



# DWP Autumn Performance Report 2007

Progress against Public Service Agreement (PSA) targets

**DWP** Department for  
Work and Pensions

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# Foreword by the Secretary of State

The Government is committed to building a fair, prosperous and, above all, a cohesive society with social justice as its bedrock and foundation.

A society in which child poverty has been eradicated, in which everyone who can work is expected to contribute to national prosperity and share in it, those who can't are supported and those who have retired are able to live a full and active life free from the fear of financial insecurity.

The Public Service Agreement targets set out in this report are the practical outworking of this Department's commitment to deliver on that hugely challenging agenda.

Full employment is at the heart of our anti poverty strategy and our Green Paper 'In Work Better Off', set out the next phase of radical welfare reform.

We will build on the success of the New Deal with a more flexible, responsive and personally tailored programme for jobseekers who need the most help.

At the heart of the system will be a strengthened Jobcentre Plus, an outstanding example of what a transformed public service can achieve.

Jobcentre Plus has a vast collective experience that will be even more effective when frontline advisers are given greater discretion to get the best outcomes for our customers.

We will also make better use of specialist support with a much enhanced role for the private and voluntary sectors working with the most disadvantaged customers.

Our commitment to eradicate child poverty by 2020 stands and while, as this report shows, there is much to be done we cannot and will not turn away from the challenge.

This Department will play its role alongside the Department for Children, Schools and Families to co-ordinate and develop policy with HM Treasury and across Government to share expertise, join up resources and bring a strategic overview to this crucial area of work.

The legislative process will soon be complete that will see a fairer and simpler parent and child focused system for child maintenance introduced.

This will help towards our goal of eradicating child poverty with a greater incentive for parents to seek and to pay maintenance while the assurance that there will be a satisfactory child maintenance package in place could make all the difference to a lone parent who wants to make the transition from benefit dependency into work.

At the other end of the age spectrum the 'Actively Aging' are on the move: last year people over 50 accounted for well over half the growth in UK employment.

While the changing demographics open up great opportunities, they also present immense challenges, not least in how we all prepare for a future in which the ratio of those working to those in retirement will change dramatically.

The Pensions Bill will renew the social contract for retirement based on shared responsibility: employers through compulsory contributions into a pension scheme; employees through automatic enrolment in a scheme and Government responsibility, with a guaranteed basic standard of living through a state pension linked to earnings.

These reforms present a fair, sustainable solution that encourages people to take responsibility for building a comfortable retirement income for themselves.

This report shows the progress that has been made in meeting the Department's targets and what has to be done.

What is not on the face of this report but which I have experienced at first hand is the professionalism, expertise and dedication of the people who are the Department for Work and Pensions and who are committed to help us achieve our goals.



**Peter Hain**

Secretary of State for Work and Pensions

# The Department's Ministers



**The Right Honourable Peter Hain MP**

Secretary of State



**Caroline Flint MP**

Minister of State for  
Employment and  
Welfare Reform



**Mike O'Brien MP**

Minister of State for  
Pensions Reform



**Lord McKenzie of  
Luton**

Parliamentary Under  
Secretary (Lords)



**James Plaskitt**

Parliamentary Under  
Secretary (Commons)



**Anne McGuire  
MP**

Minister for Disabled  
People

# 01



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, and those with disabilities;
- 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 taxpayers.

**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** The purpose of this Autumn Performance Report is to provide the Department's latest assessment of its progress towards its current Public Service Agreement (PSA) targets and the efficiency challenge announced in the 2004 Budget.

**4** Spending plans for the financial years 2005-06 to 2007-08 were agreed as part of the 2004 Spending Review settlement, as set out in the *White Paper Stability, security and opportunity for all: Investing for Britain's long-term future* (Cm 6237, July 2004)<sup>1</sup>. These PSA targets came into effect from April 2005. The 2004 Spending Review also set out the efficiency challenge for the Department.

