



DWP Autumn Performance Report 2008

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Foreword

Foreword by the Secretary of State

This report is the first produced by my Department for the new spending period – one that reflects for the first time our responsibilities under the more focused set of Government priorities.

We have a new way of measuring our success, but the importance of the work we do is unchanged.

We are here to maximise employment opportunity for all. We are here to tackle poverty and promote the interests of older people. We work to improve the country's economic performance, improve the skills of our citizens, fight discrimination and eradicate child poverty.

I believe in so doing we should promote the independence of everyone in this country – help build the capacity of all, from the youngest to the oldest person in the UK so everyone can make the most of what they have, to give people the power to make their lives better, to take control over their future.

This is why this year we have published our White Paper, *Raising expectations and increasing support: reforming welfare for the future*, which sets out the next steps in our radical reform of the welfare system. The proposals will put in place a benefit system that gives people the incentives to do the right thing, encourages people to look for work and gain the skills they need for their future. We will do all we can to ensure that no-one will be left behind for want of the right support, giving all the opportunity to get on.

For children, this year has seen the launch of the new Child Maintenance and Enforcement Commission, which will make it easier for parents to come to their own arrangements for receiving maintenance where this is possible, and allow parents with care on benefit to keep more of the maintenance paid to them.

For our older customers, the second pension bill received Royal Assent on 26th November 2008, improving the ability of millions to save for their retirement. We have also taken great strides in modernising the way that we help our customers, introducing a simple way for people to claim their basic state pension, pension credit, council tax benefit and housing benefit in one easy phone call.

This report makes clear where we have done well, as well as where we have more to do. I am particularly struck by the fact that in the face of a challenging efficiency target set for the financial period, the Department has increased productivity overall by around 12%, and staff productivity has increased by 17%. A clear indication that DWP is becoming ever more efficient at what we do – and a great credit to the hard work and commitment that our staff demonstrate to making a real difference to people's lives.



James Purnell MP
Secretary of State for Work and Pensions

The Department's Ministers



The Right Honourable James Purnell MP
Secretary of State



Tony McNulty MP
Minister for State for
Employment and Welfare
Reform and
Minister for London



Rosie Winterton MP
Minister of State for Pensions
and the Ageing Society and
Minister for Yorkshire and
the Humber



Lord McKenzie of Luton
Parliamentary
Under Secretary (Lords)



Kitty Usher MP
Parliamentary
Under Secretary
(Commons)



Jonathan Shaw MP
Minister for Disabled People
and Minister for the
South East

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The Department for
Work and Pensions' aim
and objectives

▶ **1** The Department for Work and Pensions (DWP) exists to:

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

▶ **2** In doing this we aim to enable people to fulfil their potential over longer, more active lives. Our focus will remain firmly on our customers, providing them with the services they need; looking, wherever possible, to join up and simplify our services, both internally and externally with our partners.

▶ **3** Spending plans for the financial years 2008-09 to 2010-11 were agreed as part of the 2007 Comprehensive Spending Review (CSR2007) settlement, as set out in the 2007 Pre-Budget Report and Comprehensive Spending Review, *Meeting the Aspirations of the British people* (Cm 7227, October 2007)¹. The Department's Public Service Agreements (PSA), its Departmental Strategic Objectives (DSOs) and supporting indicators were published in the Department's Performance Framework 2008-2011 (December 2007)².

▶ **4** This Autumn Performance Report is the Department's first public report under CSR2007 on its cross-governmental PSAs, its DSOs and its Value For Money (VFM) delivery agreement.

▶ **5** In addition, it reports progress and, whenever possible, provides final assessments against the PSA targets for previous Spending Reviews that were neither finalised in the 2008 Departmental Report nor subsumed within the CSR2007 performance framework. It also provides the final assessment of the 2004 Spending Review efficiency programme.

▶ **6** Exceptionally this report details progress made on all outstanding Public Accounts Committee (PAC) recommendations; in future this progress will only appear in annual spring Departmental Reports (DR).

▶ **7** This report is intended to complement the Department's Resource Accounts for 2007-08³ which were published in August 2008. It also supplements the Departmental Report (Cm 7401, May 2008)⁴ which provides a comprehensive account of the Department's activities and spending plans.

¹ http://www.hm-treasury.gov.uk/media/7/4/pbr_csr07_complereport_1546.pdf

² <http://www.dwp.gov.uk/aboutus/PerformanceFramework2008-2011.pdf>

³ http://www.dwp.gov.uk/publications/dwp/2008/res_acc/report_2007_08.pdf

⁴ <http://www.dwp.gov.uk/publications/dwp/2008/dr08/>



02

Comprehensive Spending Review 2007

▶ **8** A new performance framework came into effect in April 2008 as part of the Comprehensive Spending Review 2007 (CSR2007). This new framework emphasises cross-departmental working and increases the focus on the Government’s main priorities through a reduced set of Public Service Agreements (PSAs).

▶ **9** The Department has lead responsibility for two PSAs underpinned by seven Departmental Strategic Objectives (DSOs). The Department also has an important role in contributing to the delivery of the Service Transformation Agreement ⁵ published alongside the PSAs.

▶ **10** This chapter provides an assessment of progress against the Department’s PSAs, DSOs and Value For Money delivery agreement. The chapter is set out in three parts:

- Part One: Public Service Agreements
- Part Two: Departmental Strategic Objectives
- Part Three: Value For Money

Measuring performance

▶ **11** To make consistent judgments on progress against PSAs and DSOs, the Department uses the following evaluative assessments to describe performance, in accordance with HM Treasury guidance:

- Strong progress (more than half the indicators have shown an improvement since baseline);
- Some progress (some but fewer than half the indicators have shown an improvement);
- No progress;
- Not yet assessed.

Figure 1: Summary of Performance Assessments

PSAs	Current status
8. Maximise employment opportunity for all	Not yet assessed
17. Tackle poverty and promote greater independence and well-being in later life	Not yet assessed
DSOs	
1. Reduce the number of children living in poverty	Not yet assessed
2. Maximise employment opportunity for all	Not yet assessed
3. Improve health & safety outcomes	Some progress
4. Promote independence and well being in later life, continuing to tackle pensioner poverty and implementing pension reform	Not yet assessed
5. Promote equality of opportunity for disabled people	Not yet assessed
6. Pay our customers the right benefits at the right time	Some progress
7. Make DWP an exemplar of effective service delivery	Not yet assessed

⁵ http://www.hm-treasury.gov.uk/d/pbr_csr07_service.pdf

Part 1: The Department's Public Service Agreements

► **12** The Secretary of State for Work and Pensions has responsibility for two PSAs:

- PSA8 – Maximise employment opportunity for all⁶; and
- PSA17 – Tackle poverty and promote greater independence and well-being in later life⁷.

► **13** Other government departments contributing to the delivery of PSAs 8 and 17 are respectively:

- Department for Innovation, Universities and Skills (DIUS), Department of Communities and Local Government (DCLG), Department of Health (DH), Department for Business, Enterprise & Regulatory Reform (BERR) and HM Treasury (HMT); and
- DCLG and DH.

► **14** The Department also contributes to nine further PSAs, which are led by other government departments. Figure 2 shows how the Department supports their achievement:

⁶ http://www.hm-treasury.gov.uk/d/pbr_csr07_psa8.pdf

⁷ http://www.hm-treasury.gov.uk/d/pbr_csr07_psa17.pdf

Figure 2: 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.	DIUS	<p>With DIUS, joint lead on integrating welfare and skills services to be more responsive to the needs of employers and individuals. Trialling the new adult advancement and careers service in England, to be driven by local knowledge of how to shape services.</p> <p>Local Employment Partnerships (LEPs) strengthen relationships between Jobcentre Plus and employers and provide a premium job broking service, in return for stronger commitment to taking on people from disadvantaged groups. LEP target 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	DWP supports the increase in the number of removals through joint working on illegal working operations. DWP also supports the part that the 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.
PSA 7 – Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions.	BERR	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, Working Neighbourhoods Fund and Local Area Agreements target resource at the most deprived areas and look at new ways of working with local partners to deliver local solutions to worklessness.

PSA	Lead	Key supporting activities undertaken by the Department for Work and Pensions
PSA 9 – Halve the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020.	HMT	<p>DWP is providing increased support to help lone parents move into and remain in work through work focused interviews, New Deal Plus and national roll-out of In-work Credit and piloting additional help for couples with children to move into work through New Deal Plus and In-work Credit.</p> <p>The Department is also introducing new 'in and out of work' processes to reduce barriers to the take-up of short term employment.</p>
PSA 14 – Increase the number of children and young people on the path to success.	DCSF	<p>From April 2008, 18 year olds with any history of being not in employment, education or training (NEET) can be fast tracked to the gateway stage of the New Deal on a voluntary basis (by agreement with a Job-Centre Plus (JCP) adviser). From April 2009 this approach will be taken further by making fast-tracking to the supported job search stage (stage 3) of the new Jobseeker's Allowance (JSA) regime mandatory for 18 year olds who have spent 26 weeks NEET. Young people aged 18-25 have universal access to working age benefits and JCP services, while a small number of 16 and 17 year olds can claim working age benefits subject to eligibility; for instance young people in severe hardship (including those who are estranged from their parents) may be eligible for JSA and teenage parents may be eligible for income support. The Connexions service provides support for these people.</p>
PSA 15 – Address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief.	GEO	<p>Within the Department, the Office for Disability issues (ODI) leads on equality issues for disabled people. The ODI published the Independent Living strategy in March this year which sets out the detailed policy commitments that seek to make independent living a reality for more disabled people. These include giving disabled people greater control over the support and funding they receive and personalisation of social care.</p>

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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 investing considerable resource in developing and expanding the support it provides to help reduce social exclusion for care leavers, offenders, people with mental health conditions and people with learning disabilities amongst other at-risk groups. For example, the Department is committed to doubling the Access to Work budget to help more disabled people get and keep a job by providing funding to reduce disability-related barriers to paid work. Within this DWP is examining ways to tailor better the support to help people with fluctuating mental health conditions, severe mental health conditions and moderate to severe learning disabilities. It is also fundamentally reforming the bulk of other specialist disability employment services to ensure that this provision is more supportive and flexible to meet the needs of individuals who are unlikely to benefit from mainstream provision. The Department will continue to work closely with groups and individuals in the wider public, private and third sectors to make a real difference to the lives of the most socially excluded.
PSA 20 – Improve long-term housing supply and affordability.	CLG	<p>DWP is developing Housing Benefit policy for statutorily homeless people placed by local authorities in temporary accommodation to ensure it meets a reasonable rent, offers value for money, and supports work incentives.</p> <p>DWP develops policy on, and delivers the welfare benefits, in-work benefits and employment advice which help people access and maintain housing.</p>
PSA 23 – Make communities safer.	Home Office	DWP is focused on increasing employment which in turn reduces disadvantage and the causes of crime. Specific initiatives for offenders include basing Jobcentre staff in prisons to help the transition between benefits and employment (with a view to reducing re-offending) and the Progress2work scheme to help recovering drug addicts/ homeless / offenders back into work.

