



National Audit Office

**BRIEFING FOR THE
HOUSE OF COMMONS
WORK AND PENSIONS
COMMITTEE**

OCTOBER 2009

Performance of the Department for Work and Pensions 2008-09

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This briefing has been prepared for the Work and Pensions Select Committee to provide an overview of the work and performance of the Department for Work and Pensions in the financial year 2008-09 and subsequent months.

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Summary

Aim and scope of this briefing

1 This briefing has been prepared for the Work and Pensions Select Committee to provide an overview of the work and performance of the Department for Work and Pensions in the financial year 2008-09 and subsequent months. It takes as its basis the Department's Annual Report and Accounts 2009, drawing upon the work of the National Audit Office, together with relevant material from other external and internal reviews of departmental performance. The contents of the briefing have been shared with the Department to ensure that the evidence presented is factually accurate, but any commentary and views expressed are the sole responsibility of the National Audit Office.

The Department's role

2 The Department's aim is to:

- contribute towards fair, safe and fulfilling lives, free from poverty – for children, people in work and retirement and disabled people and carers;
- reduce welfare dependency and increase economic competitiveness by helping people to work wherever they can and helping employers to secure the skills and employees they need; and
- provide greater choice, personalisation and higher quality of service for customers where it is in their interests and those of the taxpayer ¹.

3 Many of the Department's services are delivered jointly with a wide range of partner organisations, for example Housing Benefit and Council Tax Benefit are administered by local authorities. For financial reporting purposes, the organisations within the Department's Resource Accounting Boundary are Jobcentre Plus; The Pension, Disability & Carers Service; Child Support Agency (which was replaced by the Child Maintenance & Enforcement Commission (CMEC) from 1 November 2008); and the Health and Safety Executive (HSE). Although within the boundary, CMEC and HSE are Crown Non-Departmental Public Bodies administered separately from the Department.

¹ Department for Work and Pensions (2009), Departmental Report 2009, The Stationery Office.

4 The Department has responsibility for the following Executive Non-Departmental Public Bodies which publish separate accounts and are not included within the Department's resource accounting boundary²:

- The Independent Living Fund;
- The Pensions Regulator;
- The Pensions Advisory Service;
- The Pension Protection Fund;
- Personal Accounts Delivery Authority;
- Working Ventures UK; and
- Remploy Limited.

5 The **Pension Protection Fund** is both an Executive Non-Departmental Public Body and a Public Corporation. The Department pays grants in aid to **Remploy Ltd** to help meet the additional costs associated with employing very large numbers of disabled people. Remploy Ltd is a private company limited by guarantee, whose net liabilities are guaranteed by the Secretary of State for Work and Pensions.

Key events

6 During 2008-09 the Department's operating environment was severely affected by the global economic downturn and the UK economy has continued to feel the effects, with output falling and the jobseeker benefit claimant count rising steeply. The response of the Department and its main agency, Jobcentre Plus, to the administrative challenges created by the influx of new claimants, is outlined in Paragraphs 22-27.

7 The **Pathways to Work** programme became available to everyone receiving incapacity benefits in Great Britain in April 2008. Jobcentre Plus led Pathways to Work is currently operating in 40 per cent of the country and it is delivered by external contractors in 60 per cent of the country. The Pathways to Work programme is the Department's main intervention to support Employment and Support Allowance and other incapacity benefits claimants into employment, providing work-related activities designed to encourage movement into employment.

8 Pathways to Work incorporates mandatory aspects (that is Work Focused Interviews and Action Planning) and voluntary aspects. In Jobcentre Plus led Pathways to Work the voluntary element is known as the Choices programme and includes, for example, the New Deal for Disabled People and the Condition Management Programme. In Provider led districts Providers have the flexibility to modify the range of programmes that are available to customers in order to tailor provision to their needs. Customers also have access to a condition management programme which is either delivered in-house by qualified health practitioners or is sub-contracted to specialists. Pathways to Work is a critical element of the Government's aim to reduce, between 2005 and 2015, the number of incapacity benefits claimants by 1 million from around 2.5 million.

9 The **Child Maintenance and Enforcement Commission** was established in July 2008 under the Child Maintenance and Other Payments Act 2008. Its main statutory objective is to maximise the number of effective maintenance payment arrangements in place regarding those children who live apart from one or both of their parents. The option for new child support benefit claimants to choose between private or statutory child maintenance arrangements was introduced in October 2008, and removed the compulsion for these parents to use the Child Support Agency's (CSA's) statutory maintenance service.

10 The **Employment and Support Allowance** was introduced in October 2008. It was the first new working age benefit to be introduced since 1996. For new claimants, Employment and Support Allowance replaces Incapacity Benefit and Income Support paid on incapacity grounds. Existing incapacity benefits customers will, for the time being, continue to receive their current benefits. In the longer term, everyone will be moved to Employment and Support Allowance.

11 The **Health and Safety Executive** introduced a new strategy *The Health and Safety of Great Britain/Be part of the solution* in June 2009 following a 3 month consultation. This strategy is for the health and safety system as a whole. It recognises and addresses the many stakeholders who have a role in maintaining or improving standards with the aim of continuing to reduce work related injury, ill health and fatality numbers. Strong leadership, involving the workforce and improving competence on the part of leaders, managers, workers and others (including business advisors) will be critical in achieving the goals.

12 In November 2008, The Secretary of State announced the renewal of the contract with the Post Office for the **Post Office Card Account** with contracted work running for five years from 2010, and the possibility of an extension beyond that. The Post Office Card Account is specifically designed to pay benefits administered by the Department for Work and Pensions, the Northern Ireland Social Security Agency, Service Personnel and Veterans' Agency and Inland Revenue tax credits. About 3.5 million people receive their benefits and pensions in this way, including around two million pensioners.

13 From November 2008 **lone parents** are no longer able to claim Income Support solely on the grounds of being a lone parent. This has been introduced for lone parents with a youngest child of 12 or over, and will be extended to a youngest child aged ten or over from October 2009, and a youngest child aged seven or over from October 2010. Where a lone parent is claiming Income Support for another reason they will continue to claim Income Support. This could be because of caring obligations including fostering, ill health or disability or because they have a disabled child and are receiving the middle or highest rate care component of Disability Living Allowance. If they have not found work when their Income Support ends, or if they need to make a new claim as a lone parent, they will be able to apply for either Jobseeker's Allowance or Employment and Support Allowance.

14 In November 2008 the **Pensions Act 2008** introduced measures aimed at encouraging greater private pension saving. Most of the measures in the Act will come into effect from 2012. Key measures include a duty on employers to automatically enrol all eligible workers typically those on low and middle incomes into a good quality workplace pension scheme (provided they are not already in such a scheme) and provide a minimum contribution. It also allows for the establishment of a new scheme (currently known as personal accounts) a simple, low-cost pensions savings vehicle aimed at those currently without access to a workplace pension scheme. In addition the Act will broaden the remit of the Personal Accounts Delivery Authority giving it powers to enable it to design and introduce the infrastructure for the new personal accounts pension scheme, which will be handed over and run by a new trustee corporation. Employers will be able to choose to use the personal accounts scheme or another qualifying workplace pension.