**5** Going forward, as part of the 2007 Comprehensive Spending Review (CSR2007) the Department will have lead responsibility for two PSA targets:

- Maximise employment opportunity for all; and
- Tackle poverty and promote greater independence and well-being in later life.

These are cross-government outcomes which will be met both by DWP and through the contributions of our partners in Whitehall.

**6** In addition to this, under the new CSR2007 performance framework, the Department has identified seven strategic objectives, which cover the totality of the Department's business and express in more detail the key outcomes which the Department is looking to deliver over the Spending Review 07 period. These are 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, continuing to tackle pensioner poverty and implementing pension reform;
- promote equality of opportunity for all (NB this objective is being reviewed in light of machinery of government changes);

<sup>1</sup> [http://www.hm-treasury.gov.uk/spending\\_review/spend\\_sr04/spend\\_sr04\\_index.cfm](http://www.hm-treasury.gov.uk/spending_review/spend_sr04/spend_sr04_index.cfm)

- pay our customers the right benefits at the right time; and
- make DWP an exemplar of effective service delivery to individuals and employers.

**7** This report is intended to complement the Department's Resource Accounts for 2006-07<sup>2</sup> which were published in September 2007. It also supplements the Departmental Report (Cm 7105, May 2007)<sup>3</sup> which provides a comprehensive account of the Department's activities and spending plans.

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<sup>2</sup> [http://www.dwp.gov.uk/publications/dwp/2007/res\\_acc/report\\_2006\\_07.pdf](http://www.dwp.gov.uk/publications/dwp/2007/res_acc/report_2006_07.pdf)

<sup>3</sup> <http://www.dwp.gov.uk/publications/dwp/2007/dr07/>

# 02



## Performance against PSA targets

## Measuring performance against targets

**8** This chapter provides an assessment of progress against all of the Department's current PSA targets. It is structured around the 2004 Spending Review (SR2004) targets which came into effect in April 2005 and is set out in five parts:

- Part One – targets related to children (PSA 1, 2 and 3).
- Part Two – targets related to employment and safety in the workplace (PSA 4 and 5).
- Part Three – targets related to retirement (PSA 6 and 7).
- Part Four – target related to disabled people (PSA 8).
- Part Five – targets related to the quality of service (PSA 9 and 10).

**9** Where the SR2004 target takes forward an aim which was part of Spending Review 2002 (SR2002), an assessment of the position against the SR2002 target is also provided, unless there has already been a final assessment of the SR2002 target. A summary table of all performance assessments is included as Figure 1.

**10** In order that judgements on final outturn against all PSA targets can be made on a consistent and comparable basis, in accordance with HM Treasury guidelines the Department uses the terms set out below to describe performance.

### Ongoing targets

Term	Usage
Met early	There is no possibility of subsequent slippage during the lifetime of the target.
Ahead	Progress is exceeding plans and expectations.
On course	Progress is in line with plans and expectations.
Slippage	Progress is slower than expected, for example, by reference to criteria set out in a target's Technical Note.
Not yet assessed	New target for which data is not yet available.

### Other targets

Term	Usage
Met	Target was achieved by the target date.
Met-ongoing	For older open-ended targets where the target level has been met and little would be achieved by continuing to report the same information indefinitely.
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.

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**Figure 1** Summary of performance towards all PSA targets

Spending Review 2004 targets	Current status
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 including:	Slippage
1b. reducing the proportion of children living in workless households by five per cent between spring 2005 and spring 2008; and	Slippage
1c. increasing 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.	Slippage
<i>Children in relative low-income households element of this target is joint with HM Treasury.</i>	
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.	Slippage
<i>Joint target with Department for Children, Schools and Families through the Sure Start Unit.</i>	
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;	Met early
3b. increase the number of children in lower-income working families using formal childcare by 120,000; and	Not yet assessed
3c. introduce, by April 2005, a successful light touch childcare approval scheme.	Met early
<i>Joint target with Department for Children, Schools and Families through the Sure Start Unit.</i>	
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; and	On course
Increase the employment rate of disadvantaged groups and significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate:	
4b. Lone parents;	Slippage

