

03



The Efficiency Challenge

186 Delivery of PSA targets is set in the context of the Government's efficiency agenda, which forms part of the Spending Review 2004 settlement.

187 The Department is required to achieve a reduction in the size of its workforce of 40,000 posts gross, 30,000 net after redeployment of 10,000 posts to frontline roles, and deliver annual savings of at least £960 million by 2007-08 while, at the same time, maintaining performance and improving customer services.

188 The Department was also set a target by the Lyons review³⁹ to relocate 4,000 posts away from London and the South East to other regions by March 2008.

189 More detailed information about the Department's efficiency targets and their measurement can be found in the Efficiency Technical Note⁴⁰.

³⁹ http://www.hm-treasury.gov.uk/consultations_and_legislation/lyons/consult_lyons_index.cfm#final

⁴⁰ http://www.dwp.gov.uk/aboutus/efficiency_tech_note.pdf

Measurement

190 The Department reports headcount information on a consistent basis from its payroll systems at the end of each month. All reported information complies with Office for National Statistics definitions on measuring public sector employment.

191 The National Audit Office reviewed the Department's reported headcount reductions as part of its report *Efficiency Programme: A Second Review of Progress*⁴¹. This gave the Department substantial assurance on its reported headcount reductions and found that these are based upon sound information systems and consistent definitions.

192 The measurement of posts to be deployed to customer-facing roles starts from a March 2004 baseline and refers to increases in posts dealing directly with customers, either face-to-face or by telephone. In April 2007 Jobcentre Plus introduced a new management

⁴¹ <http://www.nao.org.uk/pn/06-07/0607156.htm>

information system that enabled more accurate identification, monitoring and reporting of all job roles, including key customer-facing roles such as Personal Advisers.

193 Maintenance of performance is monitored through measurement of the Department's productivity and through supporting information about customer service, which is published in agencies' annual reports and accounts⁴².

194 The Department has developed a measure of overall productivity based on the methodology recommended by the Atkinson Review of the Measurement of Government Output and Productivity⁴³.

195 More detail of the Department's productivity measure can be found in *An analysis of DWP productivity 1997/98 – 2007/08*, published in June 2006⁴⁴ – an update is expected to be published early in the New Year.

⁴² http://www.jobcentreplus.gov.uk/JCP/stellent/groups/jcp/documents/websitecontent/dev_014914.pdf
<http://www.thepensionerservice.gov.uk/aboutus/annualreport/home.asp>
<http://www.dwp.gov.uk/publications/dwp/2007/dcs/dcs-ar-06-07.pdf>
<http://www.csa.gov.uk/en/PDF/reports/arep0607.pdf>

⁴³ http://www.statistics.gov.uk/about/data/methodology/specific/PublicSector/Atkinson/final_report.asp

⁴⁴ <http://www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep355.pdf>

Figure 24 Progress against the efficiency targets

Efficiency Challenge – by March 2008, achieve:

- Annual financial savings of £960 million of which £481 million must be cash-releasing. Non-cash-releasing savings are cost avoidance. Savings are classified as preliminary, interim or final;
- Net headcount reductions of 30,000;
- 10,000 posts redeployed to customer-facing roles; and
- 4,000 posts relocated from London and the South East.

Achievement to June 2007							
	Annual Financial Savings				Net Headcount Reductions	Posts redeployed to customer facing roles (figures at March 2007)	Posts relocated from London and the South East
	Total Savings	Cash-releasing element of Total Savings	Amount of Total Savings classified as Final	Amount of Total Savings classified as Interim			
	£ million	£ million	£ million	£ million			
Jobcentre Plus	407	407	-	407	15,803	8,837	1,516
The Pension Service	109	109	102	7	7,584	-	1,784
Child Support Agency	-	-	-	-	55	1,164	85
Disability and Carers Service	7	7	7	-	1,352	227	252
The Rent Service	-	-	-	-	125	-	-
Corporate Centre and Enabling Functions	779	343	692	87	1,592	-	352
DWP Totals	1,302	866	801	501	26,511	10,228	3,989

01

02

Part 1

Part 2

Part 3

Part 4

Part 5

03

Achievement to September 2007							
	Annual Financial Savings				Net Headcount Reductions	Posts redeployed to customer facing roles (figures at March 2007)	Posts relocated from London and the South East
	Total Savings	Cash-releasing element of Total Savings	Amount of Total Savings classified as Final	Amount of Total Savings classified as Interim			
	£ million	£ million	£ million	£ million			
Jobcentre Plus	417	417	356	61	15,897	8,837	1,519
The Pension Service	109	109	57	52	8,192	-	1,784
Child Support Agency	-	-	-	-	516	1,164	85
Disability and Carers Service	7	7	7	-	1,399	227	252
The Rent Service	-	-	-	-	134	-	-
Corporate Centre and Enabling Functions	739	419	692	47	1,871	-	352
DWP Totals	1,272	952	1,112	160	28,009	10,228	3,992

01

02

Part 1

Part 2

Part 3

Part 4

Part 5

03

Performance

196 The Department has already exceeded its efficiency target of £960 million per annum by March 2008 and is on course to meet its headcount reduction and redeployment targets. Robust workforce plans are in place to enable the achievement of the remaining headcount reductions by March 2008. The Department had redeployed over 10,000 posts to customer-facing roles by March 2007.

197 The efficiency targets and progress towards their achievement are summarised in Figure 24.

198 The efficiency challenge implies that productivity must at least be maintained at the baseline 2004-05 level over the SR2004 period. Productivity increased between 2004-05 and 2006-07.

Looking ahead

199 In the context of the policy and operational changes that the Department has introduced, this productivity increase is an achievement. The Department is already delivering better outcomes and improved customer service at greater efficiency. As a result of productivity gains already delivered, the Department is also now better prepared to face future efficiency challenges.

200 The efficiency challenge continues into the SR2007 period and beyond. To meet that challenge, while simultaneously making significant improvements to the quality of its customer service, the Department has launched a substantial programme of business improvement. The new change programme is:

- identifying areas where processes can be simplified by removing redundant and inefficient activity and so speeding up processes;
- improving the Department's understanding of its customers and using that insight to ensure that services are designed to be fully effective; and
- paying particular attention to the needs of customers who need to deal with different parts of the Department.

201 The Department will also be making a full contribution to the cross-government service transformation, which is applying the same principles of customer service and efficient delivery to public services more generally⁴⁵.

01

02

Part 1

Part 2

Part 3

Part 4

Part 5

03

⁴⁵ Service Transformation Agreement HM Treasury, October 2007, http://www.hm-treasury.gov.uk/media/B/9/pbr_csr07_service.pdf



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Work and Pensions