15 In April 2009 the **Welfare Reform Bill** was introduced into Parliament, with proposals to increase conditionality for benefit claimants, to give disabled people the right to control provision of services to them, and to extend sanctions against fraud and non-payment of child maintenance. In an extension of provisions already in the Welfare Reform Act 2007, the bill would give DWP job centre advisers the right to insist that claimants do specified work-related activities in return for getting their benefit.

Performance

Public Service Agreements (PSAs) and Departmental Strategic Objectives (DSOs)

16 The Comprehensive Spending Review 2007 (CSR 2007) set the Government performance framework for 2008-11, and reduced the total number of PSAs across Government from over 100 to 30. The new framework emphasises cross-departmental working and, through the reduced set of PSAs, increases the focus on the Government's main priorities.

17 The Secretary of State for Work and Pensions leads on two Public Service Agreements: PSA 8: *Maximise Employment Opportunity for All*; and PSA 17: *Tackle poverty and promote greater independence and wellbeing in later life*. Other government departments also contribute to the delivery of these PSAs. The Department for Business, Innovation and Skills; the Department of Communities and Local Government; the Department of Health; and HM Treasury contribute to PSA8, while the Department of Communities and Local Government and the Department of Health contribute to PSA17.

18 The Department also contributes to delivering the Service Transformation Agreement published alongside the PSAs, and contributes to nine other Public Service Agreements on which other departments lead, in particular on child poverty and equality. The Department's contribution to PSAs led by government departments is in Figure 10).

19 In addition to its leadership of, or participation in, the Government's cross-cutting Public Service Agreements, in common with all departments the Department has also agreed with HM Treasury a set of seven Departmental Strategic Objectives, which are intended to cover the totality of its business and express the key outcomes the Department is seeking to deliver.

20 This is the first year of reporting on 2008-11 PSAs and DSOs. The Department's performance is summarised in **Figure 1** and is examined in Part 3. The new performance framework does not require departments to set national targets for PSAs and DSOs. The Department is still establishing indicators and baselines for both its lead PSAs and half its DSOs.

PSAs carried forward from CSR 2004

21 In addition to the targets set in CSR2007, the Department is also responsible for meeting two shared PSAs carried forward from the Spending Review 2004. In 2008-09 the Department reported:

- **slippage** against its joint target (SR2004 PSA 3b) with the Department for Children, Schools and Families to increase the number of children in lower-income working families using formal childcare by 120,000 as a contribution to reducing the proportion of children living in households where no one is working; and that
- it was **on course** against its joint target (SR2004 PSA 4a) with HM Treasury to demonstrate progress on increasing the employment rate, as part of the wider objective of full employment in every region, and over three years to spring 2008, taking account of the economic cycle.

Figure 1

Summary of DWP PSA and DSO performance

Public Service Agreements (PSAs)	Autumn Performance Report 2008	Annual Report and Accounts 2009
PSA8: Maximise employment opportunity for all	Not yet assessed	Not yet assessed
PSA17: Tackle poverty and promote greater independence and well-being in later life	Not yet assessed	Not yet assessed
Departmental Strategic Objectives (DSOs)		
1. Reduce the number of children living in poverty	Not yet assessed	Not yet assessed
2. Maximise employment opportunity for all	Not yet assessed	Not yet assessed
3. Improve health and safety outcomes	Some progress	Some progress
4. Promote independence and well-being in later life, continuing to tackle pensioner poverty and implementing pension reform	Not yet assessed	Some progress
5. Promote equality of opportunity for disabled people	Not yet assessed	Not yet assessed
6. Pay our customers the right benefits at the right time	Some progress	Some progress
7. Make DWP an exemplar of effective service delivery to individuals and employers	Not yet assessed	Some progress

Source: *Departmental Report 2009*

Key issues

Economic downturn

22 During 2008-09 the Department's operating environment was severely affected by the global economic downturn. The UK economy has continued to feel the effects, with output falling and the jobseeker claimant count rising steeply. The PSAs and DSOs were set before the onset of the recession. In the light of this, the Department's three-year business plan 2009-2012 has also set out a further set of criteria that sit alongside the PSAs and DSOs and capture the Department's performance through the current economic circumstances. These are to:

- maintain the active labour market regime and pay benefits on time;
- support people to return to work quickly; and
- prevent worklessness amongst working-age people.

23 One of the clearest and most immediate impacts of the recession has been on the workload of Jobcentre Plus (JCP). The JCP Annual Report³ sets out how it has amended its service delivery strategy to cope with the recession. It notes that that recent modernisation had provided sufficient flexibility to cope adequately with the increased workload resulting from rising unemployment. New Jobseeker Allowance (JSA) claims per week rose from an average level of around 45,000 per week during the previous twelve months, to around 83,000 per week in July 2009 and reached a peak of 95,000 per week in February 2009. The February 2009 peak compares with the peak at the start of the recession in the early 1990s of 97,000 new claims per week.

24 The Department has pledged significant extra investment to support those communities with the highest levels of unemployment, in particular through the Future Jobs Fund. However, in response to the local dimension to tackling worklessness the Houghton Review⁴ which analysed the contribution and role of English local authorities and partnerships called for:

“A clearer framework for integrating skills, employment and wider support for workless people is needed to guide more flexible local funding. A new framework will need to enable local authorities and their partners to demonstrate the contribution they are making, and help them to make the case for freedoms and flexibilities to be extended.”

25 The Jobcentre Plus Rapid Response Service (RRS) has been in operation since 2002 and its funding was doubled to £6 million in November 2008 to enable it to provide extra support to employees of large scale redundancies. The service will be offered to every employer with 20 or more redundancies and in local communities that have been disproportionately affected by multiple smaller scale redundancies. Jobcentre Plus is working with partners such as Regional Development Agencies and local authorities and skills agencies in England, Scotland and Wales to help employees facing redundancies. This help include skills matching, help with jobsearch skills and access to training and reskilling opportunities.

26 Despite the significant increase in workload created by the rising claimant count, Jobcentre Plus indicates it has responded well, and it continues to meet, or is approaching, its main customer service targets: 2008-2009 Employer Outcome and Benefit Clearance Time targets were met and forecasts indicate that the Interventions Delivery Target will be met.

27 In the previous recession during the 1990s, almost one in five new claimants became long term unemployed. This compares to just one in twenty new claimants in July 2007. JCP currently has an internal ‘JSA Off-Flows’ Key Management Indicator (KMI) that 92 per cent of JSA claimants should leave JSA within 12 months. Current trajectories for new JSA claimants joining the register in January and April 2009 are currently indicating that that Jobcentre Plus remains on course to meet that Key Management Indicator, despite the recession.

³ Jobcentre Plus (2009) *Annual Report and Accounts 2008-2009*, DWP.

⁴ Houghton S, Dove C and Wahhab I (2009) *Tackling Worklessness: A Review of the Contribution of English Local Authorities and Partnerships*.

Material levels of fraud and error

28 DWP has a strategic objective to ensure that no more than 1.82 per cent of all benefit is overpaid and no more than 0.76 per cent underpaid by March 2011. For the past 20 years the Department has had its accounts qualified by the C&AG due to the material levels of fraud and error. The Department is continuing its efforts to improve performance and for 2008-09 achieved a reduction in the overall proportion of fraud and error resulting in overpayments in the benefit system to two per cent, the lowest ever achieved in the Department's history. The DWP Resource Accounts for 2008-09 reported Official Error overpayments totalling £0.9 billion or 0.6 per cent of overall benefit expenditure, and underpayments of £0.5 billion or 0.3 per cent of overall benefit expenditure.