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Spending Review 2004 targets	Current status
4c. Ethnic minorities;	On course
4d. People aged 50 and over;	On course
4e. Those with the lowest qualifications; and	Slippage
4f. Those living in the local authority wards with the poorest initial labour market position.	On course
<i>Element 4a is a joint target with HM Treasury.</i>	
5. By 2008 improve health and safety outcomes in Great Britain through progressive improvement in the control of risk in the workplace.	Slippage
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.	Slippage
7. Improve working age individuals' awareness of their retirement provision such that by 2007-08:	
7a. 15.4 million individuals are regularly issued a pension forecast; and	Met early
7b. 60,000 successful pension traces are undertaken a year.	On course
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	On course
8b/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.	Slippage
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;	Ahead
9b. increasing the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by 2008; and	Slippage

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Spending Review 2004 targets	Current status
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.	Slippage
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	Not yet assessed
10b. by 2008, in Housing Benefit by 25 per cent.	Slippage
Spending Review 2002 targets	Current status
3. Demonstrate progress by spring 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle.	On course
<i>Joint target with HM Treasury.</i>	
4. 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;	Met (provisional)
4b. Ethnic minorities;	Met (provisional)
4c. People aged 50 and over;	Met (provisional)
4d. Those with the lowest qualifications; and	Not met (provisional)
4e. The 30 areas with the poorest initial labour market position.	Met (provisional)
<i>Ethnic minorities element joint with Department for Business, Enterprise and Regulatory Reform.</i>	
7a. In the three years to 2006, increase the employment rate of people with disabilities, taking account of the economic cycle, and significantly reduce the difference between their employment rate and the overall rate.	Met (provisional)

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11 Additional background information about the targets is available from the relevant Technical Notes:

For SR2002: [www.dwp.gov.uk/publications/dwp/2002/sda/oct/tn\\_oct.asp](http://www.dwp.gov.uk/publications/dwp/2002/sda/oct/tn_oct.asp)

For SR2004: [www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

### Comprehensive Spending Review 1998 target

Promote policies consistent with a change in the ratio of spending on pensions by the state to spending on pensions by the private sector from around 60:40 in 1998 to 50:50 by 2025 and 40:60 in 50 years' time.

The next assessment of this ongoing target will be published in the spring 2008 Departmental Report.

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# 02

Performance against PSA targets

## **Part 1:**

## Children

### **Objective:**

to ensure the best start for all children and end child poverty by 2020.

**SR2004 PSA target 1:** 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, including:

- reducing the proportion of children living in workless households by 5 per cent between spring 2005 and spring 2008; and
- increasing 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.

*Children in relative low-income households element is joint with HM Treasury.*

**PSA1a:** 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.

## Measurement

**12** The SR2004 target is measured through the following components of the Department's child poverty measure for 2010–11<sup>4</sup>:

- incomes less than 60 per cent of the contemporary median income; and
- incomes less than 70 per cent of the contemporary low-income level and material deprivation combined.

**13** Household income is reported in the Households Below Average Income (HBAI) statistics. These are published annually as National Statistics by the Department and are based on the Family Resources Survey (FRS). Until 2006 the figures were based on GB data. Figures have now been calculated for the UK from 1998-99, with estimates for Northern Ireland imputed for the years 1998-99 to 2001-02.

**14** Income is equivalised (adjusted to take into account variations in both the size and composition of the household) using the modified Organisation for Economic Co-operation and Development (OECD) equivalisation scale. This scale was chosen in order to ease international comparisons, and can only be used with income before housing costs.

**15** As with any survey, HBAI results are subject to sampling error. For estimates of numbers of children, the 95 per cent confidence range around a published estimate is of the order of plus or minus 140,000.