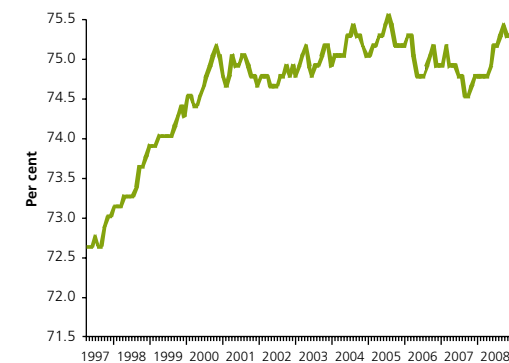
PSA 8: Maximise employment opportunity for all

PSA Summary Statement

Progress on this PSA is **not yet assessed**. In previous Spending Review periods the Department has made strong progress – the UK has one of the best performing labour markets in the world, with a sustained high employment rate. The Department's activation policies have led to a fall in the numbers claiming key out-of-work benefits of around one million since 1997, and reforms to Incapacity Benefit and lone parent conditionality should see numbers on those benefits fall. The Department's success so far has set a challenging baseline for CSR07, especially given that the current economic conditions are likely to lead to a cyclical fall in the employment rate.

Indicator 1: An increase in the overall employment rate taking account of the economic cycle

- This indicator is monitored using a three-month rolling average of the working-age employment rate for Great Britain (GB) 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. Success on this indicator will be judged taking account of the economic cycle.
- The baseline employment rate was 74.9% in Q2 2008⁸. This compares to an employment rate of 74.7% at the start of the economic cycle in the second half of 2006. The latest employment rate is 74.5% (July-September 2008).

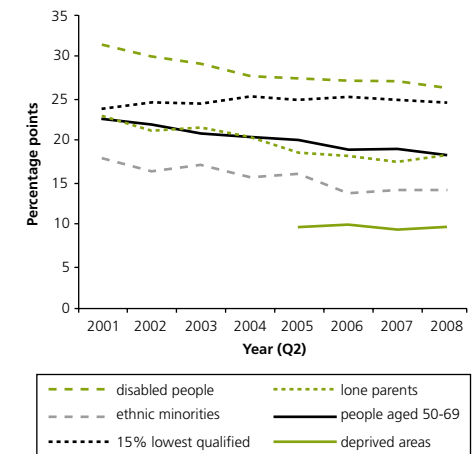


⁸ Q2 2008 represents Quarter 2 of the Calendar year 2008 i.e. April–June 2008.

PSA 8: Maximise employment opportunity for all (continued)

Indicator 2: 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, those living in the most deprived local authority wards

- This indicator is monitored using the quarterly employment rates for the different disadvantaged groups, compared to the GB working age employment rate (both taken from the Labour Force Survey published by the ONS). The data for the disadvantaged groups is not available seasonally adjusted, so the GB rate used for comparison is also the unadjusted rate. 95% confidence intervals vary for each gap: disabled people ± 1.4 percentage points; lone parents ± 2.2 percentage points; ethnic minorities ± 1.9 percentage points; people aged 50 and over ± 0.9 percentage points; 15 per cent lowest qualified ± 1.6 percentage points; deprived areas ± 1.4 percentage points.
- The baseline gap for each group at Q2 2008 is as follows: disabled people 26.3 percentage points; lone parents 18.4 percentage points; ethnic minorities 14.2 percentage points; people aged 50 and over 18.4 percentage points; 15 per cent lowest qualified 24.6 percentage points; deprived areas 9.8 percentage points. Since Q2 2005 the employment gap has decreased for four of the groups, and has been flat for those living in deprived areas and the 15 per cent lowest qualified.
- Since the PSA Delivery Agreement was published, the sub-indicator relating to people with no qualifications has been changed to the 15 per cent lowest qualified as it is felt that this better supports the Government's commitment – and hence policy measures – to raise people's skills and move them into work. The definition of deprived areas is now in alignment with the Working Neighbourhoods Fund. The published confidence intervals in the original delivery agreement related to the employment rate not the gap.⁹

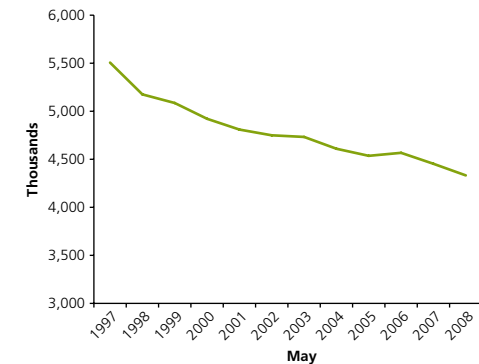


⁹ The initial wording of indicator 2 was: A narrowing of the gap between the employment rates of the following disadvantaged groups and the overall rate: disabled people, lone parents, ethnic minorities, people aged 50 and over, those with no qualifications, those living in the most deprived local authority wards.

PSA 8: Maximise employment opportunity for all (continued)

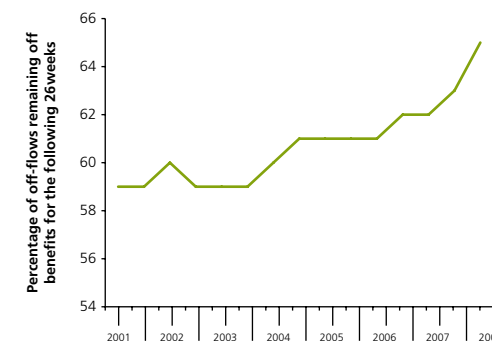
Indicator 3: A reduction in the number of people on working age out-of-work benefits

- This indicator is measured using the Claimant Count and the Work and Pensions Longitudinal Study (WPLS) 100% administrative data to count the number of people claiming Jobseeker's Allowance (JSA), incapacity benefits (IB), lone parent benefits and other income-related benefits. Data is released by the ONS for JSA on a quarterly basis and is seasonally adjusted. Data is released by the Department on a quarterly basis for IB, lone parent benefits and other income-related benefits and is not seasonally adjusted.
- The baseline for this indicator is 4,332,300 people on key out-of-work benefits at May 2008; this is 1 million fewer than in 1997.
- The numbers on JSA have fallen by 638,700 since 1997 but, reflecting the economic cycle, more recent figures show an increase – in May 2008 (the baseline) 824,600 people were on JSA and this figure had risen to 980,900 by October 2008.



Indicator 4: An increase in the proportion of people who leave benefit who stay off for a sustained period

- The indicator measures the percentage of people coming off key out-of-work benefits (JSA, incapacity benefits, lone parent benefits and other income-related benefits) who stay off benefits for six months after the termination of their claim. It is measured using the Claimant Count and the Work and Pensions Longitudinal Study (WPLS) which are 100% administrative data. Data is released by ONS on a quarterly basis for JSA and is seasonally adjusted. Data is released by DWP on a quarterly basis for incapacity benefit, lone parent benefits & other-income related benefits and is not seasonally adjusted.
- The baseline for this indicator is 65.2% at May 2008. This is an increase of 4 percentage points since May 2005 where 61.3% of people leaving benefits stayed off for 6 months.
- Since the PSA Delivery Agreement was published the wording of this indicator has been changed as the original wording did not clearly describe its purpose of measuring retention¹⁰. At the time the Delivery Agreement was written, the analysis to inform the final design had not been completed and so the wording was left as general as possible, although it clearly stated that the indicator would act as a proxy for retention in employment.



¹⁰ The initial wording of indicator 4 was: Amount of time people spend on out-of-work benefits.

PSA 17: Tackle poverty and promote greater independence and well-being in later life

PSA Summary Statement

Not yet assessed. Baselines have been set for 4 out of the 5 indicators from which progress will be measured. Clear governance structures have been established to ensure the Government is well placed to manage the issues and challenges of the PSA.

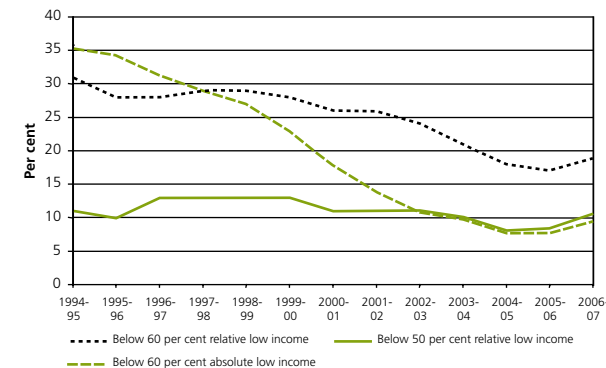
Indicator 1: The employment rate of those aged 50-69 and the difference between this and the overall employment rate

- Performance is measured using quarterly Labour Force Survey Great Britain (GB) data (unadjusted). The baseline is Q2 2008 when the employment rate of those aged 50-69 was 56.3% and the difference between this and the overall employment rate was 18.4 percentage points. The minimum movement required for performance assessment in the employment rate and the difference is 1 percentage point.
- 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.



Indicator 2: The percentage of pensioners in low income

- The Government will use a basket of income-based measures to assess pensioner poverty (income is measured after housing costs are deducted).
- The baseline will be the Households Below Average Income (HBAI) statistics from the 2007-08 Family Resources Survey; releases are expected by summer 2009. Data are annual with a 12-month lag.
- Pensioner poverty has fallen over the last 10 years. 19% of pensioners had incomes below 60% of the current median income in HBAI 2006-07 compared to 1996-97 when 28% of pensioners were below 60% of median income.



PSA 17: Tackle poverty and promote greater independence and well-being in later life (*continued*)

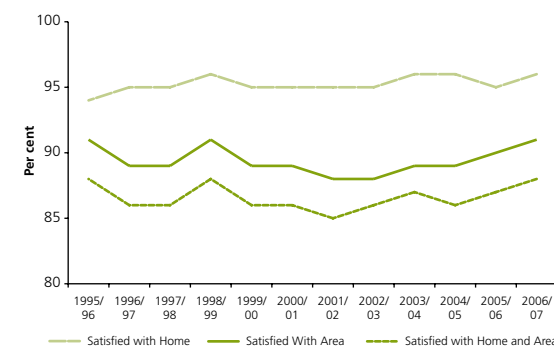
Indicator 3: Healthy life expectancy at age 65

- Progress against the indicator will be measured using data from the General Household Survey. The baseline will be 2007 data which are expected by the end of 2009.
- Healthy Life Expectancy (HLE) at age 65 increased by over 1.5 years between 1994 and 2004 (data were not collected for 1996, 1998 or 2000). 2004 is the latest year for which data are available.
- HLE at age 65 for men was 12.7 years in England in 2004.
- HLE at age 65 for women was 14.6 years in England in 2004.
- HLE at age 65 for men and women was approximately 75% of life expectancy at 65 in England in 2004.



