



Chapter 4 Corporate and shared services

Human Resources

Developments in 2006-7

Workforce Management

189. Robust cross-Departmental management structures and new Human Resource processes and policies have been put in place to support the efficiency targets. The aim remains to manage the headcount reductions efficiently and economically, and to secure and sustain jobs for staff who want to stay with the Department.

190. Most surplus staff have been successfully redeployed either within the Department or to other government departments. In addition, where there are sound business reasons for doing so, the Department is running early severance and retirement schemes to enable staff to leave on a voluntary basis

191. So far staffing has been reduced by over 21,000, over 8,000 have moved to frontline posts and over 3,900 posts have relocated from London and the South East.

Pay and Performance

192. The Department successfully implemented the final year of the three-year pay deal agreed with the trade unions in 2004. It has also reviewed its Performance and Development System and is introducing changes to address issues raised in the Departmental Capability Review and in response to staff comments.

Employee Relations

193. The Department has continued to engage with the trade unions on a day-to-day basis especially to discuss its workforce planning processes and modernisation programme. Work is underway on improving relations with its recognised trade unions following the settlement of a dispute with one of the Department's three trade unions. Both sides expressed a desire to see improved employee relations in the future.

Managing attendance

194. Sickness absence levels have remained constant this year at an average 10.5 days per employee year. However, this figure masks a variation in performance between sites, and the Department's businesses are identifying offices with higher than average absence levels and focusing effort on improving these.

195. All government departments have agreed a common method of counting sickness absences from April 2007. This will enable the Department in future years to make more meaningful comparisons with other government departments and the private sector. It is expected that the average 10.5 days absence per year will reduce by approximately a day when measured in this comparable way.

Health and safety

196. The Department aspires to the highest standards of health and safety performance. To underline this commitment, the Department has adopted the health and safety management framework HSG 65, recommended by the Health and Safety Executive. During 2006-07 work has continued to improve the consistency of

compliance with health and safety policies and the robust identification and management of risk. Measures taken include developing a network of Health and Safety Business Partners across the Department to ensure the implementation of more effective health and safety controls and to share best practice.

Developing leadership capability and a capable and flexible workforce

197. Key developments in 2006-07 were:

- A review of the Department's Skills Strategy to ensure it will deliver the capability requirements to meet future business needs and integrate the Civil Service-wide Professional Skills for Government principles.
- Modernisation of learning and development in the Department through a shift from a traditional teacher-led model, to learner-led, easily accessible frameworks of development opportunities, more easily accessible and available for all through modernised learning techniques.

Diversity and Equality

198. Diversity and Equality aims and objectives are central to the Department's mission of independence and opportunity for all.

199. Key achievements in 2006-07 include:

- publishing the Department's first ever disability and gender equality schemes and a progress review of its race equality scheme;

- developing and delivering to all staff a mandatory diversity training package to meet the requirements of the new disability and gender equality duties;
- ensuring all staff were prepared for the age anti-discrimination legislation that came into force in October 2006;
- reviewing the Department's Diversity 10-Point Plan and agreeing new actions to support the Department in achieving a diverse workforce, especially at senior levels;
- introducing a Childcare Salary Sacrifice Scheme across the Department;
- developing positive action schemes for ethnic minority and disabled staff which will form part of the Department's Early Talent Management Scheme. These will be piloted in May to June 2007, and
- achieving a gold standard in the *Opportunity Now* gender benchmarking exercise and a gold award in the *Race for Opportunity* benchmarking, coming second in the top ten public sector performers.

200. Figure 25 illustrates the Department's progress towards its targets for a diverse workforce.

Figure 25 Progress against equality targets

Ethnicity Targets – percentage of minority groups by grade				
Grade	March 2008 target	Position at 30 September 2004	Position at 30 September 2005	Position at 30 September 2006
SCS	5%	3.3%	3.7%	3.3%
G6/G7	4%	2.8%	3.2%	3.1%
SEO	4%	3.2%	3.6%	4.0%
HEO	5.5%	4.4%	4.9%	5.4%