29 The Department for Work and Pensions (DWP) made a commitment in 2006, to invest in data cleansing and new IT systems to avoid errors made by officials. It established an official error task force to reduce such errors in future, and to support a demonstrable and measurable reduction in benefit complexity and official error rates through data cleansing, enhanced IT solutions, and raising the profile of accountability within benefit processing agencies. The Department launched an Error Reduction Strategy in January 2007 to build on the work of the task force and introduced a comprehensive range of initiatives to improve accuracy of benefit processing. The department has not published a progress report in 2008-09 against the Strategy's initiatives.

Welfare Reform

30 Over the past decade there has been radical change in the 'rights and responsibilities' of working age adults receiving out of work benefits. Jobseekers are subject to an active benefit regime where conditionality increases with duration of unemployment. In 2001 mandatory Work Focused Interviews (WFIs) were introduced for lone parents and those claiming disability benefits and since then the frequency with which specified groups must attend such interviews has increased.

31 The latest change requires most people with health problems and disabilities who claim Employment Support Allowance (ESA) to participate in up to six WFIs and agree an action plan. Job search obligations are being extended to lone parents with children aged over seven and by 2011 up to 300,000 existing lone parents will have transferred to Jobseekers Allowance (JSA) or ESA. A range of advisory and more intensive support packages have been put in place for the customers subject to these requirements.

32 The Government plans to accelerate change by introducing further reforms to the 'conditionality regime'. Proposals were outlined in the 2008 Green Paper *'No one written off: Reforming welfare to reward responsibility'*, with the scope of change extended in the independent review of the conditionality regime undertaken by Professor Paul Gregg for the Department⁵. Reform proposals were fully elaborated in the December 2008 White Paper, *'Raising expectations and increasing support: reforming welfare for the future'*, and detailed legislative changes brought forward in the Welfare Reform Bill that will complete its passage through Parliament in autumn 2009.

33 The key themes of the White Paper are conditionality, personalisation, empowerment and simplification, with the Government endorsing many of Professor Gregg's proposals and the 'vision of a welfare state where virtually everyone is either looking for work or preparing for work'.

34 The Gregg Report discussed the role and purpose of conditionality in the social security system and assessed current conditionality regimes for jobseekers and 'inactive' claimants. It reviewed a range of evidence, concluding that 'the use of conditionality is effective in changing behaviour' and suggested that the current categorical benefit system and associated requirements and sanctions was not as effective as it might be.

35 The proposed changes would create a 'personalised' service with three different conditionality regimes. These would comprise '**work ready**', '**no conditionality**' and '**progression to work**' groups. The Report focused in particular on the design and implementation of the 'progression to work' model for those not immediately ready for paid work. This group is to include ESA claimants and lone parents and partners with a youngest child aged between one and seven.

36 Gregg proposed a simplification and intensification of the sanctions regime, including a new 'notification principle', early warnings, a system of fixed and escalating fines, and mandatory activity for those 'found to be playing the system'. He also suggested that the greater discretionary power given to Personal Advisers should be balanced 'by power for claimants, through clear minimum expectations and opportunities for advocacy and redress'.

37 The Department has prepared a discussion paper on the next steps in implementing the Gregg review⁶ which sets out the department's current thinking on the Progression to Work model, including how it plans for it to be designed, tested out and evaluated.

5 Gregg P. (2008) *Realising Potential: A Vision for Personalised Conditionality and Support*, The Stationery Office, London.

6 *Realising Potential: developing personalised conditionality and support* A discussion paper on the next steps in implementing the Gregg review January 2009 <http://www/dwp.gov.uk> January 2009.

Part One

Financial Review 2008-09

Financial Outturn 2008-09, Budgeting Performance

1.1 Total Departmental net expenditure in 2008-09 on benefits, employment programmes and their related administration costs was some £143.0 billion⁷. Total expenditure on benefits in 2008-09 was £135.9 billion, of which £114.5 billion were benefits paid directly by the Department and £21.4 billion paid on by Local Authorities on behalf of the Department. Expenditure on benefits has increased by £9.8 billion or 7.2 per cent from 2007-08 compared with previous rises of five per cent (2006-07 to 2007-08) and 3.4 per cent (2005-06 to 2006-07).

Analysis of Spend by Spending Body/Programme

1.2 The benefits system encompasses over 27 benefits with a caseload of approximately 19 million people. **Figure 2** overleaf shows 2008-09 expenditure by type of benefit.

1.3 State Pension accounted for 45.4 per cent or £61.7 billion of the total benefits expenditure of £135.9 billion in 2008-09. Housing Benefit and Council Tax Benefit are administered directly by Local Authorities and these two benefits represented 15.4 per cent or £21.4 billion of the total benefits expenditure in 2008-09, an increase in expenditure of 7.5 per cent on 2007-08.

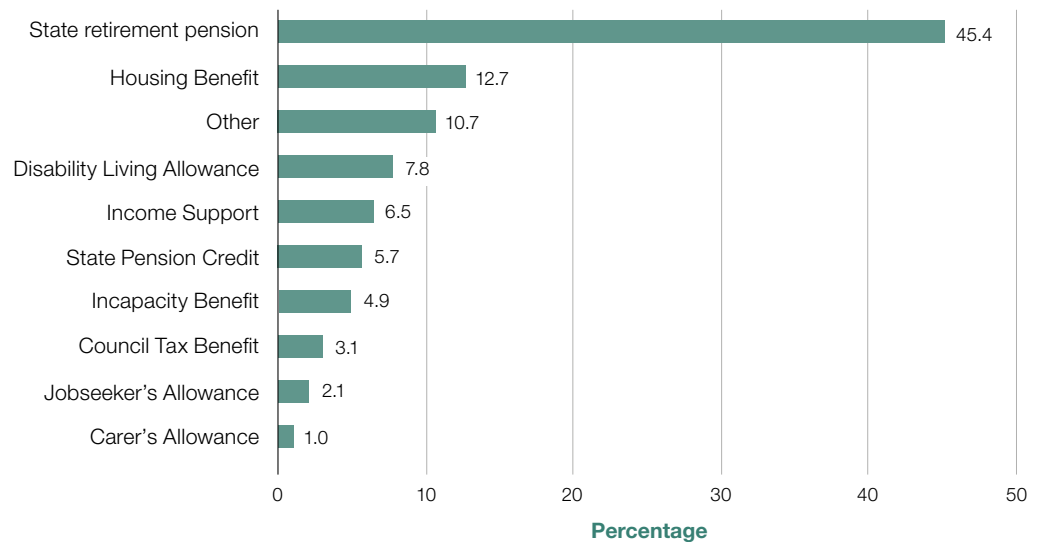
Benefit Overpayments

1.4 Benefit expenditures are subject to levels of error (both customer and official) and fraud which the Comptroller and Auditor General considered to be material. As a result the Department's accounts have been qualified again this year with the exception of the State Pension element of the accounts where there were lower levels of error.

1.5 **Figure 4** on page 15 shows the estimated value of overpayments in the last four years. An analysis of the Department's 2008-09 estimate of official error, customer error and fraud by benefit type is shown in **Figure 5** on page 15.