Indicator 4: The proportion of people over 65 who are satisfied with their home and their neighbourhood

- Data from the 2007/08 Survey of English Housing will be used to set the baseline; they are expected by the end of 2009. Currently, data are published annually with an 18-month lag.
- The proportion of people over 65 expressing satisfaction with their home and their area has remained broadly stable in recent years. The most recent data is 88% (2006-07).
- Historically, satisfaction with home has been higher than satisfaction with neighbourhood.



PSA 17: Tackle poverty and promote greater independence and well-being in later life (*continued*)

Indicator 5: Extent to which people over 65 receive the support they need to live independently at home

- This is a new measure which will be assessed through public perceptions of whether older people are able to get the services and support they need to continue to live at home for as long as they want.
- The baseline will be set using data from the 2008 NatCen Omnibus Survey and the forthcoming Place-based Survey; these are expected in early 2009. The data are released on a quarterly basis with a two-month lag.
- First results from April 2008 suggest that 53% agree, 12% disagree that older people are able to get the services they need to live at home for as long as they want, 34% said they didn't know.

Part 2: Departmental Strategic Objectives

► **15** The seven Departmental Strategic Objectives (DSOs) which are intended to cover the totality of the Department's business and to express its key outcomes are:

- DSO 1: Reduce the number of children living in poverty.
- DSO 2: Maximise employment opportunity for all.
- 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 people¹¹.
- DSO 6: Pay our customers the right benefits at the right time.
- DSO 7: Make DWP an exemplar of effective service delivery.

► **16** The DSOs were first published in the 2007 Pre-Budget Report and Comprehensive Spending Review¹².

¹¹ The title of this strategic objective has been altered from the one published in the 2007 CSR to reflect machinery of government changes

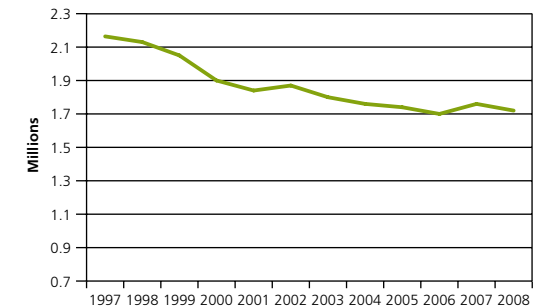
¹² http://www.hm-treasury.gov.uk/d/pbr_csr07_annexd15_162.pdf

DSO 1: Reduce the number of children living in poverty

DSO Summary Statement Not yet assessed.

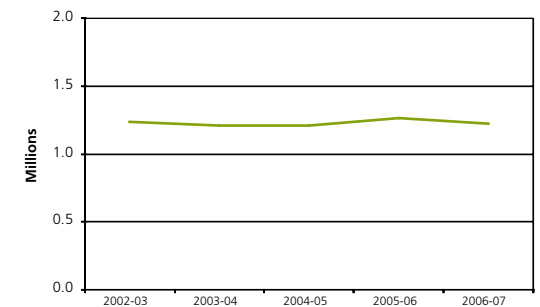
Indicator 1: The number of children living in workless households

- The data used to measure this sub-target are obtained from the Household Labour Force Survey. The 95% confidence interval is ± 0.65 percentage points.
- The baseline for this indicator is Q2 2008, when 15.5% of children, 1.72 million, were living in workless households. The number of children in workless households (CIWH) has fallen by 45,000 since Q2 2007 (fall of 0.4 percentage points). The fall in the number of CIWH since Q2 1997 is around 445,000 (fall of 3.3 percentage points).
- Increased lone parent conditionality is expected to have a positive effect on this indicator, although there is a risk that the economic downturn could increase the number of CIWH.



Indicator 2: The number of children benefiting from maintenance, particularly those living in low income households

- Progress against the indicator will be measured using data from the 'Households Below Average Income' (HBAI) series.
- The confidence interval for this indicator is not currently available; an estimate should be available by spring 2009.
- The baseline for this indicator will be 2006-07 data which show 1.2 million children benefiting from maintenance. Historical data show this value has been flat. These figures have been rounded to the nearest 100,000.



DSO 2: Maximise employment opportunity for all

DSO Summary Statement

As for PSA8, progress is **not yet assessed** but in previous periods there has been strong progress on the indicators.

Indicator 1: Overall employment rate taking account of the economic cycle

- See PSA 8
- Since the DSO indicators were published in December 2007, DSO 2 has been amended to ensure consistency with PSA 8¹³. The Department's contribution to the social exclusion PSA (PSA 16) is reported in Figure 2.

Indicator 2: Gap between the employment rates of the following disadvantaged groups and overall rate: disabled people, lone parents, ethnic minorities, people aged 50 and over, the 15 percent lowest qualified, those living in the most deprived local authority wards

- See PSA 8

Indicator 3: Number of people on working age out-of-work benefits

- See PSA 8

Indicator 4: The proportion of people who leave benefit who stay off for a sustained period

- See PSA 8

¹³ The initial wording for indicators 1 to 4 was respectively:

- Overall employment rate;
- Gap between the overall employment rate and the employment rates of disabled people, lone parents, ethnic minorities, the over fifties, those with no qualifications, people living in the most deprived wards and those most likely to be socially excluded;
- Number of people on out-of-work benefits; and
- Time people spend on out-of-work benefits.

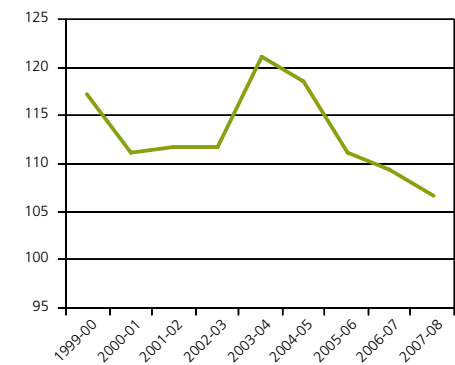
DSO 3: Improve health and safety outcomes

DSO Summary Statement

Some progress: overall, the trends across all three indicators are moving in a favourable direction – though further improvement is still required. This presents a significant challenge to Britain's health and safety system, as the Health and Safety Executive (HSE) is only one of the contributors to improved health and safety.

Indicator 1: The incidence of fatal and major injuries in workplaces

- Progress is measured using data on fatal and major injuries to employees reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR), supported by data on self-reported reportable work-related injuries via the Labour Force Survey (LFS).
- Progress on fatal and major injuries and the ill-health indicator is reported each autumn as part of the annual publication of the health and safety statistics and in HSE's Annual report. The results are subject to sampling error/statistical uncertainty.
- The rate of fatal and major injuries per 100,000 workers has fallen from a 1999-2000 baseline of 117.3 to 106.6 (provisional) in 2007-08; this represents a 9% improvement.
- Despite the welcome improvement, 229 workers were killed at work in 2007-08. HSE is responding to the continuing challenge across all three indicators by developing a new strategy that seeks renewed commitment from those involved in health and safety to tackle these challenges.



Indicator 2: The incidence of work related ill-health

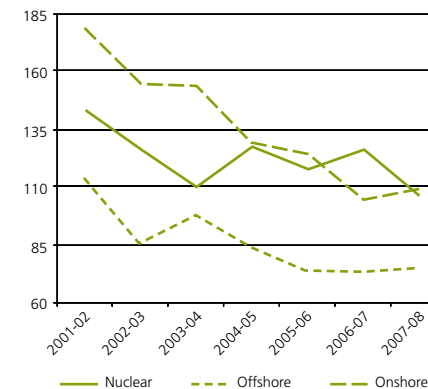
- Progress is judged using self-reported work-related illness from a variety of sources including the LFS and Specialist surveillance scheme data.
- The 2001-02 baseline incidence rate is 2,190 self-reports of work-related ill-health per 100,000 workers. This has reduced to 1,860 in 2007-08; a 15% improvement with a confidence interval or range of possibilities of 7% to 23%.
- The incidence rate, however, has fluctuated significantly in recent years and progress across categories of ill-health has been mixed. For example, the incidence of musculoskeletal disorders, asthma and dermatitis has fallen, but the incidence of the long-latency disease mesothelioma has, as expected, increased and work-related stress shows little movement.



DSO 3: Improve health and safety outcomes *(continued)*

Indicator 3: The number of dangerous events in the nuclear industry and in the offshore and onshore oil and gas sectors

- Progress is measured using data from reports on numbers of specified 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. Such data is reported formally in HSE's Annual Report. Judgement of progress at any point will use the latest data available.
- The 2001-02 baseline by industry/sector is: nuclear 143; off-shore 113; and onshore 179. Data at mid-year 2008-09 indicates that the improving trend to 2007-08 shown in the graph is likely to continue across the respective industries with the number of specified events at 30 September 2008 being nuclear 46, off-shore 28 and onshore 59.
- These measures, while useful, give only a partial view of how well major hazard risks are being controlled and HSE is, therefore, working with the above industries to develop improved indicators.



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DSO 4: Promote independence and well-being in later life, continuing to tackle pensioner poverty and implementing pension reform

DSO Summary Statement

Not yet assessed. Indicator baselines have been set against the three indicators. Clear governance structures have been established to ensure that the Department is well placed to manage the issues and challenges of DSO 4.

Indicator 1: The employment rate of those aged 50-69 and the difference between this and the overall employment rate

- See PSA 17 indicator 1.

Indicator 2: The percentage of pensioners in low income

- See PSA 17 indicator 2.

Indicator 3: Setting up of a personal account system and implementing automatic enrolment and mandatory employer contributions into qualifying workplace pension schemes

- The Enabling Retirement Savings Programme is on track, with the Pensions Act 2008 putting into place the architecture to take forward and deliver automatic enrolment, underpinned by a scheme of personal accounts. The Programme is now near the end of its start-up phase and has successfully delivered against a number of key milestones leading to commencing the procurement stage with the publication of the Contract Notices in the Official Journal of the European Union (OJEU).
- The Department's key milestones over the next three months are:
 - Assessment of the Outline Business Case and Funding Strategy by the Department and HM Treasury with a view to providing an assurance on funding (December 2008);
 - Securing approval to proceed with procurement from the Government's Major Projects Review Group (December 2008);
 - Publishing OJEU Contract Notices for personal accounts and the Employer Compliance Regime (January 2009); and
 - Taking forward Secondary Legislation – preparing draft regulations for consultation (February/March 2009).