Disability Targets – percentage of disabled people by grade				
Grade	March 2008 target	Position at 30 September 2004	Position at 30 September 2005	Position at 30 September 2006
SCS	6%	5.0%	4.8%	2.7%
G6/G7/ SEO	4%	3.8%	4.0%	3.8%
HEO/EO	7%	6.1%	6.5%	6.5%
AO/AA	6%	4.5%	4.6%	4.5%

Gender Targets – percentage of women by grade				
Grade	March 2008 target	Position at 30 September 2004	Position at 30 September 2005	Position at 30 September 2006
SCS	39%	33.5%	32.7%	34.2%
G6	45%	40.3%	42%	41.8%
G7	45%	43.7%	44.7%	43.0%

Finance

Transformation

201. The Finance Transformation Programme, an integrated programme of activity to transform fundamentally the way in which Finance delivers its business, has delivered the following benefits for the Department:

- an integrated planning process with supporting IT;
- improved performance reporting and forward financial planning;
- a new procurement model, incorporating demand management and improved supplier intelligence;
- a new Shared Services organisation;
- a new Risk Management Framework and audit recommendation tracking system;
- a new organisational structure for all parts of Corporate Finance;
- a significant increase in finance leadership capability;
- learning and development roadmaps for Finance and Procurement; and
- a new Resource Management System for the whole of the Department.

Commercial Strategy

202. Through improved procurement the Department's spend on goods and services in 2006-07 reduced by 3 per cent over the previous year. The NAO report *Central Government's use of consultants*¹

(December 2006) commented on the Department's success in reducing expenditure in this area. For the fifth year running the Department made the biggest contribution to the Office of Government Commerce (OGC) targets to deliver value-for-money savings. The Department reported procurement value-for-money gains in 2005-06 of £471 million to OGC, 11 per cent of all expenditure with external suppliers.

Departmental Investment Strategy

203. The Departmental Investment Strategy² is primarily focused on significant improvements in customer service and realising operational efficiencies, with investment incurred principally in two areas:

- a programme to modernise business processes, enabled by more efficient, fit-for-purpose information technology and information systems; and
- strategic investment in estates infrastructure.

Estate Strategy

204. The size of the estate at January 2007 was 2.237 million square metres, a reduction of 210,000 square metres since March 2006. By the end of March 2008 the Department plans to have an estate of 2.03 million square metres.

205. A number of major estates projects were completed during 2006-07, including a significant contribution towards meeting the requirements of the Disability Discrimination Act. Public access work programmes, fully funded by Land Securities Trillium and costing £4 million, have been completed at over 1,000 sites

1 www.nao.org.uk/publications/nao_reports/06-07/0607128.pdf

2 www.dwp.gov.uk/publications/dwp/2005/invest_strategy.pdf

Figure 26 Investment plans from 2005 to 2008

Year	2005-06 Outturn	2006-07 Estimated outturn	2007-08 Plan	SR 2004
Level of investment (£ million)	1,056	866	1,075	2,997

Note: The figures above represent Departmental Capital expenditure and Change Programme 'one off' resource costs. They relate to the final outturn for 2005-06, estimated outturn for 2006-07 and a forecast as at 31 March 2007 for 2007-08, updating the SR2004 figures published in the Departmental Investment Strategy, with End Year Flexibilities from 2004-05 and 2005-06.

across the estate. A £2.2 billion programme to deliver a fully integrated work and benefit service through a network of new and completely refurbished Jobcentre Plus offices was largely complete by the end of March 2007.

Benefit Payments

206. The Department has modernised the way it pays pensions and benefits. 98 per cent of customers now have their payments made directly into an account.

207. A new Local Payment System has largely removed the need for clerically produced cheques and has automated the production and accounting for cheques, as well as creating the ability to make direct payments to all groups of benefit customers.

208. The Government has announced that there will be a successor to the Post Office card account and a procurement exercise for the new services will begin during 2007.

Central Payment System

209. The Central Payment System Programme has made substantial progress in 2006-07 in the development

of an integrated system that will replace the Department's ageing benefit payment and accounting systems. The new system will make and manage the Department's payments to customers and accurately account for them.

Managing Risk

210. The Department has made further progress in improving its risk management capacity and capability, and was able to report to HM Treasury in July 2006 that risk management is now implemented in all key areas.

