



Chapter 2

The Department's objectives and strategy

Aim and Objectives

1. The Department for Work and Pensions exists to promote opportunity and independence for all. It provides help to individuals and supports the country's economic growth and social cohesion.

2. The Department helps individuals to achieve their potential through employment, to provide for themselves, their children and their future retirement. It works with others to combat poverty, both of aspiration and outcome.

3. The Department set out its strategic objectives in its Five Year Strategy *Opportunity and security throughout life*¹ (Cm 6447 February 2005). These are to:

- ensure the best start for all children and end child poverty by 2020;
- promote work as the best form of welfare for people of working age², while protecting the position of those in greatest need;
- combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners;
- improve rights and opportunities for disabled people in a fair and inclusive society; and
- ensure customers receive a high quality service, including high levels of accuracy.

Progress towards these objectives in 2006-07

Ensuring the best start for all children and ending child poverty by 2020

4. In November 2006, the Department published the Harker report *Delivering on Child Poverty: what would it take?* (Cm 6951)³. Following this, in March 2007, the Department published its refreshed strategy *Working for Children* (Cm 7067)⁴. This shows that there are now 600,000 fewer children living in relative poverty than in 1998-99, and instead of having the worst child poverty rate in Europe, the UK is now close to the European average. However, much remains to be done and the Department will continue to tackle child poverty by helping more lone parents to find and stay in work, developing further its services for families and ensuring that families receive all the financial help to which they are entitled.

5. An effective child maintenance system that helps children achieve financial security is integral to achieving the Government's objectives. Sir David Henshaw's report *Recovering Child Support: routes to responsibility* (Cm 6894 July 2006)⁵ set out proposals for fundamental reform of the child maintenance system. The Government's initial response *A fresh start: child support redesign* (Cm 6895)⁶, was published at the same time.

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

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

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

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

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

6 www.dwp.gov.uk/childmaintenance/pdfs/The_Government's_Response_to_Sir_David_Henshaw_24_07_06.pdf

6. The White Paper *A New System of Child Maintenance* (Cm 6979 December 2006)⁷ accepted the majority of the Henshaw report's recommendations and built on them. It set out proposals for a new policy and delivery framework which would give parents more choice in their maintenance arrangements and would lift many more children out of poverty. It proposed that a new organisation, the Child Maintenance and Enforcement Commission, would replace the present Child Support Agency. Formal consultation on the report ended in March 2007.

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

7. Record employment levels have already been achieved and the Government has set an aspiration of 80 per cent employment. The Green Paper *A new deal for welfare: empowering people to work* (Cm 6730 January 2006)⁸ set out how the Department proposed to make progress towards that aspiration. Following consultation and the publication of a response to that consultation⁹ in June 2006, the Welfare Reform Bill was introduced in July 2006 to carry forward the reform programme. The Welfare Reform Act 2007 received Royal Assent in May 2007 and it contains two main reform measures. It replaces Incapacity Benefit with a new benefit, to be introduced from 2008, called the Employment and Support Allowance, building on the success of the Pathways to Work pilots to help support people back into work. The Act also provides powers for a national rollout of the Local Housing Allowance, empowering housing benefit recipients in the private rented

sector by making their entitlement transparent and giving direct payments to the customer.

8. The Government will also need to consider carefully the recommendations of the independent report by David Freud *Reducing Dependency, Increasing Opportunity: options for the future of welfare to work*¹⁰ published in March 2007. The report recommends that, in order to achieve the aspiration of 80 per cent employment, welfare policy will need to focus even more on helping those furthest from the labour market back into work, particularly lone parents and those on incapacity benefits. It proposes a greater role for the private and voluntary sectors, with payment based on results, to help people move into, and stay in, work. In return for this, the report argues that there should be increased responsibilities on benefit claimants to look for work.

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

9. Through The Pension Service the Department provides a dedicated public service specifically for pensioners and a source of valuable financial advice for those saving for retirement. The number of pensioners living in relative poverty has fallen by over one million since 1996-97.