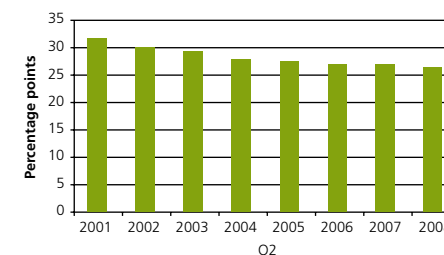
DSO 5: Promote equality of opportunity for disabled people

DSO Summary Statement

The overall DSO is **not yet assessed**. Baseline data for Indicators 2 and 3 will be available in January 2009. However, there is **some progress** on Indicator 1 – the employment rate gap of disabled people.

Indicator 1: Gap between the overall employment rate and the employment rate of disabled people

- This is monitored using the quarterly Office for National Statistics (ONS) Labour Force Survey, Great Britain (GB) unadjusted figures. Confidence intervals are ± 1 percentage point.
- The baseline figure is Q2 2008 when the gap between the overall employment rate and the employment rate of disabled people was 26.3 percentage points. There has been a steady reduction in the gap between the employment rate of disabled people and the overall employment rate over recent years.

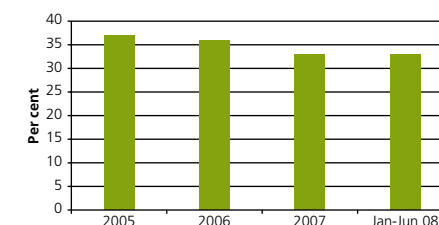


Indicator 2: Disabled people's perceptions of choice and control in their lives

- This is a newly created indicator, monitored using the Disability Module on 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 2 to 3 percentage points.
- Baseline figures using the period January to June 2008 will be available in January 2009. Preliminary figures, based on the first five waves of the Omnibus Survey 2008 and therefore subject to change, show that 24% of disabled people think they frequently do not have choice and control over their life.

Indicator 3: Access to goods and services for disabled people

- This is monitored using the ONS Omnibus Survey, with eight months aggregated yearly to provide robust statistics. Significant changes are estimated to be in the range of 2 to 3%.
- Baseline figures using the period January to June 2008 will be available in January 2009. Preliminary figures, based on the first five waves of the Omnibus Survey 2008 and therefore subject to change, show that 33% of disabled people experienced difficulty in accessing goods or services related to their impairment or disability.



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

DSO Summary Statement

Some progress. Data are not yet available for indicator 1 or for Housing Benefit and Council Tax Benefit claims. Performance is on track or exceeding baseline for six out of the nine clearance measures included.

Indicator 1: The proportion of benefit expenditure overpaid or underpaid due to fraud and error

- Progress against the indicator will be measured using data from the Office for National Statistics Fraud and Error report. The first data will be available in the spring of 2009.
- The baseline is the 2006-07 figure for the Monetary Value of Fraud and Error (MVFE) 2.2% for overpaid expenditure and 0.8% for expenditure underpaid. In its 2008-09 Business Plan the Department published a target to reduce benefit expenditure overpaid to 1.8% overpaid and underpaid 0.7% by March 2011. This corresponds to an 18% reduction on overpayments and a 13% reduction on underpayments from the current 2006-07 position.

Indicator 2: 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 (GB). The data for Jobseeker's Allowance (JSA); Income Support (IS); Incapacity Benefit (IB); Pension Credit (PC); Attendance Allowance (AA); Carers Allowance (CA); Disability Living Allowance (DLA); the state Pension (SP) are in working days and are taken from the Department's internal Management Information System Programme. These are available monthly following the end of the performance month.
- Progress against the Housing Benefit (HB)/Council Tax Benefit (CTB) indicator will be measured using data from the Single Housing Benefit Extract. The first data will be available in early 2009.
- All data cover 100% of cases.
- The baselines for benefit claim clearance and changes in circumstances are set in days and based on forecast spring 2007-08 outturns. Information on changes of circumstances is not available at present for AA, DLA, CA, PC and SP.

Benefits	Baseline (days)	Outturns in September 2008
JSA new claims	11.0	10.0
JSA changes	3.6	3.3
IS new claims	9.4	8.2
IS changes	2.2	2.1
IB new claims	13.8	11.6
PC new claims	15.0	14.6
AA new claims	16.0	12.8
CA new claims	12.1	13.0
DLA new claims	37.7	29.8
SP new claims	95% within 60 days	93.1% within 60 days

DSO 7: Make DWP an exemplar of effective service delivery

DSO Summary Statement

Not yet assessed. This is a new objective that reflects the Department's vision to structure products and services around customer needs and deliver them as efficiently as possible. The indicators have been altered from the ones originally published due to improved understanding of the drivers of customer service, the reasons why customers contact us and improvements in the Department's ability to monitor data¹⁴. The Customer Satisfaction survey which identified four key drivers of good service and how well we deliver against them and the internal customer contact Management Information (MI) which recorded the reason for customer contact, have provided the baseline information. These were the first surveys of this kind so no historical comparisons are available.

Indicator 1: Ease of access: The level of customer satisfaction with the ease of access to DWP services

- Baselines for indicators 1 to 5 are based on data provided from the Department's first Customer Satisfaction Survey which was completed in early 2008. This survey involved samples of the Department's customers (3293) and intermediates (493) in the quantitative stage and built on focus groups held in late 2007.
- The Customer Satisfaction Survey has provided a baseline score of 7.05 (on a scale of 0-10) for this key driver of customer satisfaction. The 95% confidence interval is ± 0.08 percentage points.
- The data for indicators 1 to 5 will be refreshed through regular surveys.
- To improve customer satisfaction the Department is taking forward activities that will help customers to access the right products or services at the right time, through the method that best suits their needs.

Indicator 2: Treatment: The level of customer satisfaction with feeling respected and valued

- The Customer Satisfaction Survey has provided a baseline score of 7.77 (on a scale of 0-10) for this key driver of customer satisfaction. The 95% confidence interval is ± 0.08 percentage points.
- Treatment is the most important aspect of customers' contact with the Department and the one most closely linked to their satisfaction.
- The Department's People Strategy will continue to reinforce this message to its staff to ensure an improvement in customer satisfaction.

¹⁴ The initial wording of indicators 1 to 6 was:

- Proportion of our customers who understand how DWP can help them.
- Proportion of our customers whose initial contact leads directly to resolution of their needs.
- Time taken to meet our customers' needs.
- Proportion of our customers who believe that DWP/Government is providing them with the help they need.
- Proportion of our customers who feel respected and valued.
- Views of employers on the services we provide to them.

DSO 7: Make DWP an exemplar of effective service delivery *(continued)*

Indicator 3: Timely response: The level of customer satisfaction with the timeliness and responsiveness of service

- The Customer Satisfaction Survey has provided a baseline score of 7.24 (on a scale of 0-10) for this key driver of customer satisfaction. The 95% confidence interval is ± 0.09 percentage points.
- Being kept in touch with progress and being told how long something will take are important to customers. The Department is developing services that maximise the use of new technology to ensure that it meets customers' needs and increases satisfaction.

Indicator 4: Right outcome: The level of customer satisfaction with the outcome

- The Customer Satisfaction Survey has provided a baseline score of 7.78 (on a scale of 0-10) for this key driver of customer satisfaction. The 95% confidence interval is ± 0.08 percentage points.
- Scores for outcome are among the better scores received by the Department but it will continue to identify areas for improvement.

Indicator 5: Effective Contact: The proportion of customer contact that is necessary to enable customer needs to be met

- Internal customer contact management information has indicated that the level of effective customer contact is around 60%. Work is ongoing to verify this figure. The data will increasingly be built into business as usual MI.
- The volume of avoidable contact will be reduced through the Department's activities to meet its service transformation commitments.

Indicator 6: Employer satisfaction: The level of employers' satisfaction with the services we provide them

- Work is underway to create the same understanding of the drivers of good service that has been applied to customers and the baseline will be in place in spring 2009.
- In the meantime, the Department continues to measure performance against the Jobcentre Plus Employer Engagement Target which measures the delivery of services to employers in terms of outcome, timeliness, accuracy and professionalism. For the period up to March 2008, Jobcentre Plus achieved 92% satisfaction with its delivery of services to employers.

Part 3: Value For Money

► **16** The Department is committed to reducing costs and increasing efficiency over the CSR07 period. In 2007 it published a value for money delivery agreement¹⁵ consistent with the Department's Spending Review settlement, which required it to reduce expenditure by an average of 5.6 per cent in real terms over the Spending Review period whilst maintaining operational performance and achieving its Public Service Agreements and Departmental Strategic Objectives.

► **17** Our plans to deliver Value For Money (VFM) savings in 2008-09 include:

- implementing our business strategy to deliver workforce reductions by embedding continuous improvement, and
- continuing to secure VFM through our procurement processes and actively managing demand.

► **18** In the first six months of this year the Department has fully or partially vacated over 60 sites amounting to over 100,000 square metres. After costs associated with disposal this will realise savings of around £80m over the CSR07 period. In the year to September 2008 there was a net reduction in procurement spend of over

£11m. Continuous improvement activity in the lean programme will realise savings of over £6m in the current financial year from opportunities already implemented. All these are sustained, cash-releasing net savings.

► **19** The Pre-Budget Report announced an additional £1.3bn over the next two years for the Department to deal with the increased workload and associated pressures arising from the economic downturn. In this environment increased efficiency is even more important and the Department remains committed to making VFM savings while giving absolute priority to delivery of core services to customers and maintaining the focus on helping people to move swiftly back into the labour market.

► **20** The emerging workload pressures and availability of additional funding mean that the Department will need to review and re-prioritise its whole three-year plan. In particular the Department will not now be reducing its workforce and estate in the way that was previously planned and has announced workforce increases for Jobcentre Plus and the suspension of the Jobcentre Plus office closure programme.

¹⁵ <http://www.dwp.gov.uk/publications/dwp/2007/CSR-value-for-money-delivery-agreement-2007.pdf>

However, we are committed to finding further efficiency savings across the Department, particularly across back office functions.

►21 A new three-year plan will be published before the end of this financial year. This will set out how the Department will deliver its contribution to the Government's overall VFM target. A full assessment of VFM savings will then be provided in the Departmental Report 2009.

