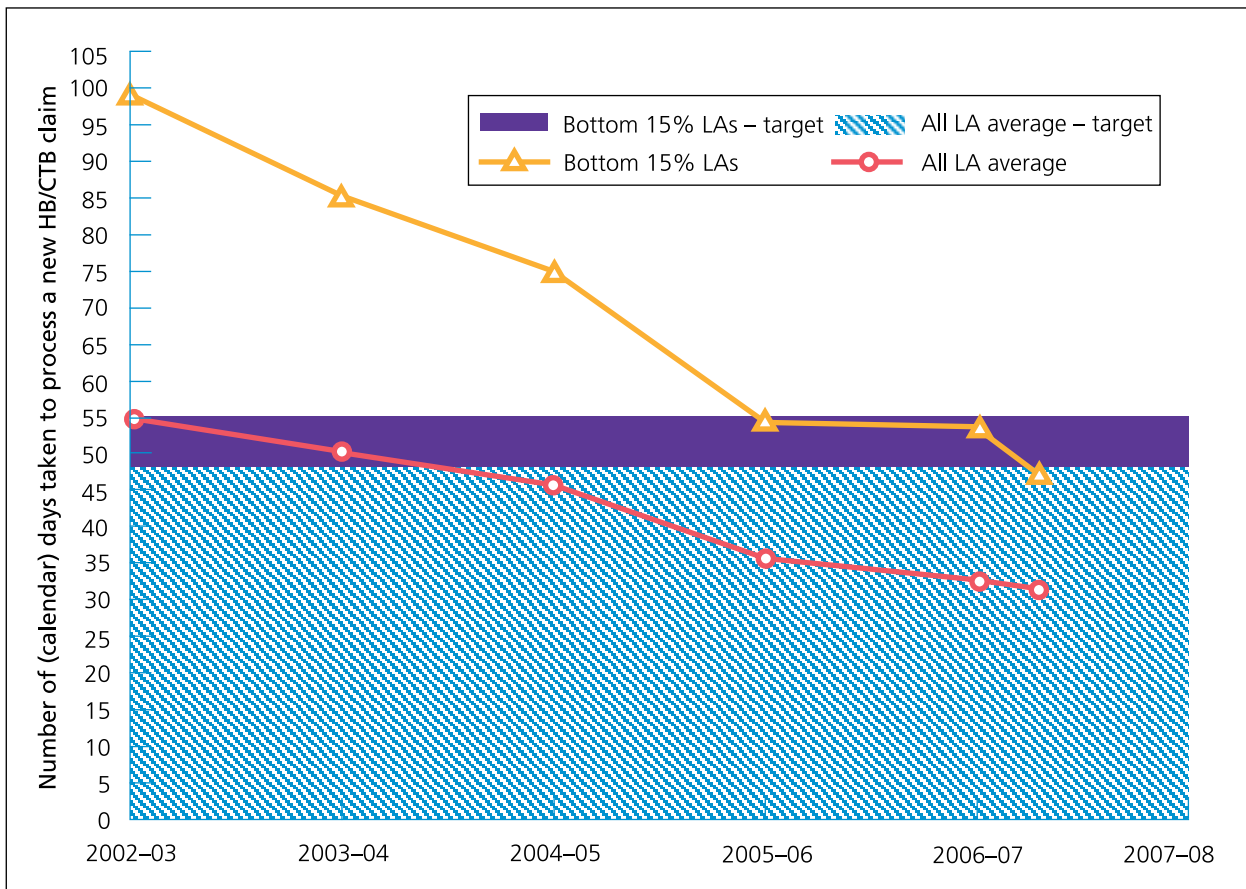
Performance

114. Performance against the overall sub-target is **ahead** of expectations. 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, the bottom 15 per cent of local authorities took an average of 99 days to process a Housing Benefit/Council Tax Benefit claim.

³⁰ www.dwp.gov.uk/asd/asd1/hb_ctb/performance.asp

- 115. As Figure 21 demonstrates, at year ending 31 March 2007 the target was being exceeded, with claims (nationally) taking an average of 33 days to process. Data for the first quarter of 2007–08 shows that this achievement has continued with claims taking an average of 29 days to process.
- 116. Local authorities in the bottom 15 per cent have been making good progress, with new claims being processed in an average of 54 days to 31 March 2007. Data for the first quarter of 2007–08 shows performance for this group at 43 days. More recent data has been delayed by restrictions on data movement.

Figure 21: Average number of days taken to process a new HB/CTB claim



Data source: HB Management Information System.

- Notes
- (1) Data are reported performance from local authorities (LAs).
 - (2) The number of LAs supplying performance data may change each year.
 - (3) Composition of the bottom 15% of LAs is subject to change each year.
 - (4) When interpreting the chart it is important to remember that the target is measured against the average performance over the whole year, and the year-to-date information is used as a guide to what the annual performance figure is likely to be.

PSA9b: increase the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by 2008.

PSA9c: increase the number of cases in receipt of Local Housing Allowance where the rent is paid directly to the claimant to 470,000 by 2008.

Measurement

117. Until April, Local Housing Allowance was operating in 18 local authorities – nine original Pathfinder areas which began implementation from November 2003 and a further nine Second Wave Group areas which implemented the Local Housing Allowance from April 2005.
118. Until the end of February 2006, progress towards PSA9 was measured using quarterly administrative data submitted to the Department by the 18 Pathfinder local authorities covering 100 per cent of the claimants. Now, progress towards both targets is measured using information derived from monthly claimant level data scans³¹.

Performance

119. The target was **not met (final assessment)**. The baseline for measuring these targets is February 2005 when 43,500 cases in the deregulated private rented sector were in receipt of Local Housing Allowance, and the number of cases in receipt of Local Housing Allowance where rent was paid directly to the claimant was 38,200.
120. By August 2007, the number of cases receiving Local Housing Allowance had risen to 73,300, and the number of cases in receipt of Local Housing Allowance where benefit was paid directly to the claimant had risen to 59,500 across the nine original Pathfinder areas and nine Second Wave Group areas.
121. The final policy model chosen by ministers was to roll out Local Housing Allowance to new claims and claimants who move address only. Although Local Housing Allowance was rolled out nationally on this basis from 7 April 2008, the target cannot be met as it was based on rolling out Local Housing Allowance to the entire deregulated private rented sector caseload by March 2008. Legislation that would have allowed Local Housing Allowance to be implemented earlier did not go ahead as planned and was incorporated into the Welfare Reform Act, which caused a delay in implementing the policy. The target was therefore no longer relevant.

³¹ The claimant level data scan, called 'The Single Housing Benefit Extract' is submitted by all local authorities each month. This data source is being phased in to replace all existing HB/CTB statistical returns.

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

PSA10a: by 2010, reduce overpayments from fraud and error in Income Support and Jobseeker’s Allowance by 15 per cent.

Measurement

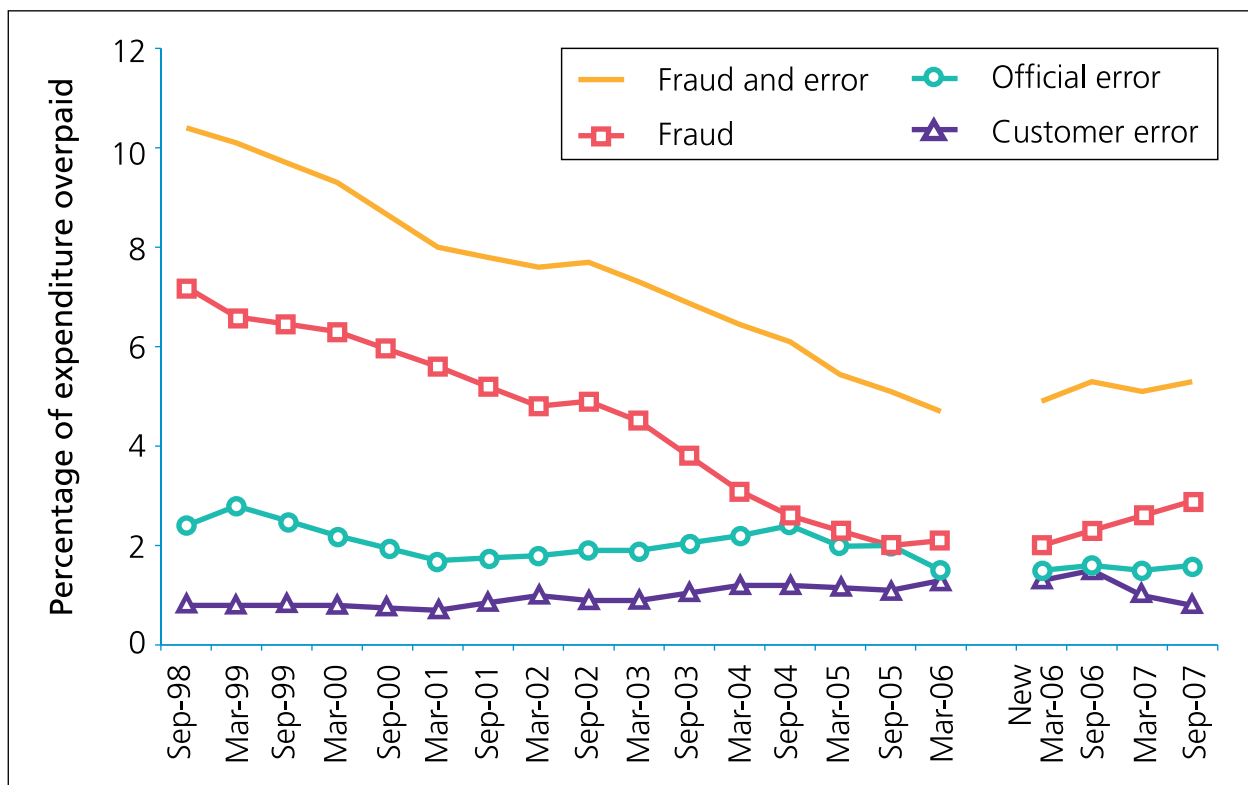
122. Measurement is based on National Statistics Fraud and Error reports. These reports are based on continuous measurement of fraud and error through random sampling of benefit cases in Income Support and Jobseeker’s Allowance. An improved methodology was introduced in 2005–06 to establish a new baseline for this target. Progress towards PSA10a is being reported against the new baseline.

Performance

123. The latest estimate of 5.3 per cent for year ending September 2007 shows a slight **slippage** in progress against this target. PSA10a requires a 15 per cent reduction in the proportion of expenditure overpaid through fraud and error by 2010 from a 2005–06 baseline of an estimated 4.9 per cent of Income Support and Jobseeker’s Allowance.

124. This is a small increase and the margin of error around the estimates has led statisticians to conclude that there is no evidence of a significant change from the baseline.

Figure 22: Levels of fraud, customer error and official error in Income Support and Jobseeker’s Allowance



Source: Fraud and Error in Income Support and Jobseeker’s Allowance Departmental statistics from Regional Benefit Reviews 1997–2007

PSA10b: by 2008, reduce overpayments from fraud and error in Housing Benefit by 25 per cent.

Measurement

125. Measurement is based on the biannual Housing Benefit Review, a sample of the Housing Benefit caseload which, due to administration lags, covers only 85 per cent of the total live caseload. Estimates of progress are subject to margins of sampling error and other uncertainties.
126. This target is measured against the 2002–03 baseline, when an initial estimate equivalent to 6.2 per cent of Housing Benefit expenditure was identified as overpaid to working-age customers. In January 2006, the baseline estimate was revised downwards to 5.9 per cent due to an improvement in methodology. It is this subsequent figure against which progress is measured.

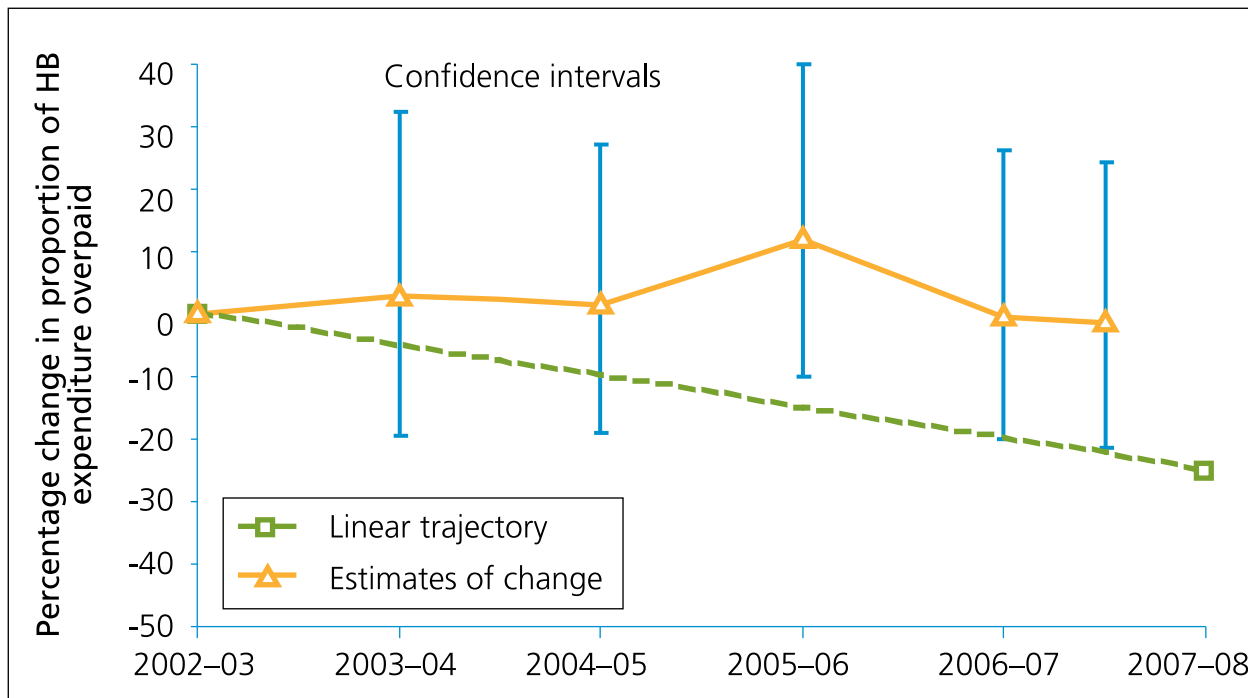
Performance

127. There has been **slippage** in performance against this target. The estimate for the 12-month period to September 2007 was that 5.9 per cent of expenditure was overpaid, the same as in the baseline year. Taking account of roundings, this equates to a decrease of 1.4 per cent.
128. A breakdown of the estimate for working-age claimants shows:
- Fraud has reduced by 2.7 per cent to 1.2 per cent of expenditure;
 - Customer error increased from 2 per cent to 3 per cent of expenditure; and
 - Official error increased from 1.2 per cent to 1.6 per cent of expenditure.