10. The Department has recognised that more needs to be done to sustain these reductions in pensioner poverty and to encourage people to save for later life. It has begun radical reforms to pensions through the publication of two White Papers: *Security in Retirement: towards a*

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

8 www.dwp.gov.uk/welfarereform/docs/A_new_deal_for_welfare-Empowering_people_to_work_Full_Document.pdf

9 www.dwp.gov.uk/welfarereform/docs/welfare_reform_response.pdf

10 www.dwp.gov.uk/publications/dwp/2007/welfarereview.pdf

new pensions system (Cm 6841 May 2006)¹¹ and *Personal Accounts: a new way to save* (Cm 6975 December 2006)¹². A response to the consultation on the first paper¹³ was published in October 2006 and consultation on the second paper finished in March 2007. The Government will publish its response at the earliest opportunity.

11. The Pensions Bill sets out reforms which aim to make the State Pension fairer and more widely available. It will also be made simpler and more generous through the re-linking of rises in the basic state pension to average earnings. The Bill also establishes the Personal Accounts Delivery authority which will initially advise Government on setting up the personal accounts scheme.

Improving the rights and opportunities of disabled people

12. The Department, which hosts the Government's Office for Disability Issues, has continued to work towards equality for disabled people through the implementation of the Disability Discrimination Act 2005, including the Disability Equality Duty which was introduced in December 2006. At the same time, Equality 2025, the UK Advisory Network on Disability Equality, was launched. The Department led the UK Delegation negotiating a new UN Convention on Disability Rights which was adopted in December 2006. In line with the recommendations of the Prime Minister's Strategy Unit report *Improving the Life Chances of Disabled People*¹⁴, work has continued on a range of cross-government projects to deliver better outcomes in priority areas, such as the

Independent Living Review, the Individual Budget pilots and the disability strand of the Department for Education and Skills/ HM Treasury Children and Young People Review. The Office for Disability Issues published its first annual report in July 2006¹⁵.

Continuing to improve the Department's delivery services

13. The Department has come a long way since its creation in 2001. At that time many more people were on benefits and a large number of them had no expectation of ever returning to employment. Then, disabled people had fewer rights, and fewer organisations made a positive effort to employ them. Efforts to improve the service to customers were often constrained by the way the Department was organised.

14. Customers can now increasingly expect a more personal service; fewer forms to fill in; a more welcoming and relaxed environment in most offices; and to look for jobs and receive their benefits through one organisation. And substantial progress has been made in refocusing strategies on pensions, child support and welfare reform. However the challenge for 2007-08 and beyond remains daunting. Further improvements to both customer service and efficiency need to be made to deliver the Department's objectives.

15. To help identify the key areas for further improvement the Department volunteered to be part of the first round of Departmental Capability Reviews sponsored by the Head of the Home Civil Service. These reviews aim to:

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

12 www.dwp.gov.uk/pensionsreform/pdfs/PA_PersonalAccountsFull.pdf

13 www.dwp.gov.uk/pensionsreform/pdfs/pens_wp_response.pdf

14 www.cabinetoffice.gov.uk/strategy/work_areas/disability/index.asp

15 www.officefordisability.gov.uk/docs/annual_report_06/pdfs/ar_main.pdf

- improve the capability of the Civil Service to meet today's delivery objectives and be ready for the challenges of tomorrow;
- assure the public and ministers that the Civil Service leadership is equipped to develop and deliver departmental strategies; and
- help departments act on long-term key development areas and therefore provide assurance on future delivery.

16. The report on the Capability Review of the Department for Work and Pensions¹⁶ was published in July 2006. The review team recognised the passion and commitment to delivery that the Department's front line staff bring to their work but observed that customer expectations are rising. The service being delivered can sometimes appear fragmented, requiring customers to approach the Department at different times and places for different services, often having to provide the same information twice. Meanwhile, efficiency pressures are growing, and the Capability Review highlighted the need for stronger leadership, learning and engagement across the Department to implement the necessary reforms.