Productivity

►22 Departmental productivity will continue to be monitored using the Atkinson methodology which was developed over the SR2004 period and which was most recently reported in *An analysis of the productivity of the Department for Work and Pensions 2002-03 to 2007-08*¹⁶. Over the 2004 Spending Review period the Department's productivity increased by around 12 per cent.



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Previous Spending Reviews

Part 1: Spending Reviews 2002 and 2004

▶22 This chapter provides an assessment of achievements against the PSA targets which were part of the Department's 2002 and 2004 Spending Review settlements, and against its 2004 Spending Review efficiency targets.

▶23 During the SR2004 period the Department transformed the way that it delivers its services, and made huge strides in key areas of welfare reform. 115,000 registered childcare places were created, an additional 468,000 people were in work and major reforms were made to the UK pension system. At the same time it exceeded all its efficiency targets, reducing headcount by 31,000 against a target of 30,000 (net of redeployments to customer-facing posts) and making financial savings of £1,446 million against a target of £960 million. As a result the Department became more productive in each year of SR2004, with a productivity increase of around 12 per cent over the period as a whole.

PSA targets

▶24 The PSA targets which formed part of these spending review settlements only cover a proportion of DWP's activities, unlike the new Departmental Strategic Objectives. Whilst performance against these targets is important, it needs to be seen in the wider context of ambitious reforms to welfare provision and service delivery, including new aspirations developed after the PSA targets had been set.

▶25 The Department has made clear and unambiguous progress over SR2004 against almost all its targets. The employment rate has risen to historically high levels and, within this, there have been improvements to the employment rates of some of the most disadvantaged groups in society including ethnic minorities, people aged 50 or over, disabled people and those living in local authority wards with the poorest labour market position at the start of SR2004.

▶26 Targets for the provision of registered childcare, an important enabler of lone parent employment, were delivered early, and innovative processes led to early achievement of targets for pension forecasting and tracing and the administration of Housing Benefits.

▶ **27** In other areas the Department made significant progress against all or parts of the target but has not achieved the target as a whole. For example the lone parent employment rate rose over SR2004 but not quite fast enough to meet the target. Similarly all but one of the six sub-targets used to measure health and safety outcomes have shown improvements and three have been met, and there has been a large reduction in Housing Benefit fraud, although levels of error have increased.

▶ **28** Other targets and sub-targets were deliberately set at very challenging levels and it is clear now that demographic factors worked against the full achievement of these targets. Sub-targets in this category include children living in workless households; children's communication, social and emotional development; lower-income working families' use of formal childcare; and the employment rate of those with the lowest qualifications. Another very challenging target was further improving the rights of disabled people; awareness of their rights under the Disability Discrimination Act was already very high at the start of the period.

▶ **29** Finally, in three cases the Government decided in the light of changing circumstances and the need to ensure value for money to adopt a different policy approach to that envisaged when the targets were set. As a result the targets for child support, Pension Credit take-up and Local Housing Allowance have not been met. In all these cases the change of policy will drive better use of resources and better outcomes for individuals. For example, it was more cost-effective to focus on delivering successful new Pension Credit applications rather than achieving a caseload. Those who claim Pension Credit by telephone are now also able to claim Housing Benefit and Council Tax Benefit without the need to sign and return a claim form. The claim details are sent direct to the Local Authority for assessment, making the process simpler and more customer-focussed.

▶ **30** The Pre-Budget Report confirmed that the economic cycle which started in 1997 ended in the second half of 2006. Therefore, final assessments have been made of the seven SR2002 employment targets which needed to take account of the cycle. Figure 3 shows that six were met or partly met.

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Figure 3 SR2002 and 2004 PSA targets

SR2004 PSA	Final assessment made in:	Spring 2005 Baseline (unless noted otherwise)	2008 outturn	Status
Children				
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 (joint target with HM Treasury).	subsumed in CSR2007 PSA 9	3.4 million children in households with less than 60% of median income (1998-99)	subsumed in CSR2007 PSA9	Not applicable
1b Reduce the proportion of children living in workless households by 5 per cent between spring 2005 and spring 2008.	APR 2008	15.5 per cent (1.74 million children) in Q2 2005	15.5 per cent (1.72 million) in Q2 2008	Not Met
1c 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.	APR 2008	27 per cent in May 2005	36 per cent in February 2008	Not Met
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 the Department for Children, Schools and Families).	APR 2008	48 per cent of children reaching a good level of development and inequalities at 16 per cent	49 per cent of children reaching a good level of development and inequalities at 16 per cent in September 2008	Not Met

SR2004 PSA	Final assessment made in:	Spring 2005 Baseline (unless noted otherwise)	2008 outturn	Status
3 As a contribution to reducing the proportion of children living in households where no one is working, by 2008:				
3a increase the stock of Ofsted-registered childcare by ten per cent (joint target with Department for Children, Schools and Families);	DR 2008	1,103,000 at March 2004	The stock increased to over 1,290,000 in March 2008	Met
3b increase the number of children in lower-income working families using formal childcare by 120,000 (joint target with Department for Children, Schools and Families); and		615,000 children in lower-income working families using formal childcare	In 2007, 71,000 fewer children from lower-income working families were accessing formal childcare but the proportion has increased by 5.2 per cent	Slippage – final assessment due after 2008 data released-expected to be in January 2009
3c introduce, by April 2005, a successful light touch childcare approval scheme (joint target with Department for Children, Schools and Families).	DR 2008	To introduce the scheme by April 2005 and to have a cumulative total of 3,500 new approved carers by March 2008	Scheme successfully launched in April 2005 and target for new approved carers met in December 2006 and has continued to grow. Ofsted Childcare Register replaced the scheme in 2007, with 6,072 new approved carers as at March 2008	Met

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SR2004 PSA	Final assessment made in:	Spring 2005 Baseline (unless noted otherwise)	2008 outturn	Status
Employment and well-being at work				
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:				
4a demonstrate progress on increasing the employment rate (joint target with HM Treasury); and increase the employment rate of disadvantaged groups and significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate:	APR 2008	72.9 per cent in 1997 (74.9 per cent Q2 2005)	74.9 per cent in Q2 2008	On course
4b Lone parents	APR 2008	56.2 per cent employment rate and a gap with the overall rate of 18.5 percentage points	56.3 per cent employment rate at Q2 2008, and the gap with the overall rate at 18.4 percentage points	Not met
4c Ethnic minorities	APR 2008	58.6 per cent employment rate and a gap at 16.1 percentage points	60.5 per cent employment rate at Q2 2008 and a gap against the overall rate of 14.1 percentage points	Met
4d People aged 50 and over	APR 2008	54.6 per cent employment rate and a gap of 20.1 percentage points	56.3 per cent employment rate in Q2 2008 and a gap of 18.4 percentage points	Met
4e Those with the lowest qualifications	APR 2008	49.8 per cent employment rate and a gap of 24.9 percentage points	50 per cent employment rate and a gap of 24.6 percentage points in Q2 2008	Not met

SR2004 PSA	Final assessment made in:	Spring 2005 Baseline (unless noted otherwise)	2008 outturn	Status
<p>4f Those living in the local authority wards with the poorest initial labour market position.</p>	<p>APR 2008</p>	<p>60.0 per cent employment rate and a 14.7 percentage points gap</p>	<p>61.0 per cent and a 13.7 percentage points gap in Q2 2008</p>	<p>Met</p>
<p>Health and Safety</p>				
<p>5 By 2008 improve health and safety outcomes in Great Britain through progressive improvement in the control of risk in the workplace.</p>	<p>APR 2008</p>	<p>Occupational Health and Safety sub-targets: Fatal and major injuries per 100,000 workers 118.6 (target 115) Self-reported work related ill-health per 100,000 workers 1,850 (target 1740) Working days lost due to work related injury and ill-health per worker 1.53 (target 1.39)</p>	<p>Occupational Health and Safety sub-targets: Fatal and major injuries per 100,000 workers 106.6¹⁶ Self-reported work related ill-health per 100,000 workers 1,860 Working days lost due to work related injury and ill-health per worker 1.41</p>	<p>Not met</p>

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SR2004 PSA	Final assessment made in:	Spring 2005 Baseline (unless noted otherwise)	2008 outturn	Status
5 (Health & Safety continued)		<p>Major hazards sub-targets: Number of events judged to have the potential to challenge a nuclear safety system 143 (target 132) Number of major and significant hydrocarbon releases in the offshore oil and gas sector 113 (target 62) Number of RIDDOR reportable dangerous occurrences in the onshore sector 179 (target 152)</p>	<p>Major hazards sub-targets: Number of events judged to have the potential to challenge a nuclear safety system 108 Number of major and significant hydrocarbon releases in the offshore oil and gas sector 75¹⁷ Number of RIDDOR reportable dangerous occurrences in the onshore sector 109</p>	

17 Provisional

SR2004 PSA	Final assessment made in:	Spring 2005 Baseline (unless noted otherwise)	2008 outturn	Status
Security in retirement				
<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 Credit.</p>	APR 2008	It became clear to the Department in 2007 that the target would not be achieved and a revised aim for 2007-08 to achieve 235,000 successful applications to Pension Credit was introduced (and achieved)	2.72 million receiving pension credit with 2.13 million receiving the guarantee element	Not met
7. Improve working age individuals' awareness of their retirement provision such that by 2007-08:				
<p>7a 15.4 million individuals are regularly issued a pension forecast; and</p>	DR 2008	Judged to be met if 15.4 million individuals are issued with at least one of four types of forecast in the 3 year period April 2005 to March 2008	Between April 2005 and October 2007 over 19.1 million individuals were issued with a pension forecast. 15.4 million achieved at July 2006-some 20 months early	Met
<p>7b 60,000 successful pension traces are undertaken a year.</p>	DR 2008	In 2006-07 just over 40,000 were completed, a 30 per cent increase on the previous year	Met early with 60,000 successful traces by the end of February 2008. By March 2008 this had increased to 64,852	Met

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SR2004 PSA	Final assessment made in:	Spring 2005 Baseline (unless noted otherwise)	2008 outturn	Status
Disabled people				
8. In the three years to March 2008:				
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	APR 2008	The awareness measure was 73.4 per cent at baseline	Awareness increased to 74.6 per cent, 0.4 per cent from target	Partly met
8 b & 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.	APR 2008	Employment rate – 47 per cent and a gap of 27.7 percentage points	Employment rate 48.4 per cent and a gap of 26.3 percentage points	Met
Quality of service delivery				
9. Improve Housing Benefit administration by:				
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;	APR 2008	55 days nationally and 99 days for the bottom 15 per cent of local authorities	26 days nationally and 37 days for the bottom 15 per cent of local authorities	Met
9b increasing the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by 2008; and	DR 2008	Baseline February 2005 when 43,500 cases were in receipt of the Local Housing Allowance	By August 2007 this had increased to 73,300	Not met
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.	DR 2008	Baseline February 2005 when 38,200 cases paid direct to claimants	By August 2007 this had increased to 59,500	Not met