Figure 2

Proportion of total expenditure by type of benefit, DWP, 2008-09



Source: Department for Work and Pensions Resource Accounts, 2008-09

NOTE

"Other" benefits include Winter Fuel Payments, Statutory Maternity Pay, Attendance Allowance, Severe Disablement Allowance, Industrial Injuries Disablement Benefit, Bereavement Allowance, the over 75 TV Licence, Social Fund, Independent Living Fund, Maternity Allowance, Christmas Bonus, New Deal, Statutory Sick Pay, Job Grant, Employment and Support Allowance, in Work Credit, and Vaccine Damage Payments.

Figure 3

Types of overpayments

Official error: where a benefit is paid incorrectly due to inaction, delay or a mistaken assessment by the Department, a Local Authority or Her Majesty's Revenue and Customs.

Customer error: when the customer has provided inaccurate or incomplete information, or failed to report a change in circumstances, but there is no fraudulent intent on the customer's part.

Fraud: when incomplete or inaccurate information has been provided intentionally by the claimant in order to receive benefit.

Source: Department for Work and Pensions Resource Accounts, 2008-09

Figure 4

Overpayments on benefit expenditure, 2005-06 to 2008-09, DWP

Year	Total benefit expenditure (£m)	Due to official error (£m)	Due to customer error (£m)	Due to fraud (£m)	Total (£m)	% of total benefit expenditure
2008-09	135,900	900	900	900	2,700	2.0
2007-08	126,100	1,000	900	800	2,700	2.1
2006-07	119,800	900	1,000	800	2,700	2.2
2005-06	115,800	900	1,000	800	2,700	2.3

Source: Department for Work and Pensions Resource Accounts, 2008-09

Figure 5

Estimate of DWP official and customer error overpayments, £ millions, 2008-09

Benefit	Total expenditure (£m) (% of total)	Official error overpayments (£m) (% of related expenditure)	Customer error overpayments (£m) (% of related expenditure)	Due to fraud (£m) (% of related expenditure)
State Retirement Pension	61,700 (45.4%)	50 (0.1%)	50 (0.1%)	0 (0%)
Housing Benefit	17,200 (12.7%)	150 (0.9%)	410 (2.4%)	210 (1.2%)
Disability Living Allowance	10,600 (7.8%)	80 (0.8%)	70 (0.6%)	50 (0.5%)
Income Support	8,900 (6.5%)	120 (1.4%)	100 (1.1%)	220 (2.5%)
State Pension Credit	7,800 (5.7%)	170 (2.1%)	100 (1.3%)	90 (1.1%)
Incapacity Benefit	6,600 (4.9%)	90 (1.3%)	20 (0.2%)	10 (0.1%)
Council Tax Benefit	4,200 (3.1%)	30 (0.8%)	90 (2.1%)	40 (1.0%)
Jobseeker's Allowance	2,900 (2.1%)	60 (1.9%)	10 (0.3%)	80 (2.9%)
Carer's Allowance	1,400 (1.0%)	10 (0.6%)	10 (1.0%)	50 (3.9%)
Other	14,600 (10.8%)	100 (0.7%)	70 (0.5%)	90 (0.6%)
Instrument of payment	0 (0%)	20	10	20
Total	135,900	900	900	900

Source: Department for Work and Pensions Resource Accounts, 2008-09

1.6 Across the £135.9 billion of benefits administered by the Department, an estimated total of £900 million was lost to fraud, £900 million to customer error, and £900 million to official error. The total figure (fraud, customer and official error) of £2.7 billion has remained at a static level over the past four years.

1.7 The proportion of sums 'overpaid' has decreased over the four years due to the increase in the overall expenditure on benefits, reducing from 2.3 per cent in 2005-06 to 2.0 per cent in 2008-09. To date this is the lowest rate achieved by the Department. Total underpayments in 2008-09 are estimated at £1.2 billion or 0.9 per cent of total benefit expenditure, in line with the proportion in 2007-08 (0.9 per cent).

Official Error

1.8 As a proportion of related benefit expenditure, State Pension Credit (2.1 per cent), Jobseeker's Allowance (1.9 per cent) and Income Support (1.4 per cent) have the highest estimated percentage of official error. State Pension Credit (£170 million) and Housing Benefit (£150 million) have the highest levels of official error.

1.9 The combined benefit expenditure of these four benefits amounts to £36.8 billion – over a quarter of total benefit expenditure. They account for £500 million of the total overpayment estimate of £0.9 billion and £200 million, or approximately 40 per cent of the total estimated official underpayment error of £0.5 billion. This is an improvement from the position in 2007-08, when the four benefits contributed £570 million of a total of £1.0 billion in overpayments and £250 million of an estimated underpayment of £0.4 billion.

Customer Error

1.10 Housing Benefit (2.4 per cent), Council Tax Benefit (2.1 per cent), State Pension Credit (1.3 per cent) and Income Support (1.1 per cent) have the highest levels of claimant overpayment as a proportion of related benefit expenditure. These benefits have a combined expenditure of £38.1 billion equating to 28 per cent of total benefit expenditure. These four benefits contribute £700 million or 78 per cent of the total claimant overpayment estimated error of £0.9 billion and £300 million of the total estimated claimant underpayment error of £0.7 billion.

Fraud

1.11 The highest levels of fraudulent overpayments when expressed as a percentage of related benefit expenditure are Carer's Allowance (3.9 per cent), Jobseeker's Allowance (2.9 per cent), Income Support (2.5 per cent), Housing Benefit (1.2 per cent) and State Pension Credit (1.1 per cent). These have a combined expenditure of £38.2 billion (28.1 per cent of total expenditure) and contributed £650 million or 72 per cent of the total claimant fraud of £0.9 billion. These figures are broadly consistent with those for 2007-08.

Progress on Efficiency Targets

1.12 The Department's 2007 Comprehensive Spending Review (CSR) settlement commits it to reducing its expenditure by an average of 5.6 per cent in real terms over the following three years, delivering a net cash releasing efficiency savings of approximately £1.4 billion by 2011. This is set against the resources the Department would have consumed if it achieved no further value for money savings over the period. The Department reported in its 2007 *CSR Value for Money Delivery Agreement Report*⁸ that to achieve this level of savings it had initiated a comprehensive value for money programme covering almost 100 per cent of its expenditure. The £1.4 billion of savings improves on the £1.2 billion estimate published in December 2007.

1.13 Reported achievements of the previous 2004 Spending Review Efficiency Programme targets are shown in **Figure 6**.

1.14 The 2009 DWP Departmental report highlights the Department has re-published its delivery agreement detailing the strategy for delivering value for money savings and is on track to reach the planned level of savings by the end of the CSR07 period. During 2008-09 the Department reports it has delivered efficiency savings of £581 million; gains that are cash-releasing, sustained and reported net of costs.

Figure 6 2004 Spending Review Efficiency Targets

Target	Reported Achievement
To deliver £960 million of savings from key projects (of which half must be cash savings).	By the end of March 2008, £1,446 million of savings had been achieved, of which £1,068 million were cashable. The target was exceeded 15 months early.
To achieve a net headcount reduction of 30,000 (bringing headcount down to 103,468).	By the end of March 2008 the Department's headcount had reduced by 31,101, thereby exceeding the headcount target.
To redeploy 10,000 staff to customer facing posts.	By March 2007 the Department had redeployed 10,000 staff to customer-facing roles.
To relocate 4,000 posts away from London and the South East.	The target was achieved by September 2007.