The latest figures are an improvement on those published in December 2007 for the period to September 2006 when:

- Fraud was reported to have decreased by 49 per cent (now 54 per cent);
- Customer error was reported to have increased by 62 per cent (now 47 per cent); and
- Official error was reported to have increased by 39 per cent (now 37 per cent).

Figure 23: Change in working-age Housing Benefit overpayments



Aims of SR2004 targets in the CSR2007

129. Figure 24 illustrates how the aims of SR2004 targets will be taken forward in the CSR2007 period.

Figure 24: Reconciliation of aims and targets from SR2004 to CSR2007

SR2004 targets	Reconciliation with CSR07
<p>1a Halve the number of children in relative low-income households between 1998–99 and 2010–11, on the way to eradicating child poverty by 2020 including:</p> <p><i>Joint with HM Treasury.</i></p>	<p>This target continues through CSR07 period:</p> <ul style="list-style-type: none"> • PSA9(HMT)³² – Halve the number of children in poverty by 2010–11, on the way to eradicating child poverty by 2020.
<p>1b and c. Reducing the proportion of children living in workless households by five 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.</p>	<p>Aims of this target are taken forward in:</p> <ul style="list-style-type: none"> • PSA9(HMT) – Halve the number of children in poverty by 2010–11, on the way to eradicating child poverty by 2020; and • DSO 1 – Reduce the number of children living in poverty.

³² HM Treasury will lead on the delivery of PSA9.

SR2004 targets	Reconciliation with CSR07
<p>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.</p> <p><i>Joint target with the Department for Education and Skills through the Sure Start Unit.</i></p>	<p>Aims of this target are taken forward in:</p> <ul style="list-style-type: none"> • PSA10(DCSF)³³ – Raise the educational achievement of all children and young people; • PSA11(DCSF) – Narrow the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers.
<p>3. As a contribution to reducing the proportion of children living in households where no one is working, by 2008:</p> <p>3a. Increase the stock of Ofsted-registered childcare by ten per cent;</p> <p>3b. Increase the take-up of formal childcare by lower income working families by 50 per cent; and</p> <p>3c. Introduce by April 2005, a successful light-touch childcare approval scheme.</p> <p><i>Joint target with the Department for Children, Schools and Families through the Sure Start Unit.</i></p>	<p>Aims of this target are taken forward in:</p> <ul style="list-style-type: none"> • PSA9(HMT) – Halve the number of children in poverty by 2010–11, on the way to eradicating child poverty by 2020; and • DSO 1 – Reduce the number of children living in poverty.
<p>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:</p> <ul style="list-style-type: none"> • demonstrate progress on increasing the employment rate; • increase the employment rates of disadvantaged groups (lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications and those living in the local authority wards with the poorest initial labour market position); and • significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate. <p><i>Overall employment rate element joint with HM Treasury</i></p>	<p>Aims of this target are taken forward in:</p> <ul style="list-style-type: none"> • PSA8 – Maximise employment opportunity for all; and • DSO 2 – Maximise employment opportunity for all and reduce the numbers on out-of-work benefits.
<p>5. By 2008, improve health and safety outcomes in Great Britain through progressive improvement in the control of risks from the workplace.</p>	<p>Aims of this target are taken forward in:</p> <ul style="list-style-type: none"> • DSO 3 – Improve health and safety outcomes.

³³ Department for Children, Schools and Families will lead on the delivery of PSAs 10 and 11.

SR2004 targets	Reconciliation with CSR07
<p>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 element.</p>	<p>Aims of this target are taken forward in:</p> <ul style="list-style-type: none"> • PSA17 – Tackle poverty and promote greater independence and well-being in later life; and • DSO 4 – Promote independence and well-being in later life, continuing to tackle pensioner poverty and implementing pension reform.
<p>7. Improve working-age individuals' awareness of their retirement provision such that by 2007–08:</p> <p>7a. 15.4 million individuals are regularly issued a pension forecast; and</p> <p>7b. 60,000 successful pension traces are undertaken a year.</p>	<p>Aims of this target are taken forward in:</p> <ul style="list-style-type: none"> • PSA17 – Tackle poverty and promote greater independence and well-being in later life; and • DSO 4 – Promote independence and well-being in later life, continuing to tackle pensioner poverty and implementing pension reform.
<p>8. In the three years to March 2008:</p> <p>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; and</p> <p>8b and c. increase the employment rate of disabled people, and significantly reduce the difference between their employment rate and the overall rate, taking account of the economic cycle.</p>	<p>Aims of this target are taken forward in:</p> <ul style="list-style-type: none"> • PSA8 – Maximise employment opportunity for all; • PSA15(GEO)³⁴ – Address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief; • PSA17 – Tackle poverty and promote greater independence and well-being in later life; and • DSO 5 – Promote equality of opportunity for disabled people
<p>9. Improve Housing Benefit administration by:</p> <p>9a. 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.</p> <p>9b. Increasing the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by 2008.</p> <p>9c. 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.</p>	<p>Aims of this target are taken forward in:</p> <ul style="list-style-type: none"> • DSO 6 – Pay our customers the right benefits at the right time; and • DSO 7 – Make DWP an exemplar of effective service delivery to individuals and employers.
<p>10. Reduce overpayments from fraud and error in:</p> <p>10a. Income Support and Jobseeker's Allowance; and</p> <p>10b. Housing Benefit.</p>	<p>Aims of this target are taken forward in:</p> <ul style="list-style-type: none"> • DSO 6 – Pay our customers the right benefits at the right time.

³⁴ Government Equalities Office will lead on the delivery of PSA15.

Part 6: The efficiency challenge

Delivery of PSA targets is set in the context of the Government's efficiency agenda, which formed part of the Spending Review 2004 settlement.

By 2007–08, the Department was required to achieve a gross reduction in the size of its workforce of 40,000 posts, resulting in a net reduction of 30,000 after redeploying posts to frontline roles, and deliver annual efficiencies of at least £960 million while at the same time maintaining and improving customer services.

The Department was also set a target by the Lyons review³⁵ to relocate 4,000 posts away from London and the South East to other regions by March 2010, but agreed to do this by March 2008.

Measurement

130. The Department reports headcount information on a consistent basis from its payroll system. All reported information complies with Office for National Statistics definitions on measuring public sector employment. The National Audit Office reviewed the Department's reported headcount reductions as part of its report, *Efficiency Programme: A Second Review of Progress*³⁶ published in February 2007. This gave the Department substantial assurance on its reported headcount reductions and found that these are based upon sound information systems and consistent definitions.
131. The Department reports financial efficiencies on the basis of information within its financial systems and its programme and project management control regime. The Department's Risk Assurance Division has reviewed the processes for measuring financial efficiencies and was able to give a substantial assurance as they found the reported figures were based upon sound data systems and controls.
132. Maintenance of performance is monitored through measurement of the Department's productivity. The Department has developed a measure of overall productivity based on the methodology recommended by the Atkinson Review: *Measurement of Government Output and Productivity for the National Accounts*. More detail of the Department's productivity measure can be found in *An analysis of the productivity of the Department for Work and Pensions 2002/03 to 2007/08*³⁷, published in February 2008.
133. To provide a rounded picture of the Department's performance, productivity measures are supplemented by supporting information on customer service, which is published in agencies' annual reports and accounts.

³⁵ www.hm-treasury.gov.uk/consultations_and_legislation/lyons/consult_lyons_index.cfm#final

³⁶ www.official-documents.gov.uk/document/hc0607/hc01/0156/0156_i.pdf

³⁷ www.dwp.gov.uk/publications/dwp/2008/productivity/report.pdf

134. More detailed information about the Department's efficiency targets and their measurement can be found in the Efficiency Technical Note³⁸.

Progress against the efficiency targets

135. Since Budget 2008, when efficiency figures were last reported, the Department has successfully delivered even more efficiencies and can now report that it has met all of its 2004 Spending Review efficiency targets in full. The Department exceeded its efficiency target of £960 million per annum 15 months before the target date of March 2008. Total financial efficiencies at March 2008 are around £1,446 million, exceeding the target by over £480 million. The net headcount reduction by March 2008 at 31,101 is also well in excess of the target and by December 2007, the relocation target of 4,000 was met by December 2007, over two years before the date set by the Lyons' review. The over-achievement of the efficiency targets, delivered while the Department was going through a significant modernisation programme and change, has put the Department in a sound position to start the next Spending Review period.
136. The efficiency targets and progress towards the achievement of those targets are summarised in Figure 25.
137. The efficiency challenge implies that productivity must at least be maintained at the baseline 2004–05 level over the Spending Review 2004 period. The latest assessment is that productivity increased between 2004–05 and 2006–07 by around six per cent and the provisional estimate is that by the end of March 2008 it increased by around 11 per cent compared to the baseline. The productivity measure demonstrates that the Department is now delivering more with less, and has become more productive in each year of the 2004 Spending Review period.

³⁸ www.dwp.gov.uk/aboutus/efficiency_tech_note.pdf

Figure 25: Progress against efficiency targets

Efficiency challenge – by March 2008, achieve:

- Annual financial efficiencies of £960 million of which £480 million must be cash-releasing. Cash-releasing efficiencies allow gains to be redeployed elsewhere. Efficiencies are classified as preliminary, interim or final;
- Gross headcount reductions of 40,000;
- Net headcount reductions of 30,000 after redeployment of posts to customer-facing roles;
- 4,000 posts to be relocated from London and the South East.

Achievement to December 2007							
	Annual Financial Efficiencies				Gross headcount reductions	Net headcount reductions after redeployment to front line roles	Posts relocated from London and the South East
	Total efficiencies £ million	Cash-releasing element of total efficiencies £ million	Amount of total efficiencies classified as final £ million	Amount of total efficiencies classified as interim £ million			
Jobcentre Plus	433	433	356	77	24,318	15,943	1,536
The Pension Service	109	109	57	52	8,526	8,526	1,784
Child Support Agency	–	–	–	–	1,648	917	85
Disability and Carers Service	11	11	7	4	1,519	1,519	252
The Rent Service	–	–	–	–	226	139	–
Corporate Centre and Enabling Functions (including Debt Management)	777	456	692	85	1,892	1,892	352
DWP Totals at December 2007	1,330	1,009	1,112	218	38,129	28,936	4,009
DWP Totals at March 2008	1,446	1,068	1,218	228	40,153*	31,101	4,045

* March 2008 figure includes an improved method of determining the number of redeployed posts and so is not directly comparable with that for December 2007.



Chapter 4

Corporate enablers

Chapter Four – Corporate enablers

Human Resources

Departmental People Strategy

138. A Departmental People Strategy has been developed to underpin the overall organisational capability of the Department. Equipping people, across organisational boundaries where necessary, to deliver the Department's vision and business strategy is the focus of Human Resources activities.

Workforce Management

139. Cross-Departmental management structures and Human Resources processes and policies have remained in place to support the Department in achieving its March 2008 efficiency targets. These aim to manage the headcount reductions efficiently and economically, and to secure and sustain jobs for staff who want to stay with the Department.
140. Most surplus staff have been redeployed either within the Department or to other government departments. In addition, where there are sound business reasons for doing so, the Department has run early severance and retirement schemes to enable staff to leave on a voluntary basis.

Pay

141. After lengthy negotiations with the trades unions, the Department implemented the first year of a three-year pay award in November 2007. This shortened pay scales and increased the rate of progression for staff.

Employee Relations

142. Notwithstanding considerable efforts by both the Department and its trades unions, it was impossible to reach an agreement with two of the trades unions over the pay award. This has resulted in an industrial dispute on this issue. Despite this dispute, work continues on improving and further strengthening the Department's relationship with its recognised trades unions.

Managing attendance

143. The Department's sickness absence level this year is an average of approximately 10 days per employee. This is a similar level to other large, operational government departments. The Department will build on recent improvements by continuing to take a proactive approach to reducing the number of working days lost each year to sickness absence. This includes measures not only to prevent or better manage sickness absence, but also to promote a culture of good health, well-being and good attendance.

Health and safety

144. The Department aspires to the highest standards of health and safety performance. In 2007–08 a proportionate and holistic Health and Safety Management System, based on the Health and Safety Executive's HSG 65 model, has been put in place. This ensures resources are directed to primary areas of health and safety risk and enables managers to provide assurance on levels of compliance against those key risk areas. Further measures include integrating a network of Health and Safety Business Partners across the Department to ensure implementation of more effective health and safety controls and the sharing of best practice.

Diversity and equality

145. The Department aims, firstly, to ensure that diversity and equality of opportunity are an integral part of its work and, secondly, to support the delivery of Public Service Agreements to address any disadvantages, that individuals experience because of their gender, race, disability, age, sexual orientation or religion or belief.