Assurance

211. The Department has introduced a revised methodology for focusing audit attention on departmental risks and mitigation strategies. The improved Risk Based Internal Audit (RBIA) planning process was approved by the Departmental Audit Committee as a basis for establishing the 2006-07 assurance programme.

Improving Financial Control

212. The Department needs to demonstrate the highest standards of financial management and control. The Department's Resource Accounts for 2005-06 were qualified on two issues:

- substantial levels of estimated losses from fraud and error in benefit expenditure; and
- material uncertainties in respect of benefit overpayment debtors.

213. The Department's objective is to ensure that its Resource Accounts are unqualified. During 2006-07, the Department has:

- set up a Fraud and Error Taskforce;
- undertaken an end-to-end review of the way debt is handled in the Department, with recommendations to be implemented during 2007-08; and
- initiated a project to identify and deal with any issues that threaten the objective of unqualified accounts.

Shared Services

214. On 1 September 2006 the Department created a new Shared Services organisation bringing together Accounting Services, Customer Payments, Debt Management, Employee Services (Human Resources Shared Services, Finance Payroll, Staff Pensions and Business Travel) and Purchase to Pay (the Department's internal purchasing and payment service). This organisation combines functions in a way that improves services to customers and reduces cost; making best use of the Department's recent major IT investments, such as the Resource Management and Debt Manager IT systems.

215. Shared Services is a separate entity at arms length from the Department. Its governance arrangements (including the Shared Services Board) allow for a clear separation between commissioning services and delivering them. The commissioning function will ensure that the services procured represent value for money and will monitor Shared Service performance.

216. The Department has one of only a handful of Shared Service organisations in central government and is one of only two Departments to have integrated Finance and HR. Shared Services is a key player in various cross-government groups aimed at shaping the future of Shared Services in government.

Developments in 2006-07

217. Achievements to date include:

- the creation of the new Shared Services organisation from September 2006, the appointment of a new Director for Shared Services and a new executive team;
- establishment of a new governance structure (the Shared Services Board) and a new commissioning function to formalise the customer/supplier relationship;
- development of a Vision and Business Strategy to 2010, documented in the Shared Services Strategic Plan;
- development of the Shared Services Business Plan for 2007-08;
- publication of the Department's Shared Services Sector Plan, as part of the Transformational Government initiative;
- development of the Shared Services Estates Strategy;
- development of the High Level Service Definitions, Service Level Agreements and Key Performance Indicators;
- development of a financial framework articulating the funding and charging arrangements for 2007-08;
- the use of benchmarking to compare / challenge performance;
- delivery of significant service improvements, including record levels of debt recovered in-month and supporting the successful implementation of the Resource Management system;
- key player in the Cabinet Office-led Central Government Forum; with Cabinet Office opting for the Department for Work and Pensions to provide HR and financial services; and
- improved value for money, realising savings of around 15 per cent.

Information Technology and Programme Management

Transforming services

218. The Department has continued to roll out the benefits of its realigned contracts with BT and Electronic Data Services (EDS). These include:

- spending on average £520 million a year on services delivered by EDS, over the period from 2005 to 2010, compared with £700 million a year under the previous arrangements;
- a more resilient, rationalised network – improved capacity and an upgrade to the high quality voice and data network needed to deliver a quality service to the Department’s huge customer base;
- reducing the number of e-mail systems from seven to one by summer 2007; and
- delivering new desktops for staff at a rate of up to 5,000 a week from December 2006, with 100,000 in place by the end of March 2007.

219. The first Transformational Government annual report was published in January 2007³. It pointed to the Department’s prominent role in taking forward the cross-government supplier management initiative through the Chief Information Officer Council. This builds on the Department’s own success in transforming its supplier relationships.

Alongside supplier transformation, the Department has continued to build a smaller, higher quality professional IT workforce, underpinned by the application of industry quality standards, such as Capability Maturity Model Integration (CMMI).