SR2004 PSA	Final assessment made in:	Spring 2005 Baseline (unless noted otherwise)	2008 outturn	Status
10. Reduce overpayments from fraud and error:				
10a by 2010, for people of working age in Income Support and Jobseeker's Allowance by 15 per cent; and	subsumed in CSR07 DSO 6	4.9 per cent at baseline	subsumed in CSR07 DSO 6	Not applicable
10b by 2008, in Housing Benefit by 25 per cent.	APR 2008	5.9 per cent of housing benefit expenditure (January 2006)	5.5 per cent of expenditure. This represents a decrease of 8 per cent	Not met
SR2002 targets rolled forward	Final assessment made in	Spring 2003 baseline	Spring 2006 Outturn	Status
3 The employment rate				
3 Demonstrate progress by spring 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle (joint target with HM Treasury)	APR 2008	GB employment rate at Spring 2003 74.9 per cent. Unemployment rate 5 per cent	GB employment rate at Spring 2006 74.6 per cent. Unemployment rate 5.5 per cent	Met (see note 4)

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SR2002 targets rolled forward	Final assessment made in	Spring 2003 baseline	Spring 2006 Outturn	Status
4 a-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				
4a Lone Parents	APR 2008	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
4b Ethnic minorities (joint target with the Department for Business, Enterprise and Regulatory Reform)	APR 2008	57.8 per cent with an employment rate gap of 16.9 percentage points	59.7 per cent with an employment rate gap of 15.0 percentage points	Met
4c People aged 50 and over	APR 2008	70.0 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	Partly Met
4d Those with the lowest qualifications	APR 2008	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 25.0 percentage points	Not met
4e Those living in the local authority wards with the poorest initial labour market position	APR 2008	63.2 per cent and a gap with the overall rate of 11.5 per cent	66.0 per cent and a gap with the overall rate of 8.7 percentage points	Met

SR2002 targets rolled forward	Final assessment made in	Spring 2003 baseline	Spring 2006 Outturn	Status
7a People with disability	APR 2008	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

Notes:

1. Labour Force Survey figures have been re-weighted to incorporate recent population estimates, so baseline figures for employment rates may differ slightly from previous reports. For the disadvantaged groups except lone parents, the Technical Notes define a significant increase in the employment rate as an increase of at least one percentage point over the Spending Review period, taking account of the economic cycle. Similarly, the gap with the overall rate has to close by at least one percentage point for the reduction to be significant. For the lone parent sub-targets a two percentage point change is required for SR2004 and a three percentage point change for SR2002.
2. See previous reports for more information on data sources and confidence intervals.
3. The aims of SR 2004 targets are taken forward in the CSR 2007 period – see Departmental report 2008, Figure 24.
4. There was a rise in the GB employment rate from 72.9 per cent at the start of the economic cycle in the first half of 1997 to 74.7 per cent when it ended in the second half of 2006. The GB unemployment rate fell from 7.4 per cent to 5.7 per cent over that period.
5. The Department follows HMT guidance for describing performance against SR2004 and SR2002 targets:

Term	Usage
Met	Target was achieved by the target date.
On course	Progress is in line with plans and expectations.
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.
Slippage	Progress is slower than expected, for example, by reference to criteria set out in a target's Technical Note.

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Part 2: The SR2004 Gershon efficiency programme

▶31 The Department over-achieved against all its SR2004 efficiency targets. 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 were 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 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, put the Department in a sound position to start the next Spending Review period. Final figures, which have been reviewed by the Department's Internal Auditors, are summarised according to the departmental business within which the savings were made in Figure 4.

▶32 The efficiency challenge also implied that productivity must be at least maintained at the baseline 2004-05 level over the SR2004 period.

▶33 Estimated productivity figures were published in "An *analysis of the productivity of the Department for Work*

and Pensions". They have subsequently been confirmed and finalised as below.

▶34 Between 2004-05 and 2007-08, overall DWP productivity increased by around 12 per cent. This figure is based on the Department's headline productivity measure which relates total outputs to total recurrent costs.

▶35 Staff productivity increased at an even greater rate. By 2007-08, staff productivity had increased by around 17 per cent.

▶36 The Department went through a period of significant business transformation over SR2004. During this time, as well as increasing its overall productivity, the Department improved outcomes for individuals, and modernised many of its services to customers:

- In the new Pension, Disability and Carers Service, customers can now apply for multiple entitlements (State Pension and Pension Credit) in one telephone call taking around 20-30 minutes. This represents a considerable improvement in service as the pre-transformation, paper-based process for claiming State Pension and receiving a decision could take several weeks;

- 98 per cent of benefits are now paid directly into customers' bank or building-society accounts, which is more convenient for them and has saved taxpayers more than £1 billion over the last five years.

Notes:

1. The target set by the Lyons Review was to relocate 4,000 posts away from London by March 2010, but the Department agreed to do this by March 2008. At the end of June 2008, the figure had risen to 4,097.
2. Cash-releasing efficiencies allow gains to be redeployed elsewhere.
3. Detailed information about the Department's efficiency targets and their measurement can be found in the Efficiency Technical Note¹⁸.

Figure 4: SR2004 efficiency programme

Final outturn at March 2008 (all figures classified as final)					
	Annual Financial Efficiencies		To achieve a gross reduction in the size of the workforce of 40,000 posts, resulting in a net reduction of 30,000 posts after redeploying posts to customer-facing roles		Posts relocated from London and the South East (see note 1)
	To achieve annual financial efficiencies of £960 million	To achieve annual cash-releasing efficiencies of £480 million (see note 2)	Gross headcount reductions	Net headcount reductions	
Jobcentre Plus	£459 million	£459 million	24,798	16,412	1,543
The Pension Service	£123 million	£123 million	9,449	9,234	1,784
Child Support Agency	–	–	1,715	1,427	85
Disability and Carers Service	£16 million	£16 million	1,729	1,729	252
The Rent Service	–	–	288	201	29
Corporate Centre and Enabling functions	£848 million	£470 million	2,174	2,098	352
DWP Total at March 2008	£1,446 million	£1,068 million	40,153	31,101	4,045

¹⁸ http://www.dwp.gov.uk/aboutus/efficiency_tech_note.pdf



Annex

Progress on outstanding
Public Accounts Committee
(PAC) Recommendations

▶ **37** There are no outstanding recommendations prior to May 2007. Between May 2007 and May 2008 the Public Accounts Committee has published seven reports which have involved scrutiny of the Department for Work and Pensions. In total the Committee made 51 recommendations, all of which required the Department to take action. Many of the recommendations are wide ranging and will take a significant amount of time to implement fully.

▶ **38** To date, the Department has successfully implemented 30 recommendations. All the outstanding recommendations have been accepted and the original management responses to the recommendations were made in the relevant Treasury Minute following publication of the PAC reports. Details of the progress that has been made with implementing the outstanding 21 recommendations is shown in the following table:

DWP: Progress in Tackling Pensioner Poverty

Published 17 May 2007

03. The Department does not have sufficient information about pensioners' individual circumstances to identify all their benefit entitlements. Since we last reported, The Pension Service's use of data matching and sharing information between agencies has improved, but it does not include people outside of the benefits system. Reaching these people will require different approaches including outreach through trusted service providers and local voluntary groups, as well as more cooperation with health professionals. The best strategy will vary between areas and the Department should encourage discretion to develop imaginative ideas which fit local needs.

The Pension, Disability and Carers Service is developing a multi-dimensional customer segmentation model to better understand its customers. Once validated, this will enhance the Department's current approach to targeting appropriate benefits and services to those pensioners most in need. The Pension, Disability and Carers Service has developed Joint Working Partnerships with all 203 primary-tier Local Authorities. These partnerships increase the effectiveness of contact and support for the most vulnerable members of society and can reduce the delay in accessing vital services. The partnerships accept referrals from a wide range of partners enabling The Pension, Disability and Carers Service to reach customers it may not normally have reached. The development of strategic engagement of partners is key to improving the services provided, give deep insights into our customers and is critical to identifying customers in need and to joining-up services to best meet those needs using solutions that fit local needs.

04. Take-up of Housing Benefit and Council Tax Benefit, administered by local authorities, has declined in recent years despite The Pension Service providing pensioners with a full benefit entitlement check. The performance of local authorities in managing the benefits and in providing information and advice are likely causes of local variability in take-up. The Department should investigate how these factors impact on take-up of Housing and Council Tax benefits, and identify best practice which can raise the level of service to customers in areas of poor performance.

The Department has an ongoing programme to simplify and improve administration of Housing Benefit and Council Tax Benefit. The Department provides Local Authorities with the Housing Benefit/Council Tax Benefit Performance and Good Practice guide which includes a section on take-up. A more efficient and streamlined way for Pension Credit customers to claim both benefits was introduced in October 2008. Customers can now claim Pension Credit, State Pension, Housing Benefit and Council Tax Benefit with one phone call and the Pension, Disability and Carers Service will automatically transfer the Housing Benefit/

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	<p>Council Tax Benefit claim to the relevant Local Authority with no further input required by the customer.</p> <p>Successes include:</p> <ul style="list-style-type: none"> – take-up of Council Tax Benefit by pensioners increased in 2005-06 for the first time since 1997; with another small increase in 2006-07; – exceeded the PSA target to improve new claims processing times by March 08; – greatest performance improvements in average processing time amongst the bottom performing 15% of Local Authorities; – since 2000-01 complaints to the Local Government Ombudsman on Housing Benefit/Council Tax Benefit have reduced by 75%. <p>The Pension, Disability and Carers Service is running a pilot with 7 local authorities to share contact details of customers with potential Council Tax Benefit entitlement, which can be used to contact the customer to invite a claim. This 3 month pilot started in October 2008 and will be fully evaluated.</p> <p>Separately, we have conducted a scan of the Pension Credit caseload for people not receiving Council Tax Benefit and have sent details to Local Authorities to check eligibility and invite claims.</p>
<p>05. The complexity of the eligibility assessment for disability benefits makes it difficult to measure take-up rates, and the Department has no targets for its take-up. In our report on <i>Dealing with the complexity of the benefits system</i> we recommended a number of actions to reverse the increasing complexity of the benefits system. The Department has commissioned research into the feasibility of measuring Attendance Allowance take-up and exploring the reasons for non-take-up. The Disability and Carers Service should use the findings to set a target take-up level at least comparable with that of Pension Credit.</p>	<p>In its response to the Public Accounts Committee report the Department explained that it is difficult to set a target take-up level for Attendance Allowance.</p> <p>The Department is however exploring the feasibility of such a target. At present it has not been established whether take-up of Attendance Allowance can be estimated robustly. If this is possible, the results of any take-up survey are still some way away. The Department will consider the potential for a target around take-up of Attendance Allowance if/when a baseline to work from is available.</p>

06. The processes for claiming pensioner benefits have been simplified but still involve a number of stages which require customers to understand complex links between disability and income-related benefits. The Department needs to allow customers to claim linked benefits through one, single transaction by:

- removing the need for written documents in addition to telephone applications;
- linking disability benefit claims automatically to related entitlements when systems permit; and
- replacing repeat notifications of entitlement to linked benefits with a single explanation of the customer's entitlements.