146. Achievements in 2007–08 include publishing the Department's annual progress reports on its race, disability and gender equality schemes; progressing new actions in the 10-Point Plan to support the Department in achieving a diverse workforce; and identifying new ways to increase the Department's effectiveness in the service it provides to customers with accessibility needs.

147. The Department has taken a number of steps to improve its representation rates with some positive results as set out in Figure 26.

Figure 26: Progress against equality targets

Grade	Target	Position at 30 September 2005	Position at 30 September 2006	Position at 30 September 2007
Minority Groups*				
SCS	5	3.7	3.3	4.8
G6/G7	4	3.2	3.1	3.6
SEO	4	3.6	4.0	3.9
HEO	5.5	4.9	5.4	5.7
Disabled people**				
SCS	6	4.8	2.7	1.9
G6/G7/ SEO	4	4.0	3.8	3.9
HEO/EO	7	6.5	6.5	6.5
AO/AA	6	4.6	4.5	4.9
Women***				
SCS	39	32.7	34.2	35.8
G6	45	42.0	41.8	42.2
G7	45	44.7	43.0	43.7

Notes:

*Ethnicity Targets – percentage of minority groups by grade

**Disability Targets – percentage of disabled people by grade

***Gender Targets – percentage of women by grade

Finance

148. Achievements from financial and commercial activity include:

- Publication of the Department's Resource Accounts to Parliament before the Summer Recess for the first time in the Department's history.
- Launch of DWP Shared Services Organisation to provide an integrated range of HR and Finance services to the Department and its Executive Agencies as well as specific services to a number of other government departments. Since its launch in September 2006, it has generated cumulative savings in the region of £50 million.
- Implementation of a new Payments Transmission Channel. This high speed banking channel is used for making over 95 per cent of all DWP payments (approximately 700 million) to customers' bank accounts. The Department was the first organisation in the UK to implement the new service, two months ahead of the planned date.

Commercial strategy

149. In December 2007, the Department's procurement function was given a very positive assessment in one of the first three Procurement Capability Reviews by the Office of Government Commerce (OGC), who stated the Department was 'well on the way to procurement excellence'. For the sixth year running, the Department made the biggest contribution to OGC targets to deliver value for money savings. As a result of improving procurement capability and action to reduce demand in 2007–08, including embarking on a Supplier Relationship Management programme with the Department's top ten suppliers, the total annual expenditure with external suppliers has reduced to below £4 billion compared to £4.27 billion in 2006–07.

Departmental investment plans

Figure 27: Investment plans to 2011

Year	2006–07 Outturn	2007–08 Plan	SR2004	2008–09 Plan	2009–10 Plan	2010–11 Plan	CSR2007
Level of investment (£million)	868	821	1,689	758	468	413	1,639

Note: The figures above represent Departmental capital expenditure and Change Programme investment resource costs. They relate to the final outturn for 2006–07 and forecasts, as at 31 December 2007, for 2007–08 being the end of SR2004. The level of investment for the years 2008–09 to 2010–11 represents the Department's investment plans across CSR2007.

Benefit payments

150. The Government has announced that there will be a successor to the Post Office card account (POCA) and a procurement exercise has begun with an Invitation to Tender being issued to short-listed suppliers and contracts are due to be awarded in July 2008.
151. The Government intends to procure a new service which will support the main methods by which DWP pays its customers, namely payment into a bank or building society account, and the existing Post Office card account and its successor.

Improving financial control

152. The Department needs to demonstrate the highest standards of financial management and control. The Department's Resource Accounts for 2006–07 were qualified on two issues:
- substantial levels of estimated losses from fraud and error in benefit expenditure; and
 - material uncertainties in respect of benefit overpayment debtors.
153. The Department's objective is to ensure that its Resource Accounts are unqualified. It has agreed a programme of work with the NAO in respect of both aspects of the qualification, designed to provide the basis for removing the qualification.

Information Technology

Transforming IT and telephony services

154. One of the biggest global IT and telephony transformation programmes has delivered:
- more reliable systems, with a record 99.6 per cent service availability in the nine months to December 2007, and quicker recovery from incidents;
 - new Voice over Internet Protocol (VoIP) telephony and increased network capacity. It is the first major UK application of VoIP technology supporting more than 40 networked contact centres in the new contact centre network, enabling the Department to respond to the increasing demands of its huge customer base;
 - 135,000 new desktops and encrypted laptops for staff and nearly 70,000 new Internet Protocol telephones; and
 - efficiency benefits to the Department – the reduction in the unit costs of IT services produced by realigned contracts with Electronic Data Services and BT has reduced IT costs overall, despite the growth in demand for IT and telephony.

Modernisation programme

155. The Department's portfolio consists of 200 modernisation projects. Improved governance has supported strong project performance in 2007–08, for example:
- The Customer Information System, one of the largest databases in Europe, provides a single, accurate view of key information and identity for all citizens who have ever had a National Insurance number. It is helping to join up services for customers by providing tailored online access for local authorities and government departments, and is central to the Government's ID management proposals.
 - The Pensions Transformation Programme is improving customer service by modernising and simplifying the benefit claim process, enabling new customers to make applications for Pension Credit, State Pension, Housing Benefit and Council Tax Benefit in a single call of no more than 20 minutes.
 - The Employment and Support Allowance project plays a pivotal role in delivering the Government's vision of a modern, active welfare state. The use of proven IT solutions from the Pensions Transformation Programme is informing its design, so that it is ready for the planned launch in autumn 2008.
156. Once projects have been completed the Department continues to improve their performance, for example:
- The Customer Management System (CMS) provides staff with on-screen information and guidance. It enables data to be gathered and transferred electronically to benefits payment systems, reducing the use of paper. The performance of CMS has been improved substantially since its introduction through a number of additional releases.
 - The Resource Management System delivers an up-to-date resource management, information and transaction tool to staff at their desks.

Improving capability

Strategy

157. An innovative IT Strategy has been developed as a fundamental part of the Department's Change Programme. It uses a mixture of proven and innovative solutions to establish an integrated IT platform that is less complex, and more adaptable. Early examples of the strategy in action are:

- providing a self-service tool for customers;
- a single sign-on, piloted from February 2008 – easier access to systems for staff, reduced helpdesk costs and more secure; and
- unlocking the information in legacy systems – presenting information to staff in the way that best suits their work by removing the need to navigate through multiple screens.

Contributing to service transformation across government

158. The Department continues to develop its leading role in government-wide transformation for the citizen by:

- enabling the *Tell Us Once* project, which will minimise multiple customer contacts at key life events;
- using the Customer Information System as the secure basis for joining up services around the customer across government;
- leading the development of:
 - Directgov; and
 - the Government Gateway;
 to become the digital service for the citizen; and
- driving the Government's Supplier Management Initiative to secure better value for money from suppliers.

159. The continued transformation and modernisation of the Department's own IT and telephony has put it in a position to make this contribution.

Figure 28: The Department's key IT-enabled projects

Project	Purpose and achievements to date	Start date	Current expected completion date	Current forecast cost £m	Expenditure to date £m
Pensions Transformation Programme	The programme is transforming the Pension Service, bringing together business and IT change in ways that improve customer service and deliver efficiencies.	January 2002	2010–11	599	500
Customer Information System	This project will deliver a database of key citizen information to be shared across the Department. The database will complement information currently available in the Department's key customer information systems (the Personal Details Computer System and Departmental Central Index) and become their replacement.	July 2003	October 2008	88	81
Employment and Support Allowance	The project delivers the system and processes to implement the new Employment and Support Allowance.	August 2006	October 2008	295	89
Central Payment System	A modern, integrated central payment engine and accounts payable system to improve accounting for benefit/pension payments, reduce risks of service failure, increase speed and efficiency, provide information for improved customer service and reduce fraud and error.	April 2004	March 2011	153	74

Notes:

1. This is a rolling programme of a number of business and IT improvement projects with individual start and completion dates.
2. The table includes only those projects which are predominantly IT-enabled.
3. The current forecast cost column provides forecasts to project implementation. Expenditure on projects is formally approved by the Department's governance process and authorised through review gates, to establish that projects are meeting the expected standards.
4. The current expected completion date may change depending on factors such as: changes in scope, cost or quality. Such changes must be approved by the appropriate governance body. Any significant change to the expected end date for projects in this table must be approved by the Department's Change Delivery Committee, chaired by the Chief Information Officer.



Chapter 5 Other areas of public interest

Chapter Five – Other areas of public interest

Better regulation

160. The Department is committed to reducing regulatory burdens wherever possible, and to minimising the burden of any new legislation, including European Union legislation. This commitment recognises the need to strike the right balance between avoiding unnecessary burdens and protecting the interests of citizens.
161. The Department's Better Regulation Minister is responsible for promoting the better regulation agenda at ministerial level in the Department. At board level, the Director General of Strategy, Information and Pensions oversees better regulation in the Department, and supports the work of the Better Regulation Unit which is part of the Strategy Directorate.
162. The Department's Better Regulation Stakeholder Group, chaired by the Department's Better Regulation Minister, engages directly on the administrative burdens reductions exercise and the simplification plan. The group includes representatives from employers' organisations, large and small businesses, trades unions, and the third sector. This provides a mechanism for the Department to work with representatives of its major stakeholders on better regulation and issues around the benefit structure.
163. The Department has implemented the new Impact Assessment process which has an improved focus on the costs and benefits of new proposals. The Department is finding it a useful tool for improving the better regulation culture and capacity across the Department, and for informing its position on European proposals. The involvement of economists in the Impact Assessment process has been increased and this has enabled the appropriate chief economist to summarise the key findings set out in the Impact Assessments for Ministers.
164. The DWP simplification plan³⁹ provides details of the Department's progress towards achieving the target to reduce the administrative burden of its regulation by 25 per cent by 2010. This target amounts to achieving reductions of £118 million per annum and is net of any increases to administrative burdens brought about by new regulations.
165. The Department delivered administrative burden reductions of £67 million per annum by 2007. This figure has been adjusted to take account of changes to burdens arising from new regulations, introduced since 1 June 2005. Therefore, in order to meet the target for reducing administrative burdens, the Department needs to identify further net savings of £51 million per annum by 2010.

³⁹ www.dwp.gov.uk/aboutus/better_regulation/simplification-plan-2007.pdf

166. The Department has undertaken a number of reviews of several of its most burdensome regulations. As a result, the Department expects to reduce administrative burdens in 2008 by up to £62 million per annum through changes in Employers' Liability Compulsory Insurance certificates and Statutory Sick Pay regulations. Further work to reduce administrative burdens is ongoing.
167. The Department is also committed to minimising new policy burdens to the level necessary to achieve social policy aims. The Department is aiming to significantly increase the proportion of people making adequate provision for their retirement. Over the last 12 months, stakeholders have been consulted extensively on the design of a new low-cost personal accounts retirement savings scheme.
168. The complexity of the benefits system can make it difficult for benefit claimants to understand their rights and responsibilities, and hard for the Department's staff and advisers to help people get their correct entitlements. It makes the system more prone to fraud and error; more expensive to administer, and often makes it less effective at promoting employment and tackling poverty.
169. Procedures have been put in place to ensure that policy makers consult the Department's Benefit Simplification Unit when considering changes to benefit systems. The Benefit Simplification Unit has already identified a range of simplifications including the removal of the need to obtain details of an individual's final pay which has removed the need for the Department to make some 1.7m enquiries to employers.
170. The Department is not a major regulatory department – the majority of its regulations involve social security benefits. During 2007–08, two bills (Child Maintenance and Other Payments Bill and Pensions Bill) were introduced to Parliament; and 77 sets of regulations brought forward. The Department continues to achieve full compliance with the Impact Assessment process. Regulation which has a significant impact on business, charities or the voluntary sector is supported by a final Impact Assessment; only four have been published by the Department in 2007–08.
171. The Department consults those affected by policy proposals at an early stage, considering the views expressed and responding positively to suggestions. DWP consultations, and government's response to the comments received, are published on the Department's website⁴⁰.
172. The Department has undertaken eight full public consultations in the last year, each of which complied with the Cabinet Office's code of practice on consultation⁴¹. In 11 other instances, ministers have exercised their discretion to conduct limited consultation exercises for consultations on more specialised issues, or where proposals had been subject to a previous full public consultation. However, these consultations utilised best practice from the code.

⁴⁰ DWP consultations: www.dwp.gov.uk/resourcecentre/consultation_papers.asp

⁴¹ www.berr.gov.uk/files/file44364.pdf

173. The Department's agencies and independent regulators also follow the principles of better regulation. The Pensions Regulator was established in line with Hampton principles and this has ensured that work-based pension regulation uses a flexible and proportionate regulatory approach.
174. The Department was one of the first to adopt the Government's policy that domestic regulation which impacts on business should commence on one of two dates (6 April and 1 October) each year. However, it has been necessary on one or two occasions to introduce legislation slightly earlier than 6 April to tie in with the commencement of the Pension Protection Fund's accounting year (1 April).
175. The Health and Safety Executive, which is sponsored by the Department, publishes information about better regulation performance in its annual report and accounts⁴².