Implementing a new business strategy

17. The Department's Executive Team reviewed its existing business strategy to address these issues and promote much stronger collective leadership from the very top of the Department. As a result the Department is now implementing a new business strategy – a blueprint for the next ten years – which will transform

the way that it delivers for customers. At the centre of the strategy is a new vision – 'Work, Welfare, Well-being, Well delivered'.

18. The strategy is based on six key principles (which are called the six "Cs"):

- Focusing on the **Customer**.
- **Continuous** improvement.
- Giving customers **Choice**.
- Extending **Contestability**.
- Establishing a clear distinction between our **Commissioning** and delivery roles.
- Developing our **Culture**.

Taking the strategy forward in 2007-08

19. Taking this strategy forward will be the key challenge in 2007-08. But 2007-08 is also an important year in other key respects. It is the final year of Spending Review 2004 and an important transition to the Spending Review 2007 period which will impose even greater demands on the Department.

20. Since the new business strategy was established the Department has:

- launched its continuous improvement programme using 'lean' business techniques, with the first implementation in Jobcentre Plus and the Disability and Carers Service;
- trialled a fundamental restructuring of delivery of Housing Benefit, Tax Credits and other benefits for people

of working age, jointly with HM Revenue and Customs in the North East of England;

- established a department-wide Customer Insight team;
- strengthened the breadth of experience of the top team with two appointments from outside the Department;
- accepted Whitehall leadership for DirectGov and Change of Circumstances transformation; and
- won both the outstanding individual and team awards in the first Civil Service national awards.

Simplifying the benefits system

21. Some of the difficulties which customers face in dealing with the Department are due to the complexity of the benefits system. In response to a National Audit Office report¹⁷ which highlighted this issue, the Department set up a Benefit Simplification Unit in December 2005. The Unit's remit is to drive forward simplification across the benefits system, to challenge existing complexity and ensure that the benefits system operates in ways that customers and staff can understand.

22. The Unit's first priority was to produce a guide to best practice, ensuring that reduction of complexity is always considered before making policy or operational changes. The guide has, for the first time, brought together best practice in a succinct and accessible way. At the same time arrangements were put in place to ensure that simplification was

specifically addressed in all submissions to Ministers on benefit issues. The guide has been in use across the Department since May 2006¹⁸.

23. During 2006-07 the Unit has worked with internal and external stakeholders including the major voluntary organisations, the Social Security Advisory Committee, HM Revenue and Customs, and the Department's Better Regulation Unit and Official Error Task Force, to identify the main causes of complexity.

24. As a result, in 2006-07 the Department introduced a number of changes that simplified the system, including improving the social fund scheme, wholly or partly revoking over 200 statutory instruments introduced since the start of the Housing Benefit scheme in 1988, and aligning the treatment of income and capital across benefits.

25. There is now a real and tangible progress in simplifying both the benefit rules and delivery mechanisms. The December 2006 Pre-Budget Report and 2007 Budget announced a major set of simplification measures to working-age, carers, disability and housing benefits, including:

- an extension of Job Grant arrangements to Jobseeker's Allowance customers under the age of 25 years thus equalising the terms of the Job Grant for all working-age benefit recipients;
- the removal of Adult Dependency Increase in Carer's Allowance for new claims from 2010, thus increasing

17 *Dealing with the complexity of the benefits system* (November 2005) www.nao.org.uk/publications/nao_reports/05-06/0506592.pdf

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

consistency in the system with the planned treatment of such increases within other benefits;

- disregarding compensation payments, such as holiday pay and pay in lieu of notice, in the final pay packet, which will lead to faster processing of claims and around 1.7 million fewer enquiries to employers each year;
- paying all Jobcentre Plus working-age benefits on a common pay day assigned to each individual, avoiding the confusion and extra work caused when customers change from one benefit to another;
- introducing a single rule for determining the date when Disability Living Allowance and Attendance Allowance claims start; and
- aligning the treatment of income from sub-tenants across the benefits system by introducing a flat-rate £20 disregard in Pension Credit and pension-age Housing Benefit and Council Tax Benefit.