**16** Material deprivation will be measured using a suite of questions as outlined in the Child Poverty PSA Delivery Agreement<sup>5</sup> published alongside the Comprehensive Spending Review.

## Performance

**17** There has been some **slippage** in progress towards this target.

<sup>4</sup> The third component is incomes below 60 per cent of the median income held constant in real terms from a 1998-99 baseline.

<sup>5</sup> [http://www.hm-treasury.gov.uk/media/B/9/pbr\\_csr07\\_psa9.pdf](http://www.hm-treasury.gov.uk/media/B/9/pbr_csr07_psa9.pdf)

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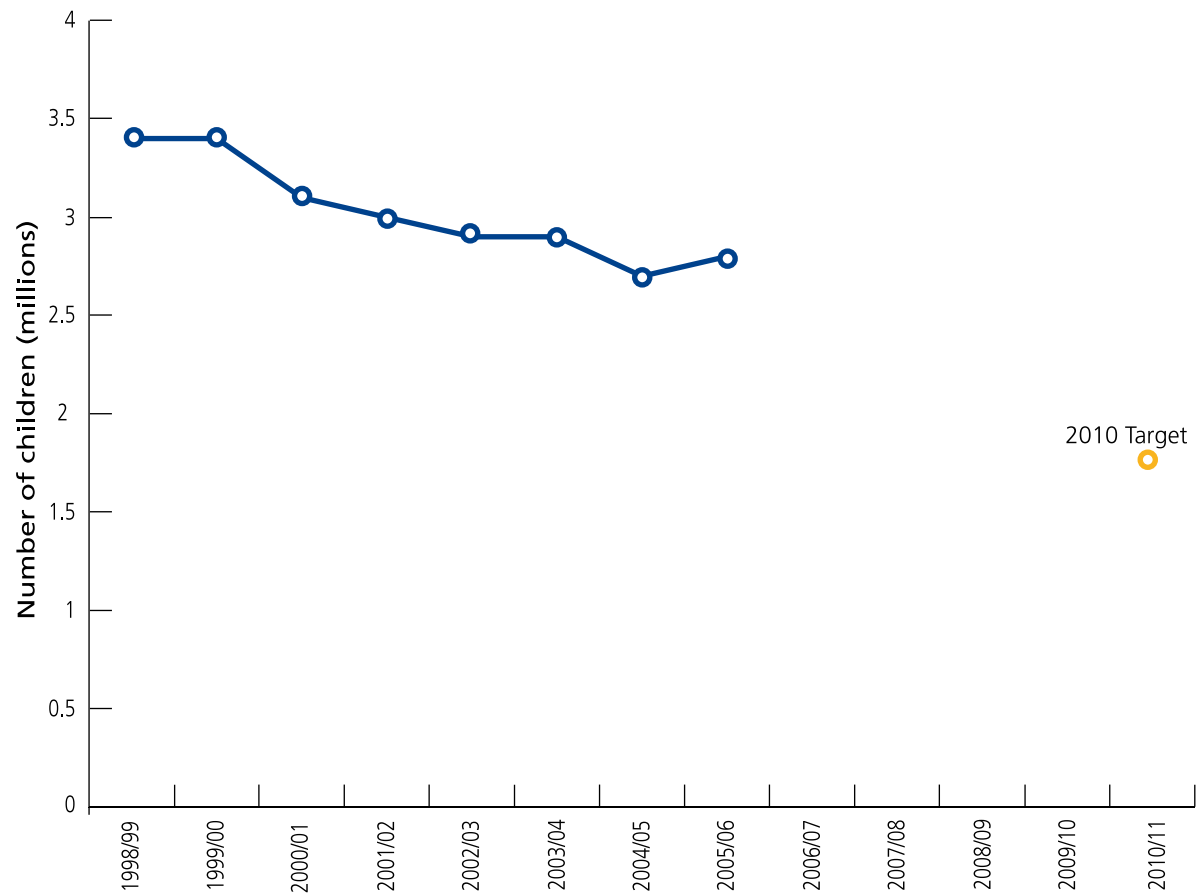
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**18** The 1998–99 baseline figure for the number of children in households with less than 60 per cent of contemporary median income is 3.4 million. The target on this indicator for 2010–11 is 1.7 million.