1.15 Approximately £300 million of these efficiencies already achieved are through increases in staff productivity, made possible by changes brought about by the Business Strategy and other front-line process improvements. These have improved both the way the Department does business and the service offered to customers. The report highlights the example of the Department's Information Flows Programme which delivered real improvements to the administration of Housing Benefit and Council Tax Benefit, contributing to efficiency savings of £28 million in real terms.

1.16 Other savings have been made through developments including the establishment of a Shared Services organisation to provide shared corporate services to the Department, its executive agencies and other government departments, and implementation of the Department's Estates Strategy which saved £29 million in 2008-09. It is estimated that in 2008-09 the Department saved around £26 million from the implementation of the Change Programme.

Administration Spend

1.17 Administration costs for the Department are outlined in the **Figure 7**.

Figure 7

Administration costs for the Department 2005-2011

	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 estimated outturn	2009-10 plans	2010-11 plans
Administration expenditure						
Paybill	3,200	3,070	3,029	3,026		
Other	2,816	2,930	2,831	2,931		
Total administration expenditure	6,013	6,001	5,859	5,957	6,565	7,008
Administration income	-173	-144	-162	-197	-200	-200
Total administration budget	5,839	5,857	5,697	5,759	6,365	6,808
Analysis by activity						
Children	390	490	546	578	565	574
Working age	2,691	3,474	3,345	3,406	3,333	3,412
Pensioners	618	663	646	598	571	563
Disability	197	258	245	235	235	213
Corporate & shared services	1,944	972	916	943	940	778
Unallocated provision	-	-	-	-	721	1,267
Total administration budget	5,839	5,857	5,697	5,759	6,365	6,808

Source: Departmental Report 2009, Department for Work and Pensions, 2009

Part Two

The Department's Capability

2.1 Capability Reviews are carried out by the Cabinet Office's Capability Reviews Team, with external reviewers assembled specially for the department under review. These reviewers are drawn from the private sector, the wider public sector and board-level members of other government departments.

2.2 The reviews assess departments' capabilities and identify areas for improvement and key actions. The assessment of capability is broken down into ten elements under three headings: leadership, strategy, and delivery. Each element has five assessment levels: Strong; Well placed; Development Area; Urgent Development Area; and Serious Concerns.

2.3 Full Capability Reviews were carried out on DWP by the Cabinet Office in 2006 and 2008. The 2008 Capability Review assessed the Department as strong or well placed in seven of the ten areas. The remaining three were marked as development areas. The 2008 Review reported that significant progress had been made in many areas, but there was more to be done to engage staff and to ensure that the Department has the right skills for the future.

2.4 The 2008 review found that the Permanent Secretary and Executive Team were well regarded and were working together to lead change across the Department. However, the Department needs to articulate the skills capability required to deliver its future business. It also needs to clarify how best to communicate succinctly its overall aims and purpose to align staff understanding, increase staff engagement and empower leaders at every level across the organisation.

2.5 The strategic capability had improved but the review team found that the Department could push further to encourage more strategic innovation.

2.6 The 2008 review noted that the department had delivered successfully through a period of significant change and rated DWP highest in the overall ratings, alongside the Department for International Development and the Department for Children, Schools and Families. The review indicated that the key challenges for DWP were to prioritise effectively and to build future capability which would help it to continue to achieve results in a time of even greater demand and less resource.

2.7 **Figure 8** overleaf shows the assessment of the Department following the completion of both the 2006 and 2008 Capability reviews published by the Cabinet Office.

Figure 8
Departmental Performance in the Cabinet Office Capability Reviews

Area	Element	Description	July 2006	July 2008	Change
Leadership	L1	Set direction	Development area	Development area	No change
	L2	Ignite passion, pace and drive	Well placed	Well placed	No change
	L3	Take responsibility for leading delivery and change	Development area	Strong	Improvement
	L4	Build capability	Urgent Development area	Development area	Improvement
Strategy	S1	Focus on outcomes	Development area	Well placed	Improvement
	S2	Base choices on evidence	Strong	Strong	No change
	S3	Build common purpose	Well placed	Well placed	No change
Delivery	D1	Plan, resource and prioritise	Urgent Development area	Development area	Improvement
	D2	Develop clear roles, responsibilities and business model(s)	Well placed	Well placed	No change
	D3	Manage performance	Development area	Well placed	Improvement

Source: July 2006 Capability Review of the Department for Work and Pensions, Cabinet Office, and July 2008 Capability Reviews: Department for Work and Pensions: Progress and next steps, Cabinet Office

2.8 Future capability reviews will not be directly comparable with the reviews published to date, as the assessment criteria for the capability review have been changed from July 2009. There are now four elements under the delivery heading and three under leadership; the number of assessment levels has been changed from five to four.

Procurement Capability Review

2.9 The Department was the subject an Office of Government Commerce (OGC) Procurement Capability Review between March and May 2007.⁹ The review scores the Department across nine indicators of procurement excellence, divided into three broad headings. The Department's performance is set out in **Figure 9**.

⁹ Office of Government Commerce, Procurement Capability Review Programme, Department for Culture, Media and Sport, September to October 2008.

Figure 9

Departmental Performance in the OGC Procurement Capability Review

Area	Element	Description	Result
Leadership	1	Visibility and impact of leadership	
	2	Vision, aspirations, business and policy alignment	
	3	Stakeholder and supply base confidence levels	
Skills and Development	4	Effective resourcing of procurement activity	
	5	"Intelligent client" capability	
Systems and Processes	6	Governance and organisation	
	7	Strategic and collaborative approach to market engagement and sourcing	
	8	Effective use of procurement and Programme and Project Management tools and techniques	
	9	Knowledge and performance management	

Source: Office of Government Commerce (OGC) DWP Procurement Capability Review conducted between March and May 2007

2.10 The review team recognised that early work on a structured approach to 'contestability' issues appeared leading edge, but had not yet been implemented or fully accepted across the whole organisation. However, in most areas, DWP demonstrated strong intelligent client capability and there had been some 'best in class' work in areas such as re-structuring of contracts to meet changing business needs (EDS, BT).

2.11 The review team recognised that the Department scored the highest of all Departments assessed. Several areas were identified as leading edge. For example DWP demonstrated strong intelligent client capability and they were 'best in class' work in areas such as re-structuring of contracts to meet changing business needs (EDS, BT) and Procurement to pay processes. The Executive Team was also highlighted for its commercial awareness.

2.12 There were several areas where improvement opportunities were identified. For example the support for Welfare to Work provision through the Work, Welfare and Equality Group (WWEG) Commissioning group in the areas of market structure, market management, incentivisation and lack of Management Information.

2.13 The Department published an improvement plan in November 2007 which committed the Department to addressing all the recommendations by 2010¹⁰. The department had reported that this has been assessed at health-checks at both six and twelve months and that a formal independent re-review has just been completed in October 2009, which confirms progress against the improvement plan.

10 http://www.ogc.gov.uk/documents/DWP_Improvement_Plan.pdf

2.14 The department further notes that as it was first to complete the second wave review, its relative position is unknown. However the latest review confirms that DWP has substantially delivered its improvement plan and has improved on its capability that was scored the highest in the wave one capability reviews.