The Department's dedicated Benefit Simplification Unit exists to drive forward simplification across the benefits system, challenge existing complexity, and ensure that the benefits system operates in ways that customers and staff understand.

Simplification measures that have improved service to customers include:

- customers can apply for State Pension and Pension Credit by phone, without the need for a signature, and will usually be told their State Pension award at the end of the call;
- customers claiming Pension Credit can claim State Pension, Housing Benefit, Council Tax Benefit and Carer's Allowance during the same call. Following a change to the regulations in October 2008, the claim for Housing Benefit/Council Tax Benefit is now sent directly to the Local Authority for assessment without the need for the customer's signature.

Some limited progress has been made to link disability claims and related entitlements. The Pension, Disability and Carers Service Local Service visits customers to take applications for Attendance Allowance/Disability Living Allowance and Pension Credit and procedures are in place to share information between the former Disability and Carers Service operations and the former Pension Service operations. The merger of The Pension Service and Disability and Carers Service has provided a natural opportunity to consider further how links between disability and income-related benefits could be improved.

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07. The geographical pattern of take-up shows that older pensioners, pensioners from ethnic minorities and from more affluent areas are less likely to claim Pension Credit. There are different approaches to encouraging take-up and different activities across the country, but only limited awareness of what works best. More can be achieved by sharing good practice, encouraging innovative practices and focusing on the areas with lower take-up. The Department should publicise the good practice identified by the National Audit Office and the evaluation of the Partnership Fund to all local authorities and alternative offices.

The Department continues to encourage take-up through direct mailing, press advertising and home visits. The Pension Service has developed an inclusive marketing campaign, targeted at minority elders, their friends and family and has given awareness talks at relevant community meetings using interpreters and bilingual staff. Following publication of the Partnership Fund evaluation report, a 'Best Practice' conference was held in October 2007 with delegates who had participated in the scheme. A 'Best Practice Guide' has been published and circulated to partners in voluntary and statutory organisations.

The Department continues to actively promote the spread of good practice and earlier this year hosted, with the Department of Health, a number of Good Practice events targeted at local authorities and their partner organisations. Delegates were provided with a range of good practice and case study material on promoting the independence of older people, including benefit take-up. The Pension, Disability and Carers Service and DWP Communications are developing and deploying an innovative marketing strategy that will utilise partners/external organisations across all communities and in all geographical locations with which our pensioners have daily contact to promote take-up of benefits and services to which they are entitled.

08. Pensioners in rural areas are also less likely to claim benefits. Home visits by the Local Service play a part in securing access to benefits, but the evidence indicates that take-up is still lower in rural areas. Where there are fewer other service providers for The Pension Service to work with, it needs to take advantage of the service outlets which remain. Notwithstanding post office closures, the Department should use the remaining post offices as Alternative Offices and as sources of advice and information to encourage take-up and access to wider services.

The Department accepts this recommendation in part, but has concerns about the viability of using post offices in this way. An Alternative Office is an office of a voluntary organisation or of a Local Authority which administers Housing and Council Tax Benefits that has been designated by the Secretary of State to accept claims from people aged 60 or over for social security benefits and collect information and supporting evidence. A majority of the 461 Alternative Offices hold a Community Legal Services Partnership Quality Mark for advice and information. Before a post office could become a designated alternative office the postmaster would need to commit to attaining similar standards. This voluntary, unpaid service may not be attractive to the post office network in the current commercial environment.

DWP: Child Support Agency – Child Support Reforms Implementation Published 5 July 2007

12. Parents have limited opportunities for face to face discussions with officials as the majority of the Agency's communications are carried out over the telephone or in writing. A face to face service has been used successfully in the past, and it has also worked well in Australia. The service was scaled down on efficiency grounds but nonetheless needs to be advertised to those who need it most if its effectiveness is to be maximised.

The Department notes the conclusions of the Committee and would like to assure it that the Child Support Agency does offer a face-to-face service where necessary. Personal visits can be arranged when there is no other means to progress a client's case or enquiry. Client service visiting officers are also available to conduct interviews to assist clients with disabilities or communication difficulties and to help progress cases where complex issues need to be resolved in person.

The Child Maintenance and Enforcement Commission are now providing a new information and support service called Child Maintenance Options. This service is designed to help parents understand the full range of options available for putting a child maintenance arrangement in place. It will provide impartial information and support to both parents, so they are able to make informed choices about those arrangements most suited to their circumstances. This will include information on other issues parents might face in making arrangements, such as housing or money worries, and the service will put people in touch with organisations that can provide expert help.

The service will be delivered through a national helpline and online via a website, providing accessible and practical information; and via a face-to-face service for those in most need of more personalised help and support. This service will be promoted by HMRC when a person who is claiming tax credits reports a change of circumstances that suggests they are now a lone parent, and by Jobcentre Plus when a lone parent claims.

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DWP: Helping People from Workless Households into Work Published 7 February 2008

02. Job entry rates from existing New Deal programmes are levelling off or declining, reflecting the need to tackle worklessness amongst some of the hardest groups of benefit claimants to assist. The Department should use its evaluation of the direct and indirect costs and benefits of New Deal programmes to identify ways to improve programme effectiveness. Programmes need to be more flexible so that clients who face multiple barriers to work can access packages of assistance according to need, without being restricted on the basis of programme.

The Department's Commissioning Strategy was published on 28 February 2008. Based on the Strategy, the Pre-qualification Questionnaire for phase 1 areas in Great Britain to introduce Flexible New Deal from October 2009 was issued in March 2008. The deadline for responses to the subsequent Invitation to Tender (30 July 2008) was 12 November 2008. Jobseeker's Allowance will be reformed in Phase 1 areas from April 2009 so that there is a single, personalised system of employment support for new claimants through four well-defined stages:

(1) first 13 weeks after initial claim at Jobcentre Plus and a skills screening, self-managed job search in which claimants pursue their jobseeker's agreement and sign-on fortnightly; (2) weeks 14-26, directed job-search including a review of the jobseeker's agreement with an adviser, six weeks of weekly signing-on and additional personal adviser interviews. All claimants will be submitted to a suitable vacancy; (3) weeks 26-52 supported job search. (4) From week 52 customers will be referred to a Flexible New Deal provider. Fast-tracked jobseekers will enter stage 2 directly from their initial claim. Everyone is allocated to a personal adviser and stays with that adviser throughout stage 3. This stage is being piloted in four Jobcentre Plus districts. In addition to ordinary work-search activity, examples of job search activity that will be required include basic skills assessment, occupational skills assessment, undertaking a work trial, undertaking Progress 2 Work, seeking advice about debt, housing or health issues. The White Paper '*Raising Expectations and increasing support: reforming welfare for the future*' (Cm 7506, 10 December 2008) confirms that the government is taking forward these reforms and introducing additional measures for testing follow-on provision to tackle inactivity and long term benefit dependency. New legislation is required for some of these measures.

<p>03. The cost of getting people into work through the Department's employment programmes is higher than the subsequent savings generated over one year for all but two of the programmes. Unquantifiable social benefits may also accrue from higher employment rates, but the Department needs to increase the cost effectiveness of programmes, targeting those programmes which make the lowest contribution. It should use its data on successful cases to help identify how to increase the numbers finding a job, and should also reduce programme costs and/or increase effectiveness, by using telephone reminders to reduce the number of work-focused interviews lost through people not turning up.</p>	<p>The Department continues to improve its cost-benefit framework. It is updating estimates of the cost-effectiveness of employment programmes using an improved methodology. This work should be completed by the end of this year and will feed into future policy development to improve value for money. The Department is also commissioning new independent research, which will help further improve value for money assessment of employment programmes.</p> <p>The Department has developed a commercial strategy for flexible New Deal which implements the principles of the Commissioning Strategy to achieve value for money through using competition for and within contracts, and striking a balance of risk and reward for providers. There has been real interest from existing and new providers in this offer.</p>
<p>04. Only around 200 people join the New Deal for Partners programme each month, and few enter work directly as a result. Evaluations suggest that in 2005–06 only 61 of the jobs gained by programme participants were additional to those that would have been gained without the programme. Programmes aimed at benefit claimants' partners can contribute to tackling child poverty. The Department should establish why claimants' partners reject support and revise the programme content and its marketing accordingly.</p>	<p>The White Paper '<i>Raising expectations and increasing support: reforming welfare for the future</i>', confirmed our proposals to require that, where at least one member of a couple who are claiming benefits is capable of work, income-related help will be available via Jobseeker's Allowance only. Any move to Jobseeker's Allowance will include associated conditionality and support and assistance to find work, for example, through the mandatory New Deals and in some cases on a voluntary basis via the New Deal for Partners. These arrangements will not apply where one or more of the following exemptions apply to both partners: they are a carer; they have limited capacity for work under the Employment and Support Allowance rules; or are of eligible age for pension credit. Couples with children under 7 years are not affected by these changes but will be considered in light of the Gregg proposals to assist people to prepare for work as early as possible. Existing conditionality, for example Work Focused Interviews and the voluntary New Deal for Partners will remain available for couples who are excluded from the proposed changes.</p>

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05. Outreach services for workless people do not reflect the fact that 60% of workless households are concentrated in 40 districts across the United Kingdom. Organisations with a good understanding of local communities' needs are best placed to reach out to such households. Jobcentre Plus districts should work with relevant local partners to develop outreach strategies which reflect local priorities and goals, and to encourage data sharing so that potential clients can be readily identified and targeted with appropriate help.

The Department recognises that many of our most disadvantaged communities across the UK are in major cities and other urban areas. The City Strategy focuses on 15 Pathfinder areas that are currently furthest from the Government's aim of 80% employment. The strategy is based on the idea that local partners can deliver more if they combine and align their efforts behind shared priorities and are given more freedom to try out new ideas and to tailor services in response to local need. The City Strategy Pathfinders have made good progress in building their partnerships, developing plans and starting new initiatives. Feedback from local stakeholders is very positive. It was recognised that it is too early to form a view on results and the Secretary of State announced in April an extension for a further two years which provides a continuation of the Department's support and a further £5m to further build their capacity. However a principle has been established that it is unnecessary to wait until the pilots are completed before extending the principles that are known to work. The Department is currently developing a model where Pathfinders who demonstrate successful progress against their employment objectives and can bring their own resource to the table would be granted additional flexibilities.