**19** To date, there has been a reduction of 600,000, from 3.4 million to 2.8 million between 1998-99 and 2005-06 in the number of children in relative low-income households. This is a reduction of 11 per cent from the baseline. Between 2004-05 and 2005-06 the number of children in households with relative low-income rose by 100,000 which, while not statistically significant, represents slippage against the target.

**20** In 2004-05 – the first year that data were available – 2.2 million children in the UK were defined as poor using the combined indicator of below 70 per cent of median household income and a material deprivation score of 25 or more. In 2005-06, the figure was 2.1 million children.

**Figure 2** Children in relative low-income households



Source: Family Resources Survey

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## Looking ahead

**21** The reduction in child poverty to date has largely been achieved through a combination of greater levels of parental employment and tax and benefit reforms, which have both rewarded work and increased income for families. Therefore, while the target cannot be met via employment measures alone, increasing parental employment will continue to play an important part in reducing child poverty.

**22** A document outlining the Department's updated child poverty strategy *Working for Children*<sup>6</sup> was published in March 2007 centred around three main themes:

- increasing support for lone parents through increased rights and responsibilities;
- helping people to stay in work and make progress in their jobs; and
- increasing the family focus of employment programmes.

**23** It announced a number of further measures, including:

- extending the New Deal Plus for Lone Parents pilots until March 2011;
- expanding New Deal Plus for Lone Parents pilots to cover all lone parents in London;
- extending certain elements of New Deal Plus for Lone Parents, such as adviser support, to couple families on benefit in the current pilot areas and throughout London;
- providing advice and support for the partners of parents claiming Jobseeker's Allowance, with the introduction of six-monthly work-focused interviews for this group from April 2008; and
- financial support for up-front childcare costs for lone parents in London from April 2008.

**24** In April 2007 the Government introduced additional six-monthly work-focused interviews for lone parents with a youngest child aged 5 - 13.

**25** In addition to this, national rollout of In-Work Credit was announced in September 2007 and will commence in April 2008. It is an incentive designed to help participants who have been on benefit for a year or more to cope with the financial aspects of the transition to work. Participants are paid £40 per week (£60 per week in London) over and above their total income when they start work for 16 hours or more a week. This is paid for a maximum of 52 weeks.

**26** Rollout of the ten-year childcare strategy continues, and by 2010 will provide a childcare place for each child aged between 3 and 14, between the hours of 8am and 6pm each weekday, including school holidays.

**27** Measures announced in the Budget 2007 and in the 2007 Pre-Budget Report/Comprehensive Spending Review include increasing the child maintenance disregard in the main income-related benefits to £20 a week for all parents with care on benefit by the end of 2008, and doubling it from £20 to £40 a week from April 2010. It is estimated that the combined effect of all these measures will reduce the number of children in poverty by 300,000.

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<sup>6</sup> <http://www.dwp.gov.uk/publications/dwp/2007/childpoverty/childpoverty.pdf>

**28** The Department's Green Paper *'In Work, Better Off: next steps to full employment'*<sup>7</sup> set out its intentions for helping more lone parents move off benefits and into work. It is proposed that, from October 2008, lone parents with a youngest child aged 12 or over would no longer be entitled to claim Income Support solely on the grounds that they are a lone parent. They would move to Jobseeker's Allowance and receive extra support in looking for suitable work, or another benefit appropriate for their circumstances. This would be extended to those whose youngest child is aged seven or over from 2010.