Staff Survey

2.15 The results of the March 2009 staff survey, outlined in the Departmental Report, show there has been a positive shift in most people's experience of working for DWP. Of 49 questions that are directly comparable with the 2008 survey, the results were better in 41 and down in eight. For the third successive year, the overall trend was upwards. Improvements in several areas were noted:

- more people feel valued by their part of DWP: 38 per cent (up 19 percentage points);
- more people feel it is safe to speak up and challenge the way things are done: 53 per cent (up 18 percentage points);
- more people feel they have an opportunity to improve their skills in DWP: 42 per cent (up 15 percentage points); and
- more people feel they are kept well informed about issues which affect them: 57 per cent (up 14 percentage points).
- 87 per cent feel they do an important job (up nine percentage points); and
- 80 per cent feel clear about what is expected of them in their job (up five percentage points).
- 83 per cent of DWP's managers feel that their staff have the skills to deliver their objectives: (up 3 percentage points)¹¹; and
- perceptions of customer service have also improved with 60 per cent believing that their part of DWP is committed to delivering a quality customer service (up six percentage points).

2.16 One of the areas where ground has been lost was fewer people felt that they understood how the Department's values relate to their job: 54 per cent (down 13 percentage points).

2.17 The Department notes that it is undertaking detailed work to understand better what lies behind these results so that action can be taken. It will also seek to gain a deeper insight in part through focus groups into wider staff perceptions and expectations, especially in regard to the introduction of 'People Performance', learning and development and confidence in senior management and leadership.

¹¹ The Department has recently informed the NAO that the % positive response to this question was initially reported as 48% and when checked, it was revealed that a high proportion of non managers had answered the question in error despite this being a 'manager only' question. It was possible to correct this by removing those who were not managers from the calculation. The corrected % positive score is therefore 83%. By conducting the same correction on the previous year's data on this question, the 2009 result can be shown to be a 3% improvement on the 2008 survey score for this question.

Part Three

Performance against Public Service Agreements and Departmental Strategic Objectives

3.1 The Comprehensive Spending Review 2007 (CSR2007) set the Government performance framework for 2008-11 and reduced the total number of PSAs across Government to 30 from over 100. During 2008-09 the Department was responsible for leading delivery against two PSA targets covering: maximising employment opportunity for all (PSA8); and tackling poverty and promoting greater independence and well-being in later life (PSA17). At the time of publishing its Performance Report, the Department noted it had not yet assessed progress against either PSA. In September, the Department produced its self assessment against both PSAs, as outlined below.

Performance against 2008-11 PSAs

PSA8: Maximise employment opportunity for all

3.2 In its self assessment the Department notes that overall progress on this PSA is **Amber/Red**. The Department's performance against this PSA is supported by four indicators:

- an increase in the overall employment rate taking account of the economic cycle – rated Amber/Green based on an employment rate of 72.5 per cent which is significantly higher than the rate expected given the drop in GDP and the depth of the recession;
- a narrowing of the gap between employment rates of the following disadvantaged groups and the overall rate: disabled people, lone parents, ethnic minorities, people aged 50 and over, the 15 per cent lowest qualified, and those living in the most deprived local authority wards – rated Amber/Green based on a statistically significant narrowing of the gap for lone parents and older people, along with preventing significant widening for other disadvantaged groups;
- a reduction in the number of people on working age out-of-work benefits – rated Amber/Red on the basis that claims to JSA have risen significantly over the past year, although other key out of work and inactivity benefits have remained level during the recession;

- an increase in the proportion of people who leave benefits who stay off for a sustained period – rated Red based on the continuing deterioration of the retention rate driven almost entirely by trends in JSA claimants.

Indicators 2, 3 and 4 were assessed for the first time in March 2009 while indicator 1 was assessed for the first time in September 2009.

3.3 At the start of the spending review period, the economic climate was characterised by a stable and growing macro economy that had led to a sustained high employment rate, record employment levels and a fall in the numbers claiming key out-of-work benefits of around a million since 1997. Since the start of 2008, as a result of the global downturn, the labour market has weakened and unemployment has risen. The Department reports this cyclical change will make progress highly challenging over CSR07.

3.4 Under PSA 8, the Department aims to narrow the gap between the employment rates of disabled people and the overall rate from a gap in 2008 of 26.3 percentage points. The Department does not specify a target gap and a date for achieving a reduction so its performance cannot be measured against a target.

PSA17: Tackle poverty and promote greater independence and well-being in later life

3.5 The Department has reported that progress against PSA 17 is **not yet assessed**. The Department's performance against this PSA is supported by five indicators:

- Indicator 1 is which is **not yet assessed** focuses on the improvement in the employment rate of those aged 50-69 and the difference between this and the overall employment rate. It is measured using seasonally unadjusted quarterly Labour Force Survey data for Great Britain. A statistically significant change based upon a 95 per cent confidence interval is around one percentage point. The baseline is Q2 2008 when the employment rate of those aged 50-69 was 56.3 per cent and the gap between this and the overall employment rate was 18.4 percentage points. Historical data indicate that the employment rate of 50-69 year olds has been rising for the last 15 years. The gap between this rate and that of the whole working-age population has been falling. Updated employment rate and gap data (Q2 2009) will be available in autumn 2009.
- Indicator 2 relates to the percentage of pensioners in low income and has been noted by the Department as **not yet assessed**. This indicator uses Household Below Average Income (HBAI) statistics. Income is measured after housing costs are deducted. Data are annual with approximately a 12-month time lag. The baseline is HBAI statistics from the 2007-08 Family Resources Survey. Historical data indicate that pensioner poverty has fallen over the last ten years. Eighteen per cent of pensioners have incomes below 60 per cent of the current median income (2007-08 HBAI) compared to 29 per cent of pensioners were below 60 per cent of median income.

- Indicator 3 concerns the healthy life expectancy at age 65 and is measured using data published annually from the General Household Survey. Three calendar years are aggregated to provide robust Healthy Life Expectancy (HLE) figures. The 95 per cent confidence interval for both men's and women's data is around ± 0.3 years. The baseline will be 2005-07 data which are expected by early 2010.
- The remaining Indicators covering the proportion of people over 65 who are satisfied with their home and their neighbourhood and the extent to which people over 65 receive the support they need to live independently at home do not yet have baselines against which progress can be measured.

Performance against Departmental Strategic Objectives

3.6 The CSR2007 framework required departments to develop a set of Departmental Strategic Objectives (DSOs) for the period 2008-11. The Department has seven DSOs. The performance against DSOs 1-7 is set out below.

DSO 1 – To reduce the number of children living in poverty

3.7 This DSO is measured against two indicators:

- 1 The number of children living in workless households** – the baseline for this indicator, measured using data from the Household Labour Force Survey, is Q2 2008 when 1.72 million children (15.5 per cent) were living in workless households. Latest data for children in workless households shows a significant increase of 152,000 or 1.3 percentage points between Q2 2008 and Q2 2009. The Department notes that increased conditionality for lone parent benefit claimants is expected to have a positive effect on the number of children in workless households, although there is a risk that the economic downturn could work against this.
- 2 The number of children benefiting from maintenance, particularly those living in low income households** – the baseline at 2006-07, using data from the Family Resources Survey, showed that 1.2 million children were benefiting from maintenance. This data shows a broadly flat trend, with the latest information, for 2007-08, showing 1.3 million children benefiting from maintenance. The Department has noted that the sample size of the Family Resources Survey does not allow it to report on low income households at this time, therefore the figures shown are on the total number of children benefiting from maintenance.