Sustainable development

176. The Department's commitment to deliver against the targets for Sustainable Operations on the Government Estate (SOG E) is contained in the Department's second *Sustainable Development Action Plan*⁴³ (October 2007), which covers the next three years. It focuses on delivering government targets, sharing ownership between business areas and the Department's Sustainable Development Team. It was launched in combination with the Department's 7th *Sustainable Development Annual Report*⁴⁴.
177. The Department is already exceeding its total waste targets for 2010–11 and with its Service Partners plans to increase the range of materials being recycled.
178. Carbon reduction targets remain the most challenging, despite an intensive programme to reduce energy consumption run jointly by the Department and its Estates Partners (LSTRillium). Early indications for 2007–08 are promising, showing significant reductions in both fossil fuel and electricity consumption. In addition, new computer equipment and a pilot scheme to rationalise printers show scope for further improvement over the coming years.
179. A review of business mileage has resulted in plans for significant reductions in travel and an intensive communication campaign encouraging more sustainable alternatives such as video and telephone conferencing.
180. The Department recognises that climate change is likely to have a major impact on its work in the coming years. As a result, the Meteorological Office was commissioned to report on the likely effects on the Department's operations and policies. Further work will enable the Department to continue to meet the needs of its customers for many years to come. In addition, a revised Estate Strategy will support future office location decisions ensuring a transition to a more sustainable estate.

⁴² www.hse.gov.uk/aboutus/reports

⁴³ www.dwp.gov.uk/sus-dev/index.asp>

⁴⁴ www.dwp.gov.uk/sus-dev/index.asp>

181. During 2007, key groups such as policy makers and procurement specialists have been the subject of a concentrated effort to build sustainability into their decision-making processes.
182. The Department's Sustainable Procurement Strategy has been updated and sustainability continues to be embedded through the Department's supply chain.
183. The Department continues to be at the forefront of sustainable development activity across the public sector and is involved in many working and policy development groups.

International work

184. The Joint International Unit (JIU) works with policy and operational teams throughout the Department to coordinate DWP's international work. The JIU also serves the Department for Children, Schools and Families and the Department for Innovation, Universities and Skills. During 2007–08 the JIU has played a key role in taking forward UK interests in EU and wider international fora and made significant achievements in:
 - providing effective and relevant policy and knowledge exchange in support of domestic policy development, including pensions and welfare to work;
 - successfully working with other key countries, such as France and Germany, on sharing practical approaches to common global challenges, such as extending working lives to manage an ageing population and tackling causes of poverty;
 - negotiating the new EU social security regulations: the family benefit and unemployment benefit chapters were agreed in principle in December;
 - responding on behalf of the UK to the European Commission's social reality stocktaking consultation. This will feed into the preparation of a renewed Social Agenda, which the Commission will present in mid-2008, and the debate on the future of the European budget after 2013;
 - raising the profile of skills in Europe by calling for a European skills assessment in the 2008 Spring European Council Conclusions. The aim is to assess the skills challenge, and examine long-term skills needs and priorities of the EU to 2020, in response to global economic change and social challenges;
 - supporting the Department's interests in the work of the Organisation for Economic Co-operation and Development (OECD), Council of Europe and the G8; and
 - taking forward successful negotiations with social partners and others in the International Labour Organisation (ILO) to agree an independent mechanism to assist with governance and oversight of the organisation and to adopt new ILO standards for the fishing sector.

185. The JIU also manages the European Social Fund (ESF) programme in England to support policies to achieve employment opportunity for all. In 2007–08 it:
- provided about £600 million of ESF funding to projects helping over 776,000 people improve their employability and skills. About 55 per cent of participants were in work or entered further training when they completed their ESF funded provision; and
 - reached agreement with the European Commission on the policy priorities and delivery arrangements for the 2007–2013 ESF programme in England. The new programme has two key priorities: extending employment opportunities to disadvantaged people; and developing a skilled and adaptable workforce. The Department and the Learning and Skills Council launched the first tendering rounds for ESF projects in autumn 2007 to enable new projects to start from spring 2008.

Ministerial correspondence from members of the public

186. When a member of the public writes to one of the Department's Ministers, the letter may be replied to by an appropriate official on their behalf. Between January and December 2007, 15,265 letters were received and of these 94 per cent were replied to within the target of 20 working days.

Citizen redress

187. The Department for Work and Pensions' agencies have well-developed processes for dealing with complaints, and their customer service standards and performance are described in their Annual Reports and Accounts. Details of redress arrangements are included on agency websites, and leaflets advising customers about complaints procedures are also available on request from Jobcentre Plus, Pension Centres and Disability Benefit Centres, and from local Citizens Advice Bureaux.
188. From April 2007, the remit of the Department's Independent Case Examiner was widened to provide all DWP customers with access to an impartial and independent tier for the review of their complaints. In this extended role over 1,800 cases were resolved in the last year.
189. Under a Department-wide scheme, each agency compensates any of its customers for any additional costs, losses or other effects of maladministration. In 2007–08, 26,605 ex gratia compensation awards were made under these arrangements totalling around £7 million.

Communications and marketing

190. The Department aims to ensure that customers know about its services and the policies that affect their daily lives and to bring about behavioural and attitudinal change – through a number of internal and external communications campaigns.
191. The Department’s communications function has delivered over 50 campaigns, published 30 magazines, reports and white papers, and has run over 125 conferences during 2007–08. Its achievements include:
- The Jobcentre Plus staff magazine *Plus* winning the ‘Magazine of the Year’ award at the Communicators in Business northern region awards.
 - The DWP staff magazine *DWPeople* being short-listed as a finalist in the 2007 PR Week Awards for best corporate publication.

Figure 29: Major publicity campaigns costing over £500,000 during 2007–08

Major Publicity Campaigns	Aims	Costs (£ '000)
Employability (pilot campaign)	Challenge employer attitudes on the recruitment and retention of disabled people and people with health conditions.	2,000
Fraud and Error	Tackle benefit fraud by showing potential fraudsters that the consequences of committing benefit fraud are serious.	6,900
Now Let’s Talk Money	Reduce financial exclusion by increasing awareness of, and access to, local sources of free, impartial financial advice.	2,000
Child Maintenance Enforcement Campaign	Raise awareness of the Child Support Agency’s enforcement measures and, through this, to increase the propensity of non-compliant non-resident parents to comply by convincing people that the Agency can and will take action.	1,180
Pension Credit	Raise awareness of Pension Credit and other benefits within the entire pensioner population, encouraging eligible pensioners to apply and to claim other entitlements.	1,380
Local Employment Partnerships	Encourage employers to sign up to a new partnership with government – we provide them with well-prepared people with the right attitude, while they offer job opportunities to people who have been previously overlooked.	850
Lone Parents Campaign	Target lone parents according to their attitudes to work and encourage them to make an appointment with an adviser, or order support products with useful information.	1,110

Sponsorship

192. Government departments are required to publish details of any sponsorship received which exceeds £5,000 in their annual reports. The Department received no such payments in 2007–08.

Consultancy and staff substitutes/interims

193. Expenditure (including VAT) by the Department and its agencies on these services rose to £412.5 million in 2003–04 but fell by 16 per cent in 2004–05 to £345.6 million and by 39 per cent to £210.6 million in 2005–06. In 2006–07 it rose by 28.5 per cent to £270.5 million.

194. The level of expenditure on consultancy and interim staff reflects a high, but reducing, requirement for external expertise to support the Department's modernisation programmes, particularly to introduce new IT systems. In the years to 2003–04 the Department used consultants and interim staff to help modernise its legacy IT infrastructure, integrate business processes inherited from predecessor organisations and modernise service delivery, including introducing Pension Credit and New Tax Credit. The increase in expenditure in 2006–07 was due to support required for major programmes to transform IT sourcing and finance capabilities. A range of measures to improve control over the use of consultants and interim staff has been introduced across the Department.

Figure 30: Departmental expenditure (including VAT) on externally acquired staff resources (£million)

Description	2002–03	2003–04	2004–05	2005–06	2006–07
Management consultancy	47.57	223.35	98.64	77.59	116.77
IT consultancy	93.47	83.37	69.73	52.70	45.85
Staff substitutions	150.48	51.49	53.03	52.99	61.98
Professional services		54.32	104.68	7.72	31.20
Casuals/temps	–	–	19.55	19.60	14.73
Total	291.52	412.53	345.63	210.60	270.53

Public Accounts Committee recommendations

195. The Committee of Public Accounts published four reports during 2007–08 involving the Department for Work and Pensions. These were:
- 17 May 2007 – 26th Report: Department for Work and Pensions – *Progress in tackling pensioner poverty – encouraging take-up of entitlements*⁴⁵ (HC169);
 - 5 July 2007 – 37th Report: Child Support Agency – *Implementation of child support reforms*⁴⁶ (HC812);
 - 9 October 2007 – 56th Report: *Delivering effective services through personal advisers*⁴⁷ (HC312);
 - 7 February 2008 – 9th Report: *Helping people from workless households into work*⁴⁸ (HC301).
196. A copy of the Government responses to the above reports can be found on The Stationery Office official documents website⁴⁹.

⁴⁵ www.publications.parliament.uk/pa/cm200607/cmselect/cmpubacc/812/81202.htm

⁴⁶ www.publications.parliament.uk/pa/cm200607/cmselect/cmpubacc/312/31202.htm

⁴⁷ www.publications.parliament.uk/pa/cm200607/cmselect/cmpubacc/312/31202.htm

⁴⁸ www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/301/30102.htm

⁴⁹ www.publications.parliament.uk/pa/cm200607/cmselect/cmpubacc/169/16902.htm



Annexes

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Annex A – Expenditure tables

The Government's expenditure plans 2008–09 to 2010–11

The aim of these published tables is to provide an explanation of what the Department for Work and Pensions spends money on. The tables provide an analysis of Departmental expenditure in resource terms, showing resource consumption and capital investment. The information includes voted and non-voted expenditure and also shows the extent to which funds are provided to support local authority activities.

The tables include a breakdown of expenditure by major budget category: Annually Managed Expenditure (AME) and Departmental Expenditure Limit (DEL). AME is primarily a demand-led expenditure incurred on making benefit payments and is agreed as part of the Budget and Pre-Budget Report process. DEL is spending within the Department's direct control which can therefore be planned over an extended period, such as the costs of its own administration, payments to third parties, for example, within Employment Programmes, Housing Benefit administration subsidies to local authorities, and the European Social Fund. DEL provision is settled with Her Majesty's (HM) Treasury during the Spending Review process. Additionally, the tables identify near-cash expenditure within resource budgets; near-cash being a Treasury control used to assess expenditure which impacts the 'Golden Rule'.

Table 1 – Department for Work and Pensions public spending

This table sets out a summary of the expenditure on functions which are currently administered by the Department, covering the period from 2002–03 to 2010–2011. Future year figures reflect the budgeted figures agreed with HM Treasury.

The table presents the expenditure plans by the groups of clients who will be served through the consumption of the resources. The 'Corporate and shared services' grouping represents expenditure on corporate contracts, for example with the Post Office, and corporate administration. The line relating to the National Insurance Fund (NIF) represents the costs of the Department in administering contributory benefits on behalf of the NIF. These costs are met by the NIF.

The consumption of resources includes both administration and programme expenditure (including social security benefits) where appropriate. The capital expenditure plans are shown separately in respect of each area of administration within the Department. Expenditure by local authorities in respect of the welfare programmes is also shown on this table, and the extent to which it is supported by grants from the Department.

Table 2 – Department for Work and Pensions resource budget detail

This table provides similar information to Table 1, though in greater detail for the resource budget. It shows the expenditure for each of the client groups, indicating the activities that the Department spends its money on. The expenditure plans differentiate between the costs of administration and expenditure incurred on the various welfare programmes. The entry for the NIF relates only to the Department's costs in administering claims to contributory social security benefits paid from the NIF.

Table 3 – Department for Work and Pensions capital budget detail

This table provides details of the capital expenditure plans in the same format as Table 2. Figures for the Social Fund represent the level of net lending of the fund which, under HM Treasury Consolidated Budgeting Guidance, is regarded as a capital expenditure item.

Table 4 – Department for Work and Pensions capital employed

This table shows the capital employed by the Department, in a balance sheet format. It provides a high-level analysis of the value of the various categories of fixed assets, debtor and creditor values, and also the extent of provisions made. The net assets of Non-Departmental Public Bodies (NDPBs) and public corporations (Remploy Ltd and Pension Protection Fund) are shown separately.

Table 5 – Department for Work and Pensions administration costs

This table presents detailed information concerning the administration costs of running the Department. These costs form part of the Department's DEL budget. For the current year and past years there is an analysis of administration expenditure showing paybill and other costs.

Table 6 – Staff numbers 2001–02 to 2008–09

This table shows actual and projected staffing in the Department and the split between permanent staff, temporary staff and overtime. Figures for all years to 2004–05 are based on full-time equivalents and are consistent with Cabinet Office definitions at the time. Actual figures from 2005–06 are based on the Office of National Statistics specification which includes all paid staff and has the effect of increasing staff numbers by around two per cent. Planned figures for 2008–09 use the same specification and are based on agreed headcount plans as at 31 March 2008.

Table 7 – Total Department for Work and Pensions identifiable expenditure on services, by country and region 2002–03 to 2010–11

This table shows expenditure on services which can be analysed as being for the benefit of individual countries and regions. The expenditure represents the Department's total expenditure, excluding Housing Benefit and Council Tax Benefit, for each region, with country and United Kingdom totals.

The majority of the expenditure is identifiable which means that it can be recognised as having been paid to, and for the advantage of, individuals within particular regions. Some non-identifiable expenditure is shown from 2007–08; this is planned spending which is deemed to be on behalf of the United Kingdom as a whole.

The expenditure shown in respect of Northern Ireland and outside the United Kingdom is explained in the notes to Table 7. More information about the non-identifiable expenditure is also shown in the Table 7 notes. Expenditure plans are mostly allocated to regions on the basis of the most recent outturn information.

Table 8 – Department for Work and Pensions identifiable expenditure on services, by country and region, per head 2002–03 to 2010–11

This table shows expenditure on services which can be analysed as being for the benefit of individual countries and regions per head of population. This is more informative than the total expenditure information presented in Table 7, as the size of the population varies significantly between regions. For example, while expenditure per head is highest in the North East, because it has a relatively small population, its total expenditure is the smallest of all the regions (ignoring Northern Ireland, as only a small proportion of benefit spending in Northern Ireland falls to the Department's budget).