**29** The Government is introducing an enhanced support package for lone parents on benefits moving into employment, to be implemented in April 2008. This includes new group interviews with personal advisers (to enable lone parents to understand how Jobcentre Plus and its partners can help them prepare to return to work and where the advantages of employment/skills development can be discussed), guaranteed job interviews for every lone parent who is looking for and ready for work, enhanced pre-work

<sup>7</sup> <http://www.dwp.gov.uk/welfare-reform/in-work-better-off/in-work-better-off.pdf>

training and an extension to Work Trials from three to six weeks. These measures, along with the Green Paper proposals, are aimed at helping to achieve the longer term lone parent employment rate of 70%.

**PSA1b:** reduce the proportion of children living in workless households by 5 per cent between spring 2005 and spring 2008.

### Measurement

**30** The data used to measure this PSA target are obtained from the Household Labour Force Survey and are released twice a year by the Office for National Statistics (ONS).

**31** Progress is monitored every six months on the basis of both Quarter 2 and Quarter 4 data, although only Quarter 2 will be used to formally assess progress against the target, to ensure comparability. In reading the paragraphs below it is important to remember that the sample sizes are relatively small and therefore the estimates of the proportion of children in workless households are subject to a degree of sampling variability which can affect results.

### Performance

**32** There is **slippage** in progress towards this target. The baseline for this target is 15.7 per cent (1.75 million) of children living in workless households in Quarter 2 2005. The requirement is to reduce the proportion of children in workless households to 15.0 per cent.

**33** In Quarter 2 2007 the number of children in workless households was 1.76 million (16 per cent of all children), which is an increase of 0.3 percentage points since the baseline.

**34** In previous years, falls in the number of children living in workless households have largely been driven by reductions in the number of lone parent workless households. However, in the last year there has been a polarisation of the economic status of lone parent households. Whilst the proportion of all-working lone parent households has increased, so has the proportion of workless lone parent households, with a reduction in mixed households. The increase in the worklessness rate amongst lone parent households means that the achievement of a 5 per cent reduction by Quarter 2 2008 is now challenging. Figure 3 shows progress to date and the required future trajectory to meet this target.

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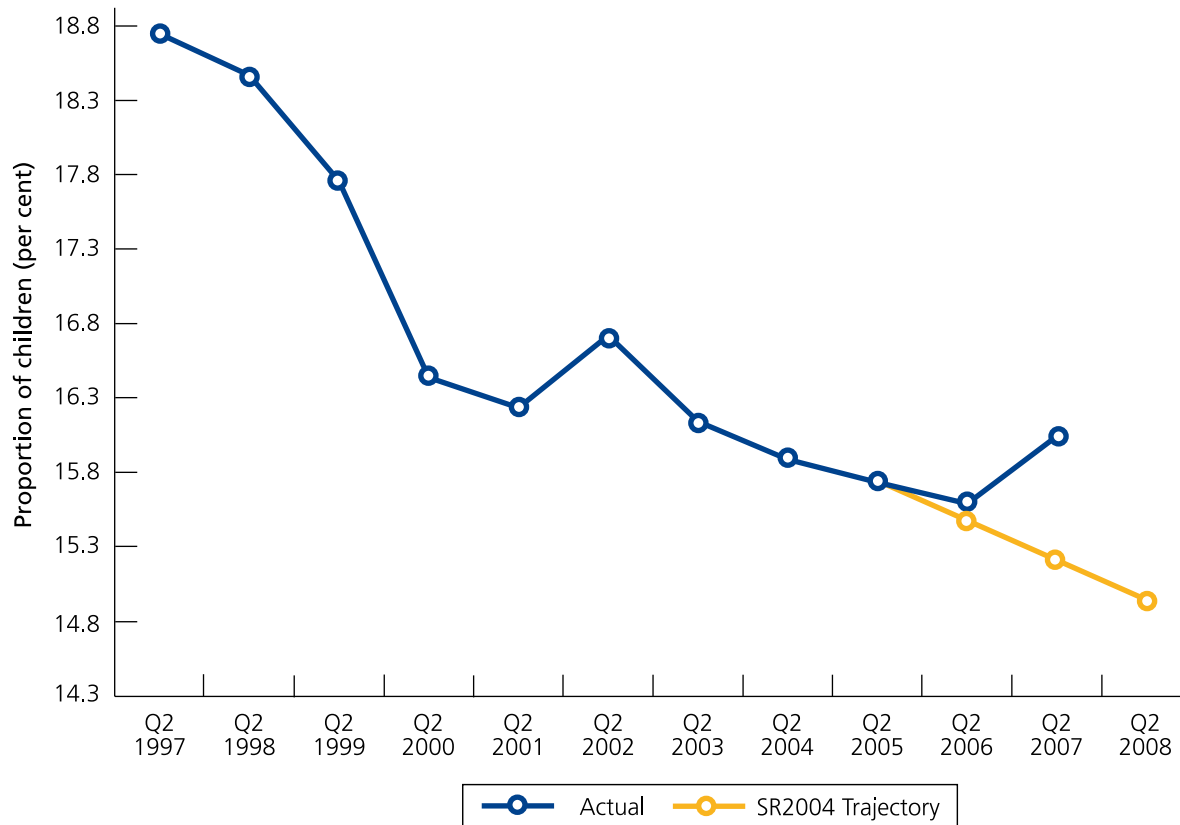
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**Figure 3** Children living in workless households