DSO 2 – Maximise employment opportunity for all

3.8 DSO 2 which the Department has rated as **Amber/Red** mirrors PSA 8 (above) and is measured against the same four indicators:

- 1** The overall employment rate taking account of the economic cycle – Amber/Green.
- 2** The gap between the employment rates of the following disadvantaged groups and the overall rate: disabled people, lone parents, ethnic minorities, people aged 50 and over, the 15 per cent lowest qualified and the living in the most deprived local authority wards – Amber/Green.
- 3** The number of people on working age out-of-work benefits – Amber/Red.
- 4** The proportion of people who leave benefit who stay off for a sustained period – Red.

Progress against all four indicators mirror PSA 8 performance.

DSO 3 – Improve health and safety outcomes

3.9 The Department has reported **some progress** against DSO 3 which is measured against three indicators:

- 1** **The incidence of fatal and major injuries in the workplace** which has a baseline of 1999-2000 when the rate per 100,000 employees was 117.3. Provisional data from 2007-08 indicated that the rate has fallen to 106.6, which represents a nine per cent improvement. Updated data is due in autumn 2009.
- 2** **The incidence of work related ill health** which is measured using self-reported work-related illness from a variety of sources including the Labour Force Survey. Progress is published each autumn as part of the annual publication of the health and safety statistics and in HSE's annual report. The 2001-02 baseline incidence rate is 2,190 self-reports of work-related ill-health per 100,000 workers. In 2007-08 the incidence rate reduced to 1,860 which represents a 15 per cent improvement. The incidence rate, however, has fluctuated significantly in recent years and progress across categories of ill-health has been mixed. 2008-09 data will be available in autumn 2009.
- 3** **The number of dangerous events in the nuclear industry and in the offshore and onshore oil and gas sectors** which is measured using data from reports on specified precursor events with the potential to develop into a catastrophic accident made to HSE for the nuclear industry and offshore sector, and relevant reports made under RIDDOR for the onshore sector. Data are published in HSE's annual report. The 2001-02 baseline by industry/sector is: nuclear 143; offshore 113; and onshore 179. The data as at 31 March 2009 were: nuclear 94; offshore 62; and onshore 115. These figures show longer-term improvement trends for nuclear, offshore and onshore, though the onshore indicator shows a levelling out over the shorter 2007-08 to 2008-09 period.

3.10 Overall, the trends across all three indicators are moving in a favourable direction. However, it is too early to be sure in the case of the ill-health indicator that recent improvement will continue. HSE responded to the continuing challenge across all three indicators by publishing, in early summer 2009, its new strategy which seeks renewed commitment from those involved in health and safety to secure further improvements.

DSO4 – Promote independence and well-being in later life, continuing to tackle pensioner poverty and implementing pension reform

3.11 The Department has reported **some progress** against DSO 4 which is measured against three indicators:

- 1** The employment rate of those aged 50-69 and the difference between this and the overall employment rate.
- 2** The percentage of pensioners in low income.
- 3** Setting up of a personal account system and implementing automatic enrolment and mandatory employer contributions into qualifying workplace pension schemes.

3.12 The first two indicators are the same as indicators 1 and 2 for PSA 17 and as noted earlier (paragraph 3.5) reported progress is marked as **not yet assessed**. The third indicator is measured against milestones for the Enabling Retirement Savings Programme – a programme to deliver personal accounts system and automatic enrolment in 2012. Reported progress to date includes:

- setting up the Personal Accounts Delivery Authority;
- Royal Assent to the Pensions Act 2008;
- sign-off and approval of the outline business case;
- approval to proceed with first phase procurement from the Office of Government Commerce's Major Projects Review Group (MPRG) in January 2009;
- commencing procurement for both personal accounts and the Employer Compliance Regime by publishing Contract Notices in the Official Journal of the European Union; and
- consultation on Batch 1 Regulations commenced in March 2009; and passing the MPRG second phase checkpoint in April 2009.

DSO 5 – Promote equality of opportunity for disabled people

3.13 DSO 5 which the Department has reported as **not yet assessed** is measured against three indicators:

- 1 The Gap between the overall employment rate and the employment rate of disabled people** which is measured using seasonally unadjusted quarterly LFS data. The baseline at Q2 2008 was 48.4 per cent with a gap to the overall rate of 26.3 percentage points. Latest figures for Q2 2009 show the employment rate of disabled people to be 47.5 per cent, with a gap to the overall rate of 25.2 percentage points.
- 2 Disabled people's perception of the choice and control they have over their lives** which is monitored using the disability module of the ONS Omnibus Survey which runs eight months out of every twelve. The eight months are aggregated yearly to provide robust statistics. Significant changes are estimated to be in the range of two to three percentage points or more. At the baseline period, January to June 2008, 23 per cent of disabled people thought they did not regularly have choice and control over their life. Updated data will be available in January 2010.
- 3 Access to goods and services for disabled people** which is also monitored using the ONS Omnibus Survey. Baseline data for 2008 showed that 32 per cent of disabled people experienced difficulty related to their health condition or disability in accessing goods or services. Updated data will be available in January 2010.

DSO 6 – Pay our customers the right benefits at the right time

3.14 The Department has reported **some progress** against DSO 6 which is measured against two indicators:

- 1 The proportion of benefit expenditure overpaid or underpaid due to fraud and error** which is measured using the Office for National Statistics Fraud and Error report. The baseline is the 2006-07 figure for the monetary value of fraud and error at 2.2 per cent for expenditure overpaid and 0.8 per cent for expenditure underpaid. In its 2008-09 Business Plan, the Department published a target to reduce benefit expenditure overpaid to 1.8 per cent and underpaid to 0.7 per cent by March 2011. This corresponds to an 18 per cent reduction in overpayments and a 13 per cent reduction in underpayments from the 2006-07 position. The latest estimates cover the year ending September 2008 and show a reduction to two per cent for expenditure overpaid and an increase to 0.9 per cent for expenditure underpaid.

- 2 The time taken to process new claims to benefits and changes in circumstances, including Housing Benefit and Council Tax Benefit.** This indicator applies to Great Britain. The data for Jobseeker's Allowance; Income Support; Incapacity Benefit; Pension Credit; Attendance Allowance; Carers Allowance; Disability Living Allowance; and the State Pension are all in working days and are taken from the Department's internal Management Information System Programme. Progress against Housing Benefit/Council Tax Benefit is measured using data from the Single Benefit Extract. The baseline was determined using forecast spring 2007-08 outturns. The Department reports that despite increasing workloads, performance against the baseline has been maintained and for many benefits it has improved. The first data will be available by autumn 2009.