The figures also demonstrate that expenditure per head in Wales and Scotland is consistently higher than in England, and that spending is lowest in London and the South East. The reasons for the variation in the figures are many and complex, and will depend on variations in the structure of the population and the socio-economic environment. For example, areas such as the South West with a higher proportion of pensioners will tend to show higher spending, other things being equal, while the socio-economic factors that mostly affect benefits for working-age people are discussed in detail in *Full Employment in Every Region*, published in December 2003 by the Department and HM Treasury.

Table 9 – Department for Work and Pensions spending by objective by country and region in 2006–07

The table also provides a breakdown of expenditure based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in Chapter 9 of Public Expenditure Statistical Analyses 2008 (PESA).

Table 10 – Expenditure on the New Deals and Action Teams

The table shows total expenditure by the Department for Work and Pensions on the New Deals and Action Teams, including expenditure funded from the Windfall Tax.

Table 1: Total Departmental Spending for the Department for Work and Pensions

£ million (^{1,2})

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
Resource budget									
Resource DEL (³)									
Children (^{4,5})	291	247	256	393	492	530	430	374	482
Working age (^{5,6})	3,236	3,718	3,881	3,701	4,510	4,679	4,484	4,279	3,981
Pensioners (^{5,6})	292	303	420	183	325	266	355	404	481
Disability (^{5,7})	171	363	379	439	515	552	574	570	566
Corporate and shared services (^{5,6,8})	1,991	1,626	1,741	2,035	727	733	764	791	674
National Insurance Fund (⁹)	890	1,399	1,137	1,083	1,112	1,142	1,079	1,073	1,037
Public corporations (¹⁰)	113	108	109	117	129	92	152	129	114
Unallocated provision	–	–	–	–	–	–	50	100	125
Total resource budget DEL	6,984	7,764	7,923	7,951	7,810	7,994	7,888	7,720	7,460
<i>of which:</i> Near-cash (¹¹)	6,834	7,686	7,836	7,726	7,532	7,755	7,727	7,563	7,308
Resource AME (¹²)									
Children (¹³)	3	1	1	5	#	–	–	–	–
Working age	36,054	36,422	38,396	38,488	39,473	40,357	41,233	42,178	43,703
Pensioners	52,450	55,245	59,336	62,888	65,085	73,551	73,138	76,704	79,885
Disability (⁷)	11,306	12,090	12,854	13,700	14,514	15,571	16,540	17,522	18,330
Corporate and shared services (¹³)	2	1	3	13	2	–	–	–	–
Total resource budget AME	99,815	103,759	110,590	115,094	119,074	129,479	130,911	136,404	141,918
<i>of which:</i> Near-cash (¹¹)	99,660	103,665	110,255	114,832	118,177	124,137	130,634	136,141	141,649
Total resource budget	106,799	111,523	118,513	123,045	126,884	137,473	138,799	144,124	149,378
<i>of which:</i> Depreciation	95	101	131	138	190	157	130	136	153

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
Capital Budget									
Capital DEL ⁽³⁾									
Children	3	#	#	#	–	4	–	–	–
Working Age ⁽¹⁴⁾	119	279	153	289	127	32	25	20	19
Pensioners ⁽¹⁵⁾	1	1	7	34	58	45	14	#	#
Disability	–	–	#	1	#	#	–	–	–
Corporate and shared services ⁽¹⁶⁾	157	-59	129	29	30	12	36	54	45
Total capital budget DEL	280	221	289	353	215	93	75	74	64
Capital AME									
Pensioners ⁽¹⁷⁾	77	90	80	101	185	152	125	130	133
Total capital budget AME	77	90	80	101	185	152	125	130	133
Total capital budget	357	311	369	454	400	245	200	204	197
Total departmental spending ⁽¹⁸⁾									
Children	290	242	251	394	488	531	430	373	481
Working Age	39,354	40,340	42,342	42,395	43,982	44,964	45,639	46,373	47,599
Pensioners	52,817	55,634	59,834	63,179	65,617	74,000	73,625	77,228	80,470
Disability	11,476	12,452	13,232	14,138	15,028	16,121	17,113	18,091	18,896
Corporate and Shared Services	2,121	1,558	1,847	2,055	737	712	782	825	700
National Insurance Fund	890	1,399	1,137	1,083	1,112	1,142	1,079	1,073	1,037
Public Corporations	113	108	109	117	129	92	152	129	114
Unallocated Provision	–	–	–	–	–	–	50	100	125
Total departmental spending	107,061	111,733	118,752	123,361	127,093	137,562	138,870	144,192	149,422
<i>of which:</i>									
Total DEL	7,178	7,892	8,090	8,195	7,838	7,930	7,834	7,658	7,371
Total AME	99,883	103,841	110,662	115,166	119,255	129,632	131,036	136,534	142,051

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
Spending by local authorities on functions relevant to the Department ⁽¹⁹⁾									
Current Spending	13,468	13,195	14,024	14,838	15,758	16,697			
<i>of which:</i>									
financed by grants from budgets, above	14,591	14,358	16,910	17,928	19,092	20,033			
Capital Spending	1	#	#	#	#	#			
<i>of which:</i>									
financed by grants from budgets, above	5	4	1	#	#	2			

Notes for Table 1

- 1 Totals may not sum due to rounding.
- 2 Amounts below £0.5m are indicated by #.
- 3 Departmental Expenditure Limit (DEL) for Resource and Capital set as part of the Spending Review process and amended to incorporate transfers of functions to other Government departments.
- 4 Increase in 2002–03 is due to expenditure incurred on Child Support Reform. Increases from 2005–06 relate to expenditure incurred on the CSA Operational Improvement Plan (OIP).
- 5 From 2006–07 expenditure on accommodation and IS/IT was charged to individual businesses. This results in increases in expenditure in the client areas offsetting decreases in Corporate and Shared Services.
- 6 Variations between years are partly caused by changes to the apportionment of National Insurance Fund (NIF) receipts between client areas. In 2005–06 NIF receipts were only apportioned to Working Age and Pensioners. From 2006–07 the Department developed a more accurate method for applying its NIF receipts to those business areas incurring the related costs (Working Age, Pensioners and Corporate and Shared Services).
- 7 The two Independent Living Funds were merged in 2007–08 and re-classified as an NDPB. In addition, the Independent Living Fund was re-categorised from AME to DEL with effect from 2008–09. For comparative purposes the prior years have also been adjusted for the AME to DEL switch. Increase from 2002–03 relates to the setting up of the Disability Directorate costs which were previously within the Benefits Agency.
- 8 In addition to information provided in notes 5 and 6, variations in this run of figures have been caused by fluctuations in modernisation expenditure, re-structuring of the Department and costs relating to the Efficiency Challenge.
- 9 National Insurance Fund (NIF) Administration relates to the administration costs of processing NIF benefits, directly related to volumes of activity. The variation in the NIF payment in 2003–04 results from a re-calculation to compensate for over/under payments in previous years.
- 10 Includes Remploy Ltd and Pension Protection Fund (2005–06 onwards).
- 11 Near-cash is an HM Treasury measure used to assess expenditure which impacts on the 'Golden Rule'.
- 12 AME is set as part of the Budget and Pre Budget Report process.
- 13 Elements of asset depreciation were reclassified from DEL to AME in HM Treasury Budgeting Guidance, with changes impacted across all years.
- 14 Fluctuations in expenditure from 2003–04 relate to phasing of capital costs of Jobcentre Plus roll out programme, completed in 2006–07.
- 15 Increase in 2005–06 through to 2007–08 is a result of planned spending on the Pensions Transformation Programme.
- 16 Negative numbers arise due to the sale of capital assets.
- 17 Figures include net lending on the Social Fund (working age and pensioners).
- 18 Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and the capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.
- 19 Local authority spending is not published for future years.

Table 2: Resource Budget DEL and AME for the Department for Work and Pensions

£ million (^{1,2})

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
Resource DEL									
Children	291	247	256	393	492	530	430	374	482
<i>of which:</i>									
Children administration (^{3,5})	291	247	256	393	492	530	430	374	482
Working age	3,236	3,718	3,881	3,701	4,510	4,679	4,484	4,279	3,981
<i>of which:</i>									
Working Age administration (^{4,5,6,7})	1,823	1,976	2,290	2,060	3,112	3,128	3,028	2,886	2,893
Employment Programmes (⁷)	1,100	1,146	979	918	725	825	843	786	494
Grants to Local Authorities (⁸)	272	556	573	687	637	680	572	576	565
The Rent Service Executive Agency (⁹)	41	40	39	36	36	46	41	31	29
Pensioners	292	303	420	183	325	266	355	404	481
<i>of which:</i>									
Pensioners benefits (¹⁰)	–	–	–	#	4	22	31	38	38
Pensioners administration (^{5,6,11})	292	303	420	183	321	244	324	366	443
Disability	171	363	379	439	515	552	574	570	566
<i>of which:</i>									
Disability administration (^{5,12,13})	171	363	379	439	515	251	231	219	207
Disability benefits and grants to independent bodies (¹³)	–	–	–	–	–	301	343	351	359

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
Corporate and shared services	1,991	1,626	1,741	2,035	727	733	764	791	674
<i>of which:</i>									
Corporate and shared services administration (5,6,14)	1,991	1,626	1,741	2,035	727	733	764	791	674
National Insurance Fund	890	1,399	1,137	1,083	1,112	1,142	1,079	1,073	1,037
<i>of which:</i>									
National Insurance Fund: administration (15)	890	1,399	1,137	1,083	1,112	1,142	1,079	1,073	1,037
Public Corporations	113	108	109	117	129	92	152	129	114
<i>of which:</i>									
Remploy Ltd.	113	108	109	117	129	92	152	129	114
Pensions Protection Fund (16)	–	–	–	9	10	18	19	20	21
Pensions Protection Fund: Levy Funding (16)	–	–	–	(9)	(10)	(18)	(19)	(20)	(21)
Unallocated Provision	–	–	–	–	–	–	50	100	125
Total resource budget DEL	6,984	7,764	7,923	7,951	7,810	7,994	7,888	7,720	7,460
<i>of which:</i>									
Near-cash	6,834	7,686	7,836	7,726	7,532	7,755	7,727	7,563	7,308
<i>of which: (17)</i>									
Pay	2,856	2,974	3,098	3,277	3,154	2,891			
Procurement	3,170	3,550	3,583	3,321	3,095	3,482			
Current grants and subsidies to the private sector and abroad	296	358	441	342	433	424			

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
Current grants to local authorities ⁽⁸⁾	391	684	653	745	729	828			
Depreciation	86	93	122	110	187	157			
Resource AME									
Children	3	1	1	5	#	-	-	-	-
<i>of which:</i>									
Children benefits ⁽¹⁸⁾	2	#	-	#	-	-	-	-	-
Children administration ⁽¹⁹⁾	1	1	1	5	#	-	-	-	-
Working age	36,054	36,422	38,396	38,488	39,473	40,357	41,233	42,178	43,703
<i>of which:</i>									
Working Age benefits ^(20,21)	21,686	22,610	22,052	21,231	21,034	21,041	20,841	20,484	20,863
Working Age administration ⁽¹⁹⁾	6	6	5	10	1	-	-	-	-
Employment Programmes	174	139	87	72	87	108	111	117	121
Grants to Local Authorities	14,188	13,667	16,252	17,175	18,351	19,208	20,281	21,577	22,719
Pensioners	52,450	55,245	59,336	62,888	65,085	73,551	73,138	76,704	79,885
<i>of which:</i>									
Pensioners benefits ⁽²²⁾	50,478	53,033	56,875	60,509	62,016	66,091	70,169	74,260	77,432
Social Fund ⁽²³⁾	1,972	2,209	2,244	2,345	2,343	2,399	2,969	2,444	2,453
Pensioners administration ⁽²⁴⁾	#	3	217	34	726	5,061	-	-	-

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
Disability	11,306	12,090	12,854	13,700	14,514	15,571	16,540	17,522	18,330
<i>of which:</i>									
Disability Benefits and Grants to Independent Bodies ⁽²⁵⁾	11,306	12,090	12,854	13,700	14,514	15,571	16,540	17,522	18,330
Corporate and Shared Services	2	1	3	13	2	-	-	-	-
<i>of which:</i>									
Corporate and shared services administration ⁽¹⁹⁾	2	1	3	13	2	-	-	-	-
Total resource budget AME	99,815	103,759	110,590	115,094	119,074	129,479	130,911	136,404	141,918
<i>of which:</i>									
Near-cash	99,660	103,665	110,255	114,832	118,177	124,137	130,634	136,141	141,649
<i>of which: ⁽¹⁷⁾</i>									
Current grants and subsidies to the private sector and abroad	85,075	89,579	93,561	97,300	99,515	104,518	109,952	114,106	118,449
Current grants to local authorities	14,200	13,674	16,258	17,183	18,364	19,205	20,278	21,573	22,716
Depreciation	9	8	9	28	3	-			
Total resource budget	106,799	111,523	118,513	123,045	126,884	137,473	138,799	144,124	149,378