06. Work Focused Interviews are used to assist workless people who receive benefits, but they haven't been used to assist workless people who are not required to attend an interview as a condition of receiving benefit. Jobcentre Plus has progressively increased the frequency of these interviews and the groups required to attend them, and plans to use more frequent reminders to boost attendance by workless partners of benefit claimants. It should widen the use of work-focused interviews to people who do not receive income support to raise awareness of the services and support available and activating people to look for work.

White Paper '*Raising expectations and increasing support: reforming welfare for the future*' states that it is appropriate to expect partners of benefit recipients to take active steps to look for work once their youngest child is seven years old. It is proposed that, where at least one member of a couple is capable of work, income-related help will be available via Jobseeker's Allowance only. These arrangements will not apply where one or more of the following exemptions apply to both partners: they are a carer; they have limited capacity for work under the Employment and Support Allowance rules; or are of pension age.

07. Recipients of incapacity benefit receive statutory sick pay for six months before being offered any support in returning to work. Early intervention is crucial in helping people to avoid long spells of worklessness, and is particularly important for those facing multiple barriers in addition to disability. The Department for Work and Pensions and Jobcentre Plus should offer earlier support to people on statutory sick pay who are likely to claim incapacity benefit.

The Department remains committed to testing the efficacy of a range of early intervention services for people who develop a health condition in work and who are at risk of claiming incapacity benefits or the new Employment and Support Allowance. Following the publication of an evaluation of the Pathways Advisory Service pilots, the Department has committed to extend the coverage and duration of the pilot. More emphasis will be placed on people in work with a health condition. For people with mental health conditions we are investing £4m over the next two years to test the impact of delivering employment advice alongside psychological therapies. This will be provided through the Department of Health's Improving Access to Psychological Therapies programme. In line with recommendations within Dame Carol Black's review of the health of Britain's working-age population, both the Department for Work and Pensions and the Department of Health have agreed to pilot a 'Fit for Work Service'. The aim of the service will be to provide a tailored package of back to work support for individuals experiencing a prolonged period of sickness absence. The service will incorporate healthcare, skills, employment and other 'social' advice. Further measures designed to help individuals, their employers and healthcare professionals effectively tackle sickness absence were included in the Government's formal response to Dame Carol Black, *Improving health and work: changing lives* which was published on 25 November 2008. The Department is continuing with its plans to develop a revised medical certificate and programmes to help support healthcare professionals support their patients to remain in appropriate work.

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09. The Department could not tell us how many of the 2.9 million people who had started a New Deal programme were still participating in it; nor what proportion of workless households chose not to work rather than being out of work due to personal circumstances. The Department needs such information to inform its forward strategy, including better estimates of the numbers in the hardest to reach groups and success rates in promoting employment amongst the workless.

The latest figures published at the end of August 2008 show that 2.98 million people started New Deal for Young People, New Deal 25 Plus, New Deal for Lone Parents or New Deal for Partners. Currently, 230,000 are participating on these programmes. This represents approximately 8% of total starts. There is no available information for New Deal 50+ or New Deal for Disabled People. This is because Personal Advisors are often not recording exit dates for these programmes thus giving artificially high case load. Consequentially, data on New Deal 50+ and New Deal for Disabled People has been removed from official publications for the last two quarters. The Labour Force Survey data for the period April to June 2008 suggests that around 1.3m are economically inactive and not seeking work but are not students, carers or sick and disabled. This represents 3% of the total working age population; and 17% of the inactive group. We do not have reliable information on how many of these 1.3 million people are claiming out-of-work benefits. Although lone parents are not currently required to seek work, it is now mandatory to participate in Work Focused Interviews. The Government has also announced that from November 2008 lone parents with a youngest child aged 12 or above would no longer be able to claim Income Support as a lone parent, and that this age threshold should be further reduced to ten years old in 2009 and seven years old in October 2010. The Department's move towards greater compulsion to engage in work-related activity will further limit benefit claimants' ability to choose not to work.

The Pensions Regulator: Progress in Establishing its New Regulatory Arrangements Published 24 April 2008

02. The Pensions Regulator has information on 99% of final salary schemes by membership, but on only 32% of money purchase schemes. It has made good progress in regulating final salary schemes, but is only now implementing an approach to money purchase schemes. The Pensions Regulator expected to have largely completed its database of all pension schemes by March 2008. It should use it to identify those money purchase schemes presenting the highest risk and direct its regulatory effort towards them.

The Pensions Regulator currently has data on 77% of Defined Contribution Schemes and are developing plans for chasing the remainder.

Documents published include:

- Relations with Advisors guidance
- Retirement Options guidance
- FAQs for Defined Contribution schemes
- Member Communications best practice.

The Investment Governance Group is chaired by The Pensions Regulator and has focused on small schemes and Defined Contributions. Following the group's work The Pensions Regulator will review gaps to see whether further work is required – e.g. produce best practice tools and guidance for trustees. In spring 2009 the Pensions Regulator plans to publish the Defined Contributions landscape document. Small schemes will be targeted with specific messages and information as part of Direct Relationship Marketing Campaign (using improved Scheme Return Data) as from November 2008. The Pensions Regulator published its strategy document *Our corporate strategy 2008-12: next steps in risk-based regulation*, in October 2008 which further underlined the approach to regulating Defined Contribution risks.

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<p>03. Fewer than a third of schemes have a conflict of interests register and only two-thirds offer formal structured governance training. Although The Pensions Regulator has defined what constitutes good governance, standards remain low in many pension schemes, particularly among money purchase schemes and smaller schemes. The Pensions Regulator should raise awareness within these schemes of the standards that it expects and the assistance available, and it should target those schemes that fall short of the required standards.</p>	<p>The 2008 Governance Survey was published on 14 July 2008. Results show that 39% of schemes have a policy for managing conflicts in place. Amongst large schemes, 40% maintain a register of interests – but only 26% of small schemes do so. The Conflicts of Interest Guidance published in October 2008, received positive industry response (inc. a brief summary version for smaller schemes/ small and medium sized enterprises). Member Communications were published in September 2008 (alongside investment leaflet). The Regulator plans to use its Direct Relationship Marketing capability to target specific messages at smaller schemes and at segments of the regulated landscape where evidence suggests standards are low.</p>
<p>04. Only 15% of all trustees are registered on The Pensions Regulator’s trustee web-based training toolkit and the majority do not complete all the modules. The Pensions Regulator needs to increase take-up of its toolkit and guidance materials for trustees. It should use its database of schemes and of registered users of the toolkit to identify those trustees who have not yet completed the toolkit. The Pensions Regulator should then communicate with these schemes to encourage take up of the toolkit.</p>	<p>The Pensions Regulator remains on track to reach the target set for the end of 2008-09 to achieve more than 30,000 users of which at least 60% are lay trustees. The Toolkit will be promoted to small schemes via a Direct Relationship Marketing campaign which began on 14 November. The initial phase of this campaign will reach 50,000 defined contribution and hybrid schemes. The Revised Code and Scope on Trustees Knowledge & Understanding published in October 2008 proposes slimmed down requirements for smaller Defined Contribution schemes. The Regulator is also following up on people who have registered for the toolkit but not yet finished all modules.</p>
<p>05. The Pensions Regulator has set itself a goal of year on year improvement in governance standards, but has not been clear about the extent of desired annual improvements or its ultimate goal for governance standards. The Pensions Regulator should set specific targets for the yearly improvements in overall governance standards that it seeks to achieve and for the minimum standard it aims to achieve in the longer term.</p>	<p>The Strategy document was published in October 2008. The Regulator monitors governance standards through an annual survey. The 2008 Governance Survey was published in July 2008. The Record Keeping consultation has been completed with publication of guidance due around the turn of the year. The Pensions Regulator is currently reviewing Internal Controls Code of Practice and Guidance.</p>

<p>06. The Pensions Regulator has been given greater enforcement powers than Opra, but so far has made little use of them. Where schemes are not governed well, The Pensions Regulator must intervene to ensure that members' benefits are protected, and that the scheme is meeting its statutory objectives. Whilst The Pensions Regulator should only use such powers when there is good reason to do so, it must avoid appearing reluctant to use them.</p>	<p>The Regulator continues to take a risk-based approach to regulation. Two recent examples of occasions on which the Regulator has used its powers relate to the Telent pension scheme, and to the schemes for which the GP Noble firm was trustee. In these cases the Regulator installed independent trustees.</p>
<p>07. In order that its regulatory expectations are clear, The Pensions Regulator needs to be transparent in its decision making. Initially, The Pensions Regulator did not publish its determinations, but in September 2007 agreed to publish them in future, except in special cases. It also undertook to publish all past determinations except where there was a good reason not to do so, and should do this without delay in order to bring clarity and transparency to its past decisions.</p>	<p>Determinations are now being published on The Pensions Regulator website, where appropriate, in line with revised policy. The Regulator published the first report using its powers under section 89 of the Pensions Act 2004 in April 2004. This report dealt with the situation of the Telent (GEC) pension scheme. The Regulator continues to keep the possibility of publishing reports under this power in view.</p>
<p>08. Lack of understanding amongst members is a key risk to money purchase schemes but The Pensions Regulator has done little to generate improvements. No explicit promises are made to members about the level of their final pension, and they bear all the risk that funds accumulated on their behalf may not provide a reasonable pension. The Pensions Regulator should review with the Financial Services Authority the adequacy of the information provided to members about their likely pension and work with the Financial Services Authority to fill in any gaps identified.</p>	<p>Member Understanding was considered as a key workstream in preparing The Pensions Regulator's Strategy to 2015. As a result of this, The Pensions Regulator Board requested a detailed paper on Member Understanding for consideration at their meeting in September 2008. More formal senior engagement has been agreed between the Financial Services Authority and The Pensions Regulator in relation to Member Understanding at the end of June 2008. The Pensions Regulator is part of the DWP Deregulatory Review Group looking at disclosure requirements with a view to moving towards a more principles-based approach. The Pensions Regulator is now meeting the Financial Services Authority's financial capability team monthly, also covering the Workplace Programme and Money Made Clear. The Member Communications guidance was published on The Pensions Regulator website in September 2008.</p>

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This publication can be accessed online at:
www.dwp.gov.uk/publications/dwp/2008/autumnreport/

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