DSO 7 – Make DWP an exemplar of effective service delivery to individuals and employers

3.15 The Department has reported **some progress** against DSO 7 which is measured against six indicators:

- 1 Ease of access: The level of customer satisfaction with the ease of access to DWP services.** The 2009 Customer Satisfaction Survey recorded a score of 7.07 (on a scale of 1-10) for this key driver of customer satisfaction, which is virtually identical to the 7.05 baseline set in March 2008.
- 2 Treatment: The level of customer satisfaction with feeling respected and valued.** The 2009 Customer Satisfaction Survey recorded a score of 7.79 (on a scale of 1-10) for this element of customer satisfaction. This is virtually identical to the 7.77 baseline set in March 2008. There was a significant rise in satisfaction with regard to 'helpful and polite staff' and 'staff treating customers with respect'. Treatment remains the most important aspect of customers' contact with the Department, and the one most closely linked to their satisfaction.
- 3 Timely response: The level of customer satisfaction with the timeliness and responsiveness of service.** The 2009 Customer Satisfaction Survey recorded a score of 7.33 (on a scale of 1-10) for this element of customer satisfaction. This is an improvement against the 7.24 baseline set in March 2008.
- 4 Right outcome: The level of customer satisfaction with the outcome.** The 2009 Customer Satisfaction Survey recorded a score of 7.79 (on a scale of 1-10). This is virtually identical to the 7.78 baseline set in March 2008. There was a significant rise in customers who were satisfied that the right outcome was reached; however, this was offset by the finding that satisfaction with finding employment remains relatively low, which is not unexpected given the current economic climate.

- 5 Effective contact: The proportion of customer contact that is necessary to enable customer needs to be met.** Internal customer contact management information gathered in 2008 confirmed the level of effective contact as 64 per cent. Management information gathered in 2009 indicates that effective contact remains at 64 per cent indicating that customer service levels are being maintained despite challenging circumstances.
- 6 Employer satisfaction: The level of employers' satisfaction with the services DWP provide.** This indicator will be measured through the DWP annual Employer Survey. Work is underway to analyse and produce the baseline figure from the January-March 2009 survey. The baseline will be published by autumn 2009. In the meantime, the Department continues to measure performance against the Jobcentre Plus Employer Engagement Target. For the period to March 2009, Jobcentre Plus achieved 93 per cent satisfaction with its delivery of services to employers (up from 92 per cent the previous year).

Contribution to PSAs led by other Government departments

3.16 The Department also contributes to delivering the Service Transformation Agreement published alongside the PSAs and contributes to nine other Public Service Agreements on which other departments lead, in particular on child poverty and equality. Progress on PSAs to which the Department contributes but does not lead are summarised in **Figure 10**.

3.17 Whilst PSAs and DSOs form the core of the Department's performance assessment framework, other performance drivers include the commitments set out in policy documents. Key policy documents include the white paper *Raising expectations and increasing support: reforming welfare for the future* published in December 2008 and the *Secretary of State Report on Disability Equality* published in December 2008.

Performance against 2005-2008 PSAs

3.18 The Department also has two PSAs carried forward from the Spending Review 2004. One is SR2004 PSA 3b which is a joint target with the Department for Children, Schools and Families to increase the number of children in lower-income working families using formal childcare by 120,000 as a contribution to reducing the proportion of children living in households where no one is working, by 2008. The other is SR2004 PSA 4 – a joint target with HM Treasury which is to demonstrate progress on increasing the employment rate 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.

Figure 10

Progress on contributions to PSAs led by other government departments

PSA	Lead	Key supporting activities undertaken by the Department for Work and Pensions
PSA 2 – Improve the skills of the population, on the way to ensuring a world-class skills base by 2020.	BIS	<p>With BIS, joint lead on integrating welfare and skills services to be more responsive to the needs of employers and individuals. Introduced trials of an integrated service in 12 Jobcentre Plus districts.</p> <p>Local Employment Partnerships (LEP) ensure that disadvantaged customers get the preparation and training that enables them to meet employers' needs and expectations. The LEP target is to help 250,000 unemployed, inactive and disadvantaged people into jobs by 2010.</p>
PSA 3 – Ensure controlled, fair migration that protects the public and contributes to economic growth.	Home Office	<p>DWP supports the increase in the number of removals through joint working on illegal working operations. It is working with the UK Borders Agency to identify cases of mutual interest where benefit fraud is involved.</p> <p>DWP is working with the Home Office on measures to control European Economic Area nationals' access to benefits.</p> <p>DWP also supports the role that effective management of migration can play in reducing the vacancy rate in shortage occupations by providing information on the UK labour market and the up-skilling strategy for the UK workforce.</p>
PSA 7 – Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions.	BIS	DWP provides a national welfare system, where money follows the individual, so regions with higher rates of worklessness and benefit dependency will automatically receive a greater level of support from Jobcentre Plus. Area-based initiatives such as the Cities Strategy and Working Neighbourhoods Fund target resource at the most deprived areas and look at new ways of working with local partners to deliver local solutions to worklessness.
PSA 9 – Halve the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020.	HMT	DWP is providing increased support to help lone parents move into and remain in work through lone parent obligations, work-focused interviews, New Deal Plus and In Work Credit, and piloting support for couples with children.
PSA 14 – Increase the number of children and young people on the path to success.	DCSF	<p>DWP directly influences the PSA 14 indicator to reduce the proportion of 16-18 year olds not in employment, education or training (NEET) by supporting young people into work, particularly 18 year old benefit claimants.</p> <p>Since April 2008, 18 year olds who have spent any time NEET can, with the agreement of their personal adviser, be voluntarily fast tracked to New Deal. This option will continue to exist alongside the mandatory system for those with six months NEET.</p>
PSA 15 – Address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief.	GEO	The Office for Disability Issues which operates within DWP is working across Government to support implementation of the Independent Living Strategy. The Welfare Reform Bill contains a legislative 'right to control', which will increase choice and control for disabled adults by allowing them to choose how selected state funding is used to meet agreed outcomes.

Figure 10Progress on contributions to PSAs led by other government departments *continued*

PSA	Lead	Key supporting activities undertaken by the Department for Work and Pensions
PSA 16 – Increase the proportion of socially excluded adults in settled accommodation and employment, education or training.	Cabinet Office	DWP is developing and expanding the support it provides to improve the employment outcomes for people identified as being at particular risk of chronic exclusion. For the purposes of this PSA, these are adult offenders under probation supervision, adults with moderate to severe learning disabilities, adults in contact with secondary mental health services and young people leaving care. DWP's contribution is reform of mainstream employment provision and reform of specialist disability employment programmes and continued support for targeted pilot support initiatives (see PSA 23).
PSA 20 – Improve long-term housing supply and affordability.	CLG	DWP develops policy on, and delivers, the welfare benefits, in-work benefits and employment advice which help people access and maintain housing. DWP is developing Housing Benefit subsidy policy for customers placed by local authorities into temporary accommodation. The aim is to encourage more local authorities to charge reasonable rents to these customers, offer better value for money, and support work incentives.
PSA 23 – Make communities safer.	Home Office	DWP is focused on increasing employment which, in turn, reduces disadvantage and the causes of crime. DWP and Jobcentre Plus are working with the Ministry of Justice (MoJ) and the National Offender Management Service (NOMS) and BIS on a number of initiatives to improve employment outcomes for offenders, including: <ul style="list-style-type: none"> ● supporting NOMS to deliver a new single caseworker pilot in England aimed at helping offenders get the support they need and overcome barriers to employment on leaving prison or probation; ● reviewing the Jobcentre Plus Employment and Benefit Surgery Adviser role in prisons, and how it interacts with Prison and Probation services; and ● considering with MoJ and BIS how to extend recent work in two 'testbed' regions aimed at improving offender learning and skills provision.

Source: Departmental Report 2009

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