Source: Household Labour Force Survey (GB)

### Looking ahead

**35** The Department will continue to consolidate its existing measures to support lone parents into work given that two-thirds of children in workless households live in households headed by a lone parent. The Department is also looking at measures to reduce the number of workless couple households.

**36** Further details about the Department's lone parent measures and policies on partners can be found under PSA 1a.

**PSA1c:** 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.

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## Measurement

**37** A new methodology for measuring this target came into operation in February 2007. The data used for this target include both parents with care and persons with care who receive Income Support or income-based Jobseeker's Allowance. The target is now measured using 100 per cent data from the Department's Child Support and Income Support computer systems instead of the previous 5 per cent sample. For Jobseeker's Allowance data, a 5 per cent sample is still used.

**38** Parents/persons with care who receive some but not all of the maintenance due to them via the collection service, over a 3 month period, will be deemed to be receiving maintenance and will count towards the sub-target.

**39** Cases classed as nil liability (which make up about 41 per cent of cases) are assumed not to be receiving maintenance. It is possible that a small proportion of these are in fact receiving some maintenance. Similarly, cases with a 'maintenance direct' arrangement in place (which make up around 6 per cent of cases) are assumed to be receiving

maintenance and a small proportion may not be. In the absence of detailed research, there is currently a risk of some under- and over-reporting in these categories.

**40** Full details of the data sources used and background information to this target are available in the PSA Technical Note<sup>8</sup>.

## Performance

**41** There is **slippage** against this target. Latest data (February 2007) show that 32 per cent of parents with care on benefit are now in receipt of maintenance, an increase of 3 percentage points since February 2006. The figures provided are interim estimates based on the best information currently available and, as such, may be subject to change in the future.

**42** Achievement of the target would require the successful bulk conversion of old scheme cases onto the new scheme. Sir David Henshaw's report, published in July 2006<sup>9</sup>, concluded that existing plans to make such a conversion would be very challenging to deliver. Instead, Ministers decided on a different approach which

is outlined in the White Paper *A new system for child maintenance* (Cm 6979), published in December 2006<sup>10</sup>. The Child Support Agency (CSA) will continue to convert old scheme cases which are linked to a new scheme case but, as there are no plans for bulk conversion, this target will not be met.

## Looking ahead

**43** The Agency launched its three year Operational Improvement Plan in April 2006. It aims to improve service to clients, increase the amount of child maintenance collected and achieve greater compliance from non-resident parents. This will contribute to the Government's objective of reducing child poverty. It will also provide a stable platform on which future changes in child maintenance can be built.