Modernisation programme

220. The Department’s programme consists of over 200 modernisation projects, more than 90 of which are IT-enabled. Of these, a number of larger projects reached the delivery phase in 2006-07 and are producing significant benefits:

- The Customer Information System, one of the largest databases in Europe, provides a single, accurate view of key information and identity for all citizens who have ever had a National Insurance Number. It is helping to join up services for customers by providing tailored online access for local authorities and government departments, and is central to the Government’s ID management proposals.
- The Pensions Transformation Programme is a major initiative to improve customer service by modernising and simplifying the benefit claim process, enabling new customers to make applications for Pension Credit, State Pension, Housing Benefit and Council Tax Benefit in a single call of no more than 20 minutes.
- The Customer Management System (CMS) provides staff with on-screen information and guidance. It enables

data to be gathered and transferred electronically to benefits payment systems, reducing the use of paper. The performance of CMS has been improved substantially since its introduction through a number of additional releases, although there is still much more to be done.

- The Resource Management system is being rolled out and developed. It is now delivering an up-to-date management, information and transaction tool to staff at their desks on human resources (including payroll), finance and procurement.
- Benefits online: since March 2006, benefits such as Carer's Allowance, Child Maintenance and intent to claim Jobseeker's Allowance can be actioned online.

Governance and Portfolio Management

221. The Department has strengthened the way it manages mission-critical change projects during 2006-07:

- New governance arrangements ensure the engagement of a wider range of key stakeholders at the right level. This provides a greater emphasis on challenging and questioning projects, as well as greater senior management input to decision making at critical phases.

- Portfolio management ensures that key projects are kept under review by a sub-committee of the Department's Executive Team, where necessary exposing them to wider and more rigorous scrutiny at an earlier stage. Five of these key projects include significant IT change (see Figure 27).

IS/IT strategy

222. The Department continued to apply its IS/IT strategy during 2006-07, using commercial-off-the-shelf (COTS) IS/IT packages and introducing IT-enabled business change through a phased, step-by-step approach to reduce risk. The Resource Management project and the Pensions Transformation Programme are both examples of the application of COTS packages. The IS/IT strategy is being developed to give effect to the Department's customer-focused business strategy, through integrated, easy-to-access, multi-channel customer services.

The Modernisation Programme

223. Figure 27 lists the current major projects which include significant IT change and are key to business delivery, with information on schedules, budgets, and purpose.

Figure 27 The Department's key IT-enabled projects

Project	Purpose and achievements to date	Start date	Expected end date	Current forecast cost £ million	Expenditure to date £ million
Pensions Transformation Programme	The programme is transforming the Pension Service, bringing together business and IT change in ways that improve customer service and deliver efficiencies.	Jan 2002	2010-11	584	428
Customer Information System	This project will deliver a database of key citizen information to be shared across the Department. The database will complement information currently available in the Department's key customer information systems (the Personal Details Computer System and Departmental Central Index) and become their replacement.	July 2003	Feb 2008	90	67
Resource Management	This programme is providing modernised HR, financial and procurement functions for the Department. It is introducing significant business process change, enabling Departmental resources to be managed more effectively.	April 2001	June 2007	206	199
Central Payments System (formerly part of Payment Modernisation)	A modern, integrated central payment engine and accounts payable system to improve accounting for benefit/pension payments, reduce risks of service failure, increase speed and efficiency, provide information for improved customer service and reduce fraud and error.	April 2004	Dec 2010	146	37
Employment and Support Allowance (ESA)	The project delivers the system and processes to implement the new ESA allowance.	Aug 2006	Oct 2008	293	11

Notes:

1. This is a rolling programme of a number of business and IT improvement projects with individual start and end dates.
2. The table includes only those projects which are predominantly IT-enabled.
3. The expected end date of a project or programme may change depending on factors such as changes in scope, cost or quality. Such changes must be approved by the appropriate governance body. Any significant change to the expected end date for projects in this table must be approved by the Department's Change Delivery Committee, chaired by the Chief Information Officer.
4. The current forecast cost column provides forecasts to project implementation. Expenditure on projects is formally approved by the Department's governance process and authorised through review gates, to establish that projects are meeting the expected standards.
5. The Benefits Processing Replacement Programme (included in the Department's 2006 Departmental Report) did not confirm initial expectations of benefits and costs. An early decision was taken within the new governance framework to halt the programme and ensure that the lessons learned would be reflected in future projects, based on proven technologies used elsewhere in the Department.