

Over the 2007 Comprehensive Spending Review (2007 CSR) period, the Department for Work and Pensions (DWP) will take forward an **ambitious value for money reform programme generating annual net cash-releasing savings of £1.2 billion by 2010-11**. This will allow DWP to continue to deliver its priorities within a budget that falls by over 5 per cent per year on average in real terms over the CSR07 period. Together with £550 million in modernisation funding to support the transitional costs of transforming the Department, this will enable DWP to deliver:

- **increased support to help lone parents back to work**, and a new Child Maintenance and Enforcement Commission to ensure parents meet their financial responsibilities towards their children;
- **increased parental access to employment opportunities** by delivering employment advice through local children's services and incentivising Jobcentre Plus to identify the childcare needs of clients;
- **the launch of a flexible New Deal**, the national rollout of Pathways to Work for Incapacity Benefit claimants, and the introduction of the Employment and Support Allowance to replace Incapacity Benefit for new claimants; and
- **pension reforms**, including state pension reforms from 2010, and steps to introduce private pension reforms and a new low cost scheme of personal accounts from 2012.

Achievements so far

DI5.1 DWP plays a key role in delivering employment opportunity for all and tackling child and pensioner poverty. It helps individuals to achieve their potential through employment, and to provide for themselves, their children and their future retirement. There are now 2.6 million more people in work than in 1997 and the Jobseeker's Allowance (JSA) claimant count has almost halved to around 850,000. The lone parent employment rate has increased by over 12 percentage points, to 57.2 per cent, while the number of people on incapacity benefits has stabilised and begun to fall for the first time in a generation. There are 400,000 fewer children in workless households, helping lift 600,000 children out of relative poverty. The number of pensioners in absolute poverty has fallen by 2.4 million.

Responding to challenges ahead

DI5.2 Considerable challenges remain, however, to be tackled in the CSR07 period and beyond. Moving towards the Government's long-term aspiration of an employment rate equivalent to 80 per cent of the working age population will require increased employment among those facing the greatest labour market barriers. DWP must continue to improve its services in order to help meet the commitments to halve child poverty by 2010 and tackle pensioner poverty. Improving the employment prospects of people without skills or qualifications is a continuing challenge. **Delivery of these priorities will be driven by the Departmental Strategic Objectives to:**

- **reduce the number of children living in poverty;**
- **maximise employment opportunity for all and reduce the numbers on out-of-work benefits;**
- **improve health and safety outcomes;**
- **promote independence and well-being in later life, continue to tackle pensioner poverty and implement pension reform;**
- **promote equality of opportunity for all;**
- **pay its customers the right benefit at the right time; and**

- make DWP an exemplar of effective service delivery to individuals and employers.

DI5.3 DWP will also lead delivery of the cross-governmental Public Service Agreements (PSAs) to maximise employment opportunity for all and to tackle poverty and promote greater independence and well-being in later life.

RESOURCES AND REFORM

DI5.4 Over the 2007 CSR period DWP will deliver an ambitious value for money reform programme generating annual net cash-releasing savings of £1,225 million by 2010-11. Delivering these savings will build on progress already made in the 2004 Spending Review efficiency programme. Together with £550 million in modernisation funding, these savings will allow DWP to continue to deliver its priorities within a budget that falls by over 5 per cent a year on average in real terms. DWP's planned annual value for money savings by 2010-11 include:

- simultaneously improving customer service and reducing staff and associated costs by £455 million through continuous improvement, using lean techniques that are well established in the private sector and parts of the public sector;
- renegotiating contracts with all major suppliers to reduce the unit cost for major services and putting in place arrangements to manage down demand for procured goods and services to generate savings of £500 million; and
- working with Local Authorities to improve processes to reduce the costs to DWP of delivering housing benefits by £85 million.

OPPORTUNITY AND INDEPENDENCE FOR ALL

Children and parents **DI5.5** DWP plays a critical role in reducing child poverty by helping parents to enter and remain in employment. It will work with the Department for Children, Schools and Families to deliver employment and training advice through Sure Start Children's Centres by strengthening links between Jobcentre Plus, Childcare Partnership Managers and Local Authorities. DWP is also extending the support it gives to couple parents and is reforming the Jobcentre Plus target structure to give staff a clear focus and incentive to help parents into work.

Increasing employment opportunity **DI5.6** Chapter 5 set out the Government's approach to welfare reform and the changes proposed in the Green Paper *In work, better off* to reform support for the unemployed and lone parents. It also set out how support to help people with a health condition or disability into work will be increased through the national roll-out of Pathways to Work and the introduction of a new Employment and Support Allowance. DWP, together with the Department for Innovation, Universities and Skills (DIUS) will also ensure that employment support is focused not just on job entry, but also on retention and progression. Building on the recommendations of the Leitch Review of Skills, DWP will work with DIUS to develop a new unified employment, skills and career development service for adults.

Child Maintenance reform **DI5.7** The Child Support Agency (CSA) was established to ensure that non-resident parents met their responsibilities to provide financial support for their children. In a context of unacceptable CSA performance, the Child Maintenance and Other Payments Bill, published in June 2007, proposed introducing the Child Maintenance and Enforcement Commission to replace the CSA from 2008. In addition the Government will introduce a significantly higher

maintenance disregard for parents on benefits with caring responsibilities, to ensure more money reaches the poorest children. As set out in Chapter 5, the disregard will rise from £10 to £20 per week from October 2008, and then to £40 per week in April 2010, funded in 2010-11 by savings from child maintenance reform and from elsewhere in DWP.

Pensions and older people **DI5.8** DWP will promote independence and well-being in later life by continuing to tackle pensioner poverty and supporting people in making appropriate choices about work, saving, and retirement. This will be achieved by promoting take-up of benefits among older people, increasing the employment rate of men and women aged 50-69, and reforming pensions, as set out in Chapter 5. State pension reforms from 2010 will deliver fairer outcomes for women and carers and a simpler and more generous state pension. Steps to reform private pensions include introducing auto-enrolment, mandatory employer contributions and, from 2012, a new simple, low cost scheme of personal accounts, delivered at arms length from Government by the new Personal Accounts Delivery Authority.

Service transformation **DI5.9** DWP has an important role to play in taking forward the recommendations of the Varney Review under the Service Transformation Agreement. This includes:

- taking responsibility for Directgov from April 2008 and its development as the Government’s primary web portal for citizen focused e-services;
- leading development work on the ‘Tell Us Once’ change of circumstance project; and
- improving the performance of its face-to-face and telephone contact centres in line with public sector best practice benchmarks.

Table D22: Work and Pensions baseline and additions

	£ million			
	Baseline	Additions		
	2007-08	2008-09	2009-10	2010-11
Resource DEL	7,781	-199	-382	-699
<i>of which near-cash</i>	7,615	-195	-373	-687
<i>of which administration</i>	5,803	-141	-279	-414
Capital DEL	67	-2	-3	-4
Total DEL¹	7,695	-197	-378	-693

¹ Full resource budgeting basis, net of depreciation.