Notes for Table 2

- 1 Totals may not sum due to rounding.
- 2 Amounts below £0.5m are indicated by #.
- 3 See note 4 in Table 1.
- 4 Includes Working Ventures (UK) Ltd (formally National Employment Panel (NEP) Ltd) and Health and Safety Executive/Laboratory (HSE/HSL).
- 5 See note 5 in Table 1.
- 6 See note 6 in Table 1.
- 7 Employment Programme administration costs moved into the Working Age Administration line in 2004–05. The total planned spend on Employment Programmes during CSR07 is around £1.3bn per year, although elements of this expenditure appear in different lines of the financial tables. For example, Area Based Grants are within Grants to Local Authorities and Remploy is shown as a Public Corporation. Additionally, the introduction of Flexible New Deal will require us to reclassify costs from Jobcentre Plus administration from 2009–10 and vire these into Employment Programmes. The overall planned spend also includes use of End Year Flexibility and other funding (including some from the European Social Fund) which will be drawn down in future Supplementary Estimates, but is not included in the financial table.
- 8 Increases in grants to local authorities from 2003–04 reflects changes to Housing Benefit/Council Tax Benefit payments with DWP taking responsibility for grants previously paid by the Office of the Deputy Prime Minister (ODPM), Scottish Executive and National Assembly for Wales.
- 9 The Rent Service transferred from ODPM in April 2004.
- 10 Relates to payments made by the Financial Assistance Scheme (FAS).
- 11 Includes Office of the Pensions Regulatory Authority (to 2004–05) and The Pensions Regulator (from 2005–06).
- 12 The Disability Rights Commission was transferred to the Government Equalities Office in 2007–08 as part of a machinery of government change affecting all years. The increase from 2002–03 relates to the setting up of the Disability Directorates costs which were previously within the Benefits Agency.
- 13 See note 7 in Table 1.
- 14 See note 8 in Table 1.
- 15 See note 9 in Table 1.
- 16 The Pension Protection Fund (PPF) became operational in April 2005. Expenditure is offset by income from levy funding imposed by the pensions industry.
- 17 The breakdown of near-cash in Resource DEL by economic category may exceed the total near-cash Resource DEL reported above because of other income and receipts that score in near-cash Resource DEL, but are not included as pay, procurement, or current grants and subsidies to the private sector, abroad and local authorities.
- 18 Relates to Guardian's Allowance and Child's Special Allowance.
- 19 See note 13 in Table 1.
- 20 Working Age benefits include: Severe Disablement Allowance, Industrial Injuries Benefits, Income Support (under 60 years of age), Jobseeker's Allowance, Job Grant, Earnings Top Up, Statutory Sick Pay, Statutory Maternity Pay, Incapacity Benefit. In addition, Employment and Support Allowance, In Work Credit and Return to Work Credit are also included from 2008–09 onwards.

- 21 Reduction from 2005–06 is a result of the part migration of child elements of Income Support to Child Tax Credit (HMRC). Further migration is planned in 2008–09.
- 22 Pensioner benefits include: State Pension, non-contributory Retirement Pension, Christmas Bonus, Pension Credit, TV Licences for the over 75s and Widows Benefits.
- 23 Relates to all Social Fund resource expenditure, including Winter Fuel payments. Figures include Social Fund resource expenditure for working age as well as pensioners. The 'one-off payment' to the elderly announced in the 2008 Budget is included within the 2008–09 data.
- 24 For 2002–03 and 2003–04 relates to the Pensions Compensation Board. From 2004–05 onwards relates to Financial Assistance Scheme. An increased budgetary provision in respect of extensions to the Finance Assistance Scheme, announced during 2007, was made in the Spring Supplementary Estimate.
- 25 Disability benefits include: Attendance Allowance, Disability Living Allowance, Disability Working Allowance, Invalid Care Allowance, Vaccine Damage. Grants to Independent Bodies refers to grants to Motability. See note 7 in Table 1 with regard to the Independent Living Fund.

Table 3: Capital Budget DEL and AME for the Department
for Work and Pensions

£ million (1,2)

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
Capital DEL									
Children	3	#	#	#	-	4	-	-	-
<i>of which:</i>									
Children: Administration	3	#	#	#	-	4	-	-	-
Working age	119	279	153	289	127	32	25	20	19
<i>of which:</i>									
Working Age: Administration (³)	111	268	150	288	125	27	25	20	19
Employment Programmes	6	6	2	#	#	4	-	-	-
The Rent Service Executive Agency	2	5	1	1	2	1	#	#	#
Pensioners	1	1	7	34	58	45	14	#	#
<i>of which:</i>									
Pensioner: Administration (⁴)	1	1	7	34	58	45	14	#	#
Disability	-	-	#	1	#	#	-	-	-
<i>of which:</i>									
Disability: Administration	-	-	#	1	#	#	-	-	-
Corporate and shared services	157	-59	129	29	30	12	36	54	45
<i>of which:</i>									
Corporate services: Administration (⁵)	157	-59	129	29	30	12	36	54	45

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
Total capital budget DEL	280	221	289	353	215	93	75	74	64
<i>of which:</i>									
Capital expenditure on fixed assets net of sales ⁽⁶⁾	268	207	280	350	197	81	75	74	64
Capital grants to the private sector and abroad ⁽⁷⁾	1	2	#	–	13	5	#	#	–
Capital support to public corporations	6	7	7	3	5	5	–	–	–
Capital support to local authorities	5	4	1	#	#	2	–	–	–
Capital AME									
Pensioners	77	90	80	101	185	152	125	130	133
<i>of which:</i>									
Social Fund ⁽⁸⁾	77	90	80	101	185	152	125	130	133
Total capital budget AME	77	90	80	101	185	152	125	130	133
Total capital budget	357	311	369	454	400	245	200	204	197
<i>of which:</i>									
Capital expenditure on fixed assets net of sales ⁽⁶⁾	268	207	280	350	197	81	75	74	64
Less Depreciation	95	101	131	138	190	157	130	136	153
Net capital expenditure on tangible fixed assets	173	106	149	212	7	-76	-55	-62	-89

Notes for Table 3

- 1 Totals may not sum due to rounding.
- 2 Amounts below £0.5m are indicated by #.
- 3 See note 14 in Table 1.
- 4 See note 15 in Table 1.
- 5 See note 16 in Table 1.
- 6 Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets, grants and public corporations' capital expenditure.
- 7 From 2002–03 through to 2004–05 relates to Employment Services Programmes. 2005–06 onwards relates to Financial Inclusion, Invest to Save Programmes and Working Age Employment Programmes.
- 8 See note 17 in Table 1.

Table 4: Capital Employed for the Department for Work and Pensions

£ million

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
Assets and liabilities on the balance sheet at end of year:									
Assets									
Fixed assets ⁽¹⁾	549	610	767	1,005	991	879	786	642	512
Intangible		1	26	40	52	51	77	69	62
Tangible									
<i>of which:</i>									
Land and buildings	155	11	65	62	62	73	76	83	89
Leasehold Improvements ⁽²⁾	11	330	378	580	524	489	425	350	275
Plant and Machinery	8	6	6	5	5	4	4	3	3
Furniture and Fittings	138	15	16	14	13	12	17	16	15
Transport Equipment	19	20	19	17	15	2	2	2	2
Information Technology	217	224	162	191	177	132	176	111	58
Payments on account and Assets under construction	-	2	95	95	142	115	8	7	7
Investments ⁽³⁾	1	1	-	1	1	1	1	1	1
Current assets	3,122	4,261	4,228	4,129	4,010	4,109	4,424	4,424	4,424
Liabilities									
Creditors (<1 year) ⁽⁴⁾	-3,245	-3,606	-4,603	-3,579	-3,766	-3,298	-3,298	-3,298	-3,298
Creditors (>1 year)		-274	-340	-349	-342	-376	-376	-376	-376
Provisions ⁽⁶⁾	-164	-165	-338	-399	-1,107	-3,689	-5,189	-5,189	-5,189
Capital employed within main department	262	826	-286	807	-214	-2,375	-3,653	-3,797	-3,927
NDPB net assets ⁽⁵⁾	4	4	2	1	3	5	5	5	5
Public corporation net assets	32	32	-140	-162	-157	-162	-160	-151	-143
Total capital employed in dept'l group	298	862	-424	646	-368	-2,532	-3,808	-3,943	-4,065

Notes for Table 4

- 1 From 2004–05 the Department capitalised software licenses and software development. As a consequence intangible assets and payments on account and assets under construction increased due to the purchase of software licenses and the development of software to support the Department's Change Programme.
- 2 From 2003–04 the Department reviewed its accounting policy in respect of the capitalisation of expenditure on improvements to leasehold properties. As a result, expenditure in respect of major capital refurbishment and improvements of properties occupied, but not owned by the Department, is capitalised and reported under Leasehold Improvements.
- 3 Previously, investments were not separately disclosed, but were included in Fixed Assets.
- 4 2004–05 includes two exceptional items – a balance owing to the Contingencies Fund and an amount owed to paying agents.
- 5 From 2004–05 the Department's Non-Departmental Public Bodies, public corporations and The Rent Service implemented FRS 17 'Retirement Benefits' and recognised a liability for funding existing and future pensions increases on their Balance Sheet.
- 6 An increased budgetary provision in respect of extensions to the Finance Assistance Scheme, announced during 2007, was made in the Spring Supplementary Estimate.

Table 5: Administration Costs for the Department for Work and Pensions

£ million ^(1,2)

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
Administration expenditure ⁽³⁾									
Paybill	2,842	2,955	3,067	3,215	3,085	2,801			
Other	2,864	3,086	3,037	2,793	2,909	3,024			
Total administration expenditure	5,706	6,041	6,104	6,008	5,994	5,825	5,841	5,700	5,566
Administration income	-123	-132	-126	-162	-131	-123	-148	-145	-146
Total administration budget	5,583	5,909	5,978	5,846	5,863	5,702	5,693	5,555	5,420
Analysis by activity									
Children ^(4,5)	291	247	255	390	490	529	430	374	481
Working-age ⁽⁵⁾	2,324	2,356	2,489	2,698	3,481	3,451	3,392	3,305	3,200
Pensioners ⁽⁵⁾	419	484	571	617	663	612	623	607	535
Disability ^(5,6)	#	172	166	197	257	248	229	217	205
Corporate and Shared Services ^(5,7)	2,549	2,650	2,497	1,944	972	862	969	952	874
Unallocated Provision	-	-	-	-	-	-	50	100	125
Total administration budget	5,583	5,909	5,978	5,846	5,863	5,702	5,693	5,555	5,420

Notes for Table 5

- 1 Totals may not sum due to rounding
- 2 Amounts below £0.5m are indicated by #.
- 3 Administration costs detailed here will not match the administration costs in Table 2 as the latter included additional items outside the definition of the administration budget.
- 4 See note 1 in Table 1.
- 5 See note 5 in Table 1.
- 6 See note 7 in Table 1.
- 7 See note 8 in Table 1.

Table 6: Staff numbers 2001–02 to 2007–08 averaged over each year, showing full-time equivalent (FTE), overtime and temporary staff

	2001-02 actual	2002-03 actual	2003-04 actual	2004-05 actual	2005-06 actual	2006-07 actual	2007-08 actual	2008-09 plans
Permanent Staff								
Children		13,180	11,149	10,004	10,125	11,205	10,286	2,371
Working-age		80,729	76,213	75,651	73,980	70,803	67,774	66,697
Pensions		13,330	18,820	17,250	15,284	13,691	11,958	10,864
Disability		7,225	7,031	6,658	6,394	6,243	5,784	5,375
Corporate and shared services		10,031	10,259	11,260	9,994	8,681	8,171	8,046
Total civil service FTE	117,361	124,495	123,472	120,823	115,777	110,622	103,973	93,353
Overtime	2,525	2,683	2,652	2,491	1,927	2,111	2,534	2,271
Temporary staff	4,231	4,231	4,662	3,674	2,268	1,767	1,491	1,295
Total	124,117	131,409	130,786	126,988	119,972	114,500	107,998	96,919
Information Technology Services Agency (ITSA)								
Permanent staff								
Overtime								
Temporary staff								
Total ITSA								
Total DWP	124,117	131,409	130,786	126,988	119,972	114,500	107,998	96,919

Notes for Table 6

1. The figures for 2001–02 and future years reflect the machinery of government changes setting up the Department for Work and Pensions from June 2001 onwards.
2. Child Benefit Centre staff (around 2,000) transferred to HM Revenue and Customs from April 2003.
3. Figures for all years up to 2004–05 are based on full-time equivalents and are consistent with Cabinet Office definitions at the time.
4. Appeals Service transferred to the Department for Constitutional Affairs from April 2006.
5. Actual figures for 2005–06; 2006–07 and 2007–08 are based on the Office for National Statistics specification, which includes all paid staff and has the effect of increasing staff numbers by around two per cent.
6. Planned figures for 2008–09 use the same specification and are based on agreed headcount plans as at 31 March 2008.
7. Figures in the above table are average figures over each year as specified. The figures are on a different basis from the point in time presentation at Figure 25 in Chapter 3.
8. Figures may not sum due to rounding.
9. The figures for children for 2008–09 do not include staffing in respect of the Child Maintenance and Enforcement Commission. It is assumed that all residual CSA staff will transfer to the commission on its creation in July 2008.

Table 7: Department for Work and Pensions' identifiable expenditure on services, by country and region

£ million

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
North East	5,124	5,302	5,485	5,559	5,541	5,904	6,062	6,223	6,405
North West	12,496	13,112	13,613	14,032	14,124	14,862	15,310	15,733	16,238
Yorkshire and Humberside	8,616	9,019	9,341	9,652	9,625	10,162	10,471	10,784	11,129
East Midlands	6,315	6,673	6,992	7,266	7,454	7,848	8,141	8,411	8,711
West Midlands	8,550	9,045	9,416	9,775	10,037	10,517	10,884	11,222	11,607
Eastern	7,516	7,997	8,437	8,806	9,094	9,592	9,993	10,352	10,745
London	10,280	10,934	11,332	11,600	11,635	12,208	12,526	12,850	13,265
South East	10,376	11,070	11,684	12,249	12,614	13,342	13,905	14,412	14,961
South West	7,429	7,915	8,313	8,726	9,024	9,484	9,864	10,211	10,588
Total England	76,702	81,067	84,612	87,664	89,148	93,919	97,156	100,198	103,649
Scotland	8,783	9,227	9,616	9,878	10,105	10,582	10,951	11,273	11,652
Wales	5,484	5,761	6,009	6,170	6,314	6,640	6,862	7,059	7,298
Northern Ireland	9	10	10	11	12	32	30	28	29
Total UK identifiable expenditure	90,978	96,064	100,246	103,723	105,578	111,171	114,999	118,557	122,628
Outside UK	1,655	1,736	1,853	1,934	2,035	2,087	2,207	2,311	2,406
Total identifiable expenditure	92,633	97,800	102,099	105,657	107,613	113,258	117,206	120,869	125,034
Non-identifiable expenditure	0	0	0	0	0	105	87	171	131
Total expenditure on services	92,633	97,800	102,099	105,657	107,613	113,363	117,293	121,040	125,165

Notes for Table 7

1. **Tables 7, 8 and 9** show analyses of the Department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in Chapter 9 of Public Expenditure Statistical Analyses (PESA) 2008. The figures were taken from the HM Treasury public spending database in December 2007 and the regional distributions were completed in January and February 2008. Therefore, the tables may not show the latest position and are not consistent with other tables in the Departmental Report.
2. The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government elements of TES. They include current and capital spending by the Department and its NDPBs. They do not include payments to local authorities or local authorities' own expenditure.
3. TES is a near-cash measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of PESA 2008.
4. The data are based on a subset of spending – identifiable expenditure on services which is capable of being analysed as being for the benefit of individual countries and regions.
5. Across government, most expenditure is not planned or allocated on a regional basis. Social security payments are paid to eligible individuals irrespective of where they live, and access to the Department's programmes is generally not dependent on place of residence. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.
6. The functional analyses of spending in **Table 9** are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in Chapter 9 of PESA 2008. These are not the same as the strategic priorities shown elsewhere in the report.

Table 8: Department for Work and Pensions' identifiable expenditure on services, by country and region per head £ per head

	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
North East	2,016	2,086	2,158	2,180	2,168	2,317	2,372	2,427	2,490
North West	1,844	1,928	1,996	2,052	2,061	2,154	2,207	2,255	2,314
Yorkshire and Humberside	1,723	1,794	1,845	1,890	1,872	1,968	2,011	2,055	2,103
East Midlands	1,496	1,569	1,629	1,679	1,708	1,786	1,836	1,879	1,928
West Midlands	1,615	1,703	1,768	1,827	1,870	1,951	2,008	2,059	2,117
Eastern	1,383	1,461	1,531	1,583	1,622	1,695	1,748	1,793	1,842
London	1,397	1,485	1,534	1,556	1,549	1,611	1,640	1,669	1,708
South East	1,289	1,369	1,438	1,497	1,531	1,609	1,664	1,711	1,762
South West	1,494	1,582	1,649	1,715	1,761	1,834	1,889	1,936	1,988
Total England	1,545	1,626	1,689	1,737	1,756	1,838	1,887	1,931	1,982
Scotland	1,738	1,824	1,894	1,939	1,975	2,059	2,123	2,179	2,245
Wales	1,878	1,965	2,039	2,089	2,129	2,228	2,292	2,347	2,414
Northern Ireland	5	6	6	6	7	18	17	16	16
Total UK identifiable expenditure	1,534	1,613	1,675	1,722	1,743	1,823	1,873	1,917	1,968

Notes

See notes to Table 7.

Table 9: Department for Work and Pensions' identifiable expenditure on services by function, country and region for 2006–07

£ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London
Work and Pensions							
General public services							
General public services n.e.c	0	0	0	0	0	0	0
Total general public services	0	0	0	0	0	0	0
Economic affairs							
General economic, commercial and labour affairs	218	482	331	209	339	220	488
R&D economic affairs	-2	-1	-1	-1	-1	-1	-1
Economic affairs n.e.c.	0	0	0	0	0	0	0
Total economic affairs	216	481	330	207	338	218	486
Housing and community amenities							
Community development	0	0	0	0	0	0	0
Total housing and community amenities	0	0	0	0	0	0	0
Social Protection							
Sickness and disability	1,306	3,388	2,018	1,608	2,144	1,629	1,977
<i>of which: personal social services (sickness and disability)</i>	0	0	0	0	0	0	0
<i>of which: incapacity, disability and injury benefits</i>	1,306	3,388	2,017	1,608	2,144	1,629	1,977
Old age	2,833	7,484	5,389	4,569	5,858	6,056	6,088
<i>of which: personal social services (old age)</i>	0	0	0	0	0	0	0
<i>of which: pensions</i>	2,883	7,483	5,388	4,569	5,858	6,056	6,088
Survivors	45	104	70	59	84	65	78
Family and children	582	1,544	903	626	987	745	1,845
<i>of which: personal social services (family and children)</i>	67	105	16	7	63	18	4
<i>of which: family benefits, income support and tax credits (family and children)</i>	515	1,439	887	619	924	727	1,841
Unemployment	230	527	360	254	434	274	660
<i>of which: personal social services (unemployment)</i>	93	217	122	86	134	96	212
<i>of which: other unemployment</i>	137	310	238	168	300	178	448
Housing	2	6	4	2	3	2	4
Social exclusion n.e.c.	76	191	129	98	139	103	154
<i>of which: personal social services (social exclusion n.e.c.)</i>	69	170	117	90	125	94	130
<i>of which: family benefits, income support and tax credits (social exclusion n.e.c.)</i>	8	21	12	9	13	9	24
10.8 R&D social protection	0	0	0	0	0	0	0
10.9 Social protection n.e.c.	199	400	423	30	51	1	341
Total Social Protection	5,324	13,642	9,295	7,247	9,699	8,876	11,148
EU Transactions							
GNI-based contribution (net of abatement and collection costs)	0	0	0	0	0	0	0
Total EU transactions	0	0	0	0	0	0	0
Total Work And Pensions	5,541	14,124	9,625	7,454	10,037	9,094	11,634

Notes

See notes to Table 7.

South East	South West	England	Scotland	Wales	Northern Ireland	UK Identifiable Expenditure`	Outside UK	Total Identifiable Expenditure`	Not Identifiable	Total Expenditure on Services
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
270	189	2,745	291	147	0	3,183	0	3,183	0	3,183
-1	-1	-14	-1	-1	0	-16	0	-16	0	-16
0	0	0	0	0	0	0	0	0	0	0
268	187	2,732	290	146	0	3,168	0	3,168	0	3,168
0	0	2	0	0	0	2	0	2	0	2
0	0	2	0	0	0	2	0	2	0	2
2,056	1,680	17,806	2,470	1,833	0	22,110	33	22,143	0	22,143
0	0	0	0	0	0	0	0	0	0	0
2,056	1,680	17,806	2,470	1,833	0	22,109	33	22,142	0	22,142
8,625	5,999	52,951	5,597	3,394	12	61,954	1,976	63,929	0	63,929
0	0	2	0	0	0	2	0	2	0	2
8,625	5,999	52,949	5,597	3,394	11	61,952	1,976	63,927	0	63,927
103	62	670	89	44	0	803	27	830	0	830
1,087	797	9,117	1,065	582	0	10,764	0	10,764	0	10,764
53	72	406	75	5	0	487	0	487	0	487
1,034	725	8,711	990	576	0	10,277	0	10,277	0	10,277
342	217	3,297	414	203	0	3,915	0	3,915	0	3,915
126	88	1,175	183	88	0	1,446	0	1,446	0	1,446
215	128	2,122	231	115	0	2,468	0	2,468	0	2,468
3	2	29	4	2	0	35	0	35	0	35
125	91	1,105	136	90	0	1,331	0	1,331	0	1,331
116	83	993	114	82	0	1,189	0	1,189	0	1,189
9	8	112	22	8	0	142	0	142	0	142
0	0	0	0	0	0	0	0	0	0	0
5	-11	1,439	39	19	0	1,497	0	1,497	0	1,497
12,346	8,837	86,414	9,815	6,168	12	102,408	2,036	104,444	0	104,444
0	0	0	0	0	0	0	-1	-1	0	-1
0	0	0	0	0	0	0	-1	-1	0	-1
12,614	9,024	89,148	10,105	6,314	12	105,578	2,035	107,613	0	107,613

Table 10: Expenditure on the New Deals and Action Teams

£ million

	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 Forecast outturn	2008-09 plans
Administrative expenditure (see notes 1-3)								
New Deal for young people	89	93						
New Deal 25 plus	73	71						
New Deal for over 50s	5	5						
New Deal for lone parents	37	44						
New Deal for disabled people	6	15						
New Deal for partners	6	6						
Sub-total for New Deals	216	234	111	113	121	93	87	94
Action Teams (see note 4)	14	23	11	13	14	7	0	0
Sub-total	230	256	122	126	134	100	87	94
Programme expenditure (DEL)								
New Deal for young people (see note 7)	219	178	215	211	153	134	174	203
New Deal 25 plus	140	114	137	135	98	86	114	96
New Deal for over 50s	2	3	3	3	1	0	0	1
New Deal for lone parents	9	18	20	24	26	42	60	51
New Deal for disabled people	4	16	28	65	68	73	78	46
New Deal for partners	2	0	0	1	1	1	0	0
Sub-total for New Deals	376	328	404	439	347	335	428	397
Action Teams (see note 4)	23	30	32	23	31	13	0	0
Sub-total	399	358	437	462	378	349	428	397
Programme expenditure (AME)								
New Deal for young people (see note 5)		43	49	43	35	48	60	57
New Deal 25 plus (see note 5)		53	52	44	36	39	49	54
New Deal for over 50s (see note 6)	80	79	38	0	0	0	0	0
Sub-total	80	174	139	87	72	86	110	111
Total	709	789	698	676	584	535	625	602

All figures are rounded to the nearest £million; totals may not sum due to rounding; expenditure of less than £500,000 shown as zero.

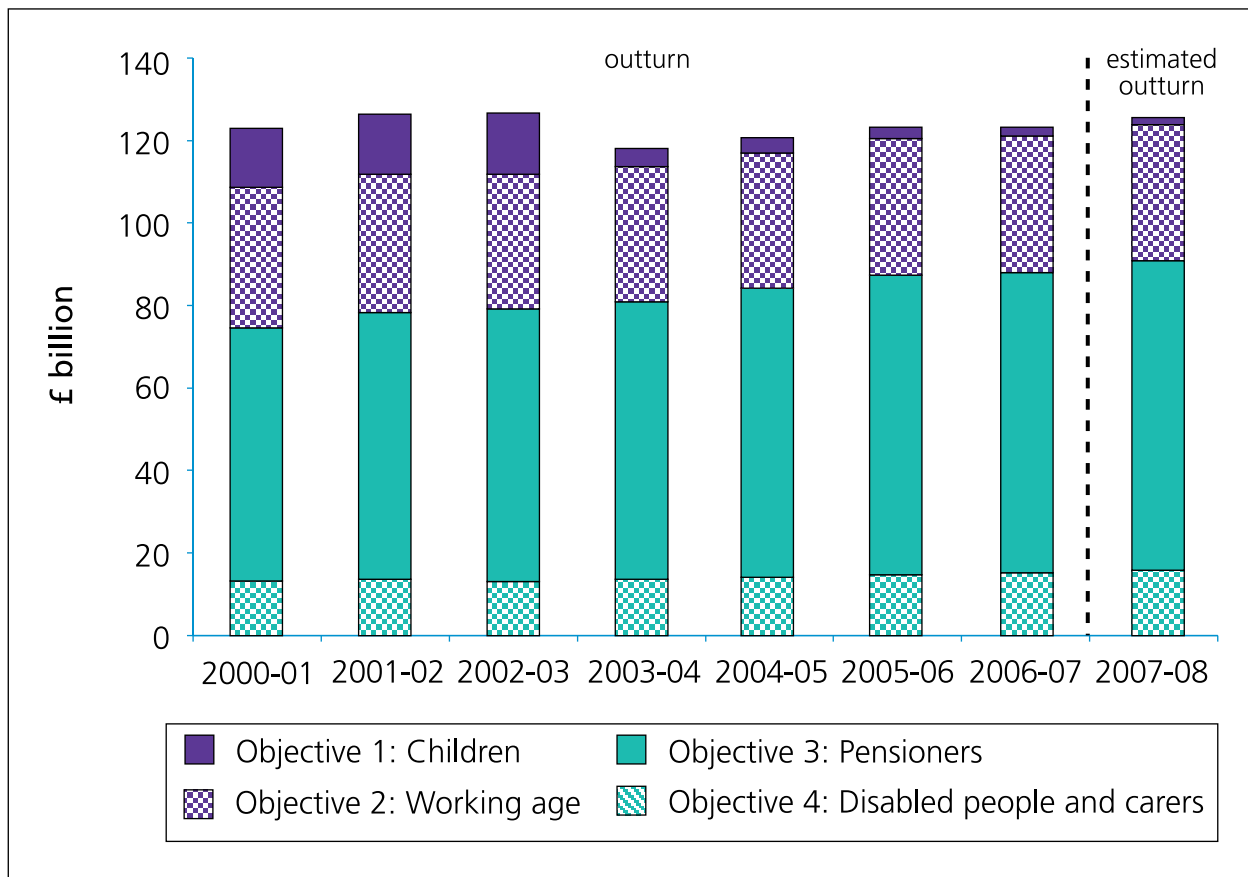
Notes for Table 10

1. Following agreement with HM Treasury to remove the 'ring fences' from the New Deals in 2002–03, the Department no longer manages administrative budgets for the individual New Deals allowing managers extended flexibility in deploying the resources available to them. Consequently information on administrative expenditure by individual New Deal is not available for 2003–04 and later years.
2. Administrative expenditure for 2002–03 is estimated.
3. Administrative expenditure for 2003–04 onwards is for staff costs only; they are not comparable to earlier years' figures which include all administrative expenditure.
4. Action Teams ended in autumn 2006.
5. Allowance payments to New Deal for young people and New Deal 25 plus participants. Prior to 2002–03 these allowances were made from programme expenditure (DEL).
6. Subsumed within the working Tax Credits from 2003–04.
7. Progress 2 Work is not included in this table.

Annex B – Trends in benefit expenditure from 2002–03 to 2008–09

This figure shows how expenditure on benefits relates to the Department for Work and Pensions’ SR2004 objectives.

Figure 31: Benefit expenditure by objective (2007–08 prices)

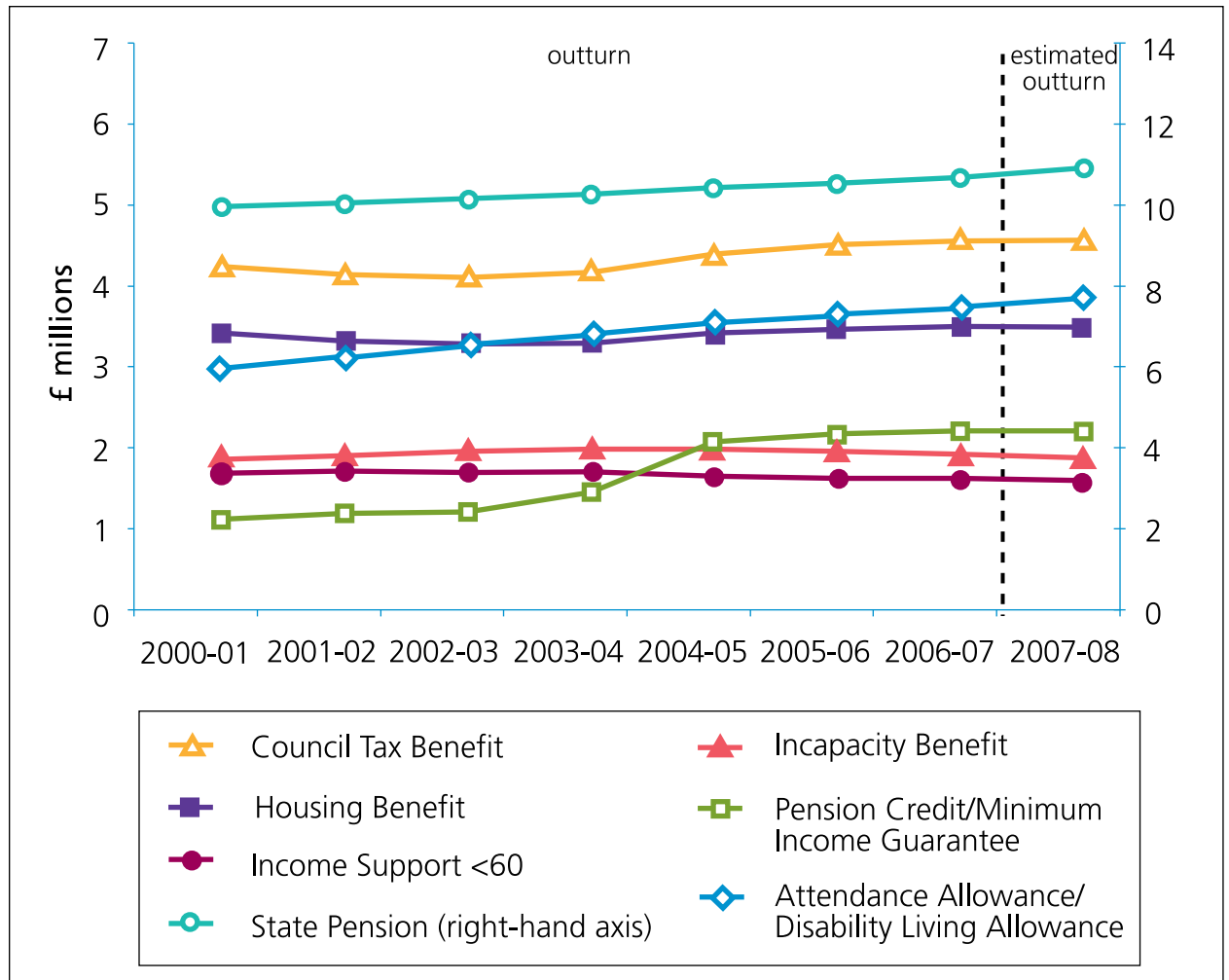


Note

- 1 Expenditure in 2007–08 reflects the latest estimate of outturn, and not the amounts voted by Parliament.

This figure shows how many people receive each of seven key benefits.

Figure 32: Numbers in receipt of key benefits



Notes

- 1 Council Tax Benefit, Housing Benefit, Income Support and Pension Credit/Minimum Income Guarantee are all paid on a household basis. Attendance Allowance/Disability Living Allowance, Incapacity Benefit and State Pension are paid on an individual basis. Therefore Figure 32 represents, for some benefits, the number of households in receipt.
- 2 Figure 32 shows all benefits with a caseload of at least one million in any year, except Winter Fuel Payments (where the caseload is similar to Basic State Pension in all years) and free TV licences for the over-75s (where expenditure is relatively small and the main drivers are simply the cost of the TV licence and the number of people over 75).
- 3 Beneficiaries may receive more than one benefit at a time.
- 4 Figures are based on Work and Pensions Longitudinal Study (WPLS), except for Housing Benefit, Council Tax Benefit and Attendance Allowance, because cases in payment for those benefits are not currently available within WPLS.
- 5 Incapacity Benefit (IB) includes credits-only cases. Most IB credits-only cases are in receipt of Income Support.

Analysis of benefit expenditure by Departmental objective

All expenditure figures discussed in this section are in 2007–08 prices.

Figure 31 (benefit expenditure) presents information according to the four benefit expenditure-related Departmental objectives in the Department's Public Service Agreement at SR2004. Since it is possible to receive more than one benefit at a time, Figure 32 simply shows numbers of recipients for a range of key benefits.

More detail on benefit expenditure (covering outturn, medium-term forecasts and long-term projections) is published on the Department's website at: www.dwp.gov.uk/asd/asd4/expenditure.asp. The website tables are being updated to coincide with this report and will include forecasts for the years 2008–09 to 2010–11.

Main trends

Slow overall growth driven by policy changes and demographics.

With the transfer of benefits to other government departments, comparisons over time can prove difficult. From 2003–04 (when responsibility for Child Benefit transferred to HM Revenue and Customs) to 2007–08, Departmental benefit spending has risen by an average of 1.6 per cent a year in real terms. Growth is driven in particular by the introduction of Pension Credit in 2003–04, age-related payments in 2004–05 and 2005–06 and the extension of the payment period for maternity benefits in 2007–08. In addition, caseloads for pensioner benefits increase throughout the period due to longer life-expectancy, greater coverage for women and post-World War Two baby boom women reaching pension age.

Offsetting these effects is the transfer of Income Support and Jobseeker's Allowance child amounts to HM Revenue and Customs tax credits, with spending of £4.3 billion in 2003–04 reducing to £1.7 billion in 2007–08 and eventually falling to zero.

Contributory benefits account for over half of DWP benefit spending, and income-related benefits about 30 per cent. The remainder comes from non-contributory, non-income-related benefits, principally disability and carer benefits and the Winter Fuel Payment.

Children

Department for Work and Pensions spending falls as HM Revenue and Customs introduces Child Tax Credit.

Department for Work and Pensions spending on children first fell significantly in 2003–04 with the transfer of Child Benefit (then worth over £10 billion in real terms) to HM Revenue and Customs. The remaining expenditure (on child elements of Income Support and Jobseeker's Allowance) is gradually migrating to Child Tax Credit, which does not feature in this report as it is administered by HM Revenue and Customs. Complete migration has not yet taken place and so expenditure (estimated to be £1.7 billion) is still being incurred in 2007–08. However, the Department's benefit spending on children⁵⁰ will fall to zero in due course.

People of working age

Spending stable at around £33 billion a year in real terms; most spending is through income-related benefits and Incapacity Benefit.

The main reasons for benefit receipt among working-age people are unemployment, lone parenthood and sickness or disability. Unemployment is relatively low and has been on a general downward trend in recent months – estimated outturn on benefits for unemployed people are forecast to account for only 11 per cent of all working-age spending in 2007–08. Lone parent benefits account for a further 23 per cent and incapacity-related benefits⁵¹ 39 per cent. The remainder is made up principally of bereavement and maternity benefits. Overall, income-related and incapacity-related benefits amount to about 90 per cent of all working-age spending.

Declining caseloads in Income Support (especially lone parents) and Incapacity Benefit have contributed to falling spending on these benefits in 2007–08. Spending on working-age recipients of Housing Benefit and Council Tax Benefit continues to rise.

⁵⁰ Expenditure in this heading relates to benefits paid to adults in respect of dependent children. Children can be entitled to Disability Living Allowance or Carer's Allowance in their own right, but this expenditure is covered in the section on disabled people and carers.

⁵¹ Incapacity Benefit, Severe Disablement Allowance and Income Support paid because of sickness or disability.

People over pension age

Increasing spending reflecting an ageing population and new spending directed at retired people; spending nearly £75 billion in 2007–08.

Expenditure on people over pension age is growing at 3.2 per cent a year on average over the period shown. Significant factors here have been the introduction of Pension Credit in 2003–04, and the linking of uprating to earnings rather than prices, as well as age-related payments in 2004–05 and 2005–06. Basic State Pension is by far the largest benefit (over £47 billion in 2007–8) and above-inflation uprating from 2001–02 to 2003–04 has also contributed to growth.

Increases in the population over pension age, better contribution records for women and growing entitlements to Additional Pension further influence the rate of growth. Overall, however, spending to meet this departmental objective remains stable at around 5.3 per cent of Gross Domestic Product in 2007–08.

Disabled people and carers

Spending about £16 billion in 2007–08; spending growing steadily as Disability Living Allowance progresses towards maturity.

Disability and carer benefit expenditure grows by 2.8 per cent a year on average over the period shown. The main factor is the maturing of Disability Living Allowance, where caseloads are still growing. This has a knock-on effect on the Carer's Allowance caseload, which in turn is also driven upwards by reforms, including the abolition of the upper age limit for claiming the benefit.

Attendance Allowance is also growing after a period of relative stability. The impact of initiatives by the Pension Service and local authorities are believed to be factors here.

Annex C – The Department's agencies and Non-Departmental Public Bodies

More information about the Department's agencies is available from their websites.

Jobcentre Plus helps people find work and receive the benefits they are entitled to, and offers a dedicated service to employers to fill their vacancies quickly and successfully.

www.jobcentreplus.gov.uk

The *Annual Report and Accounts* for 2006–07 is available at:
www.jobcentreplus.gov.uk/JCP/stellent/groups/jcp/documents/websitecontent/dev_014914.pdf

The *Business Plan* for 2008–09 is available at:
www.jobcentreplus.gov.uk/JCP/stellent/groups/jcp/documents/websitecontent/dev_015437.pdf

The *Annual Report and Accounts* for 2007–08 will be available in summer 2008.

The Pension, Disability and Carers Service was formed in April 2008 and brings together the work of The Pension Service and the Disability and Carers Service. The new agency will deliver frontline services to today's and future pensioners as well as a range of benefits to disabled people and carers. In providing its service to customers in the medium term, the new agency will retain the distinct branding of its constituent organizations.

www.thepensionservice.gov.uk

www.dwp.gov.uk/dcs

The *Annual Reports and Accounts* for 2006–07 are available at:
www.thepensionservice.gov.uk/aboutus/annualreport/home.asp
www.dwp.gov.uk/lifeevent/benefits/dcs/news.asp#ar

The *Business Plan* for 2008–09 will be published in June 2008.

The *Annual Reports and Accounts* for 2007–08 will be available in summer 2008.

The **Child Support Agency** administers the child support system.

www.csa.gov.uk

The *Annual Report and Accounts* for 2006–07 is available at:
www.csa.gov.uk/en/PDF/reports/annual_report_v21.pdf

The *Business Plan* for 2008–09 is available at:
www.csa.gov.uk/en/PDF/reports/plan0809.pdf

The *Annual Report and Accounts* for 2007–08 will be available in summer 2008.

The Department also has ministerial responsibility for the **Health and Safety Commission** and the **Health and Safety Executive**, whose mission is working with the local authorities, to protect people's health and safety by ensuring that risks in the changing workplace are properly controlled. They are Crown Non-Departmental Public Bodies, sponsored by the Department.

www.hse.gov.uk

The *Annual Report and Accounts* for 2006–07 is available at:
www.hse.gov.uk/aboutus/reports/0607/ar0607.pdf

The *Business Plan* for 2008–09 will be available in the summer 2008.

The *Annual Report and Accounts* for 2007–08 will be available in summer 2008.

The Department's associate bodies and public appointments

The Department sponsors a wide range of bodies to achieve its objectives; these bodies include executive, advisory and tribunal Non-Departmental Public Bodies, Public Corporations, and other public bodies. Details of these bodies are available from the DWP website⁵².

The 10th report of the Committee on Standards in Public Life recommended that departments prepare an Annual Appointment Plan and adopt it as the key strategic document for each department, to set out policy and practice relating to the public appointments of chairs and board members of the public bodies they sponsor. The current Annual Appointment Plan can be found on the Department's website.

The Department ensures that Public Appointments are determined through a fair, open and transparent process that can command public confidence in accordance with Cabinet Office guidance.

⁵² www.dwp.gov.uk/ndpb/public_bodies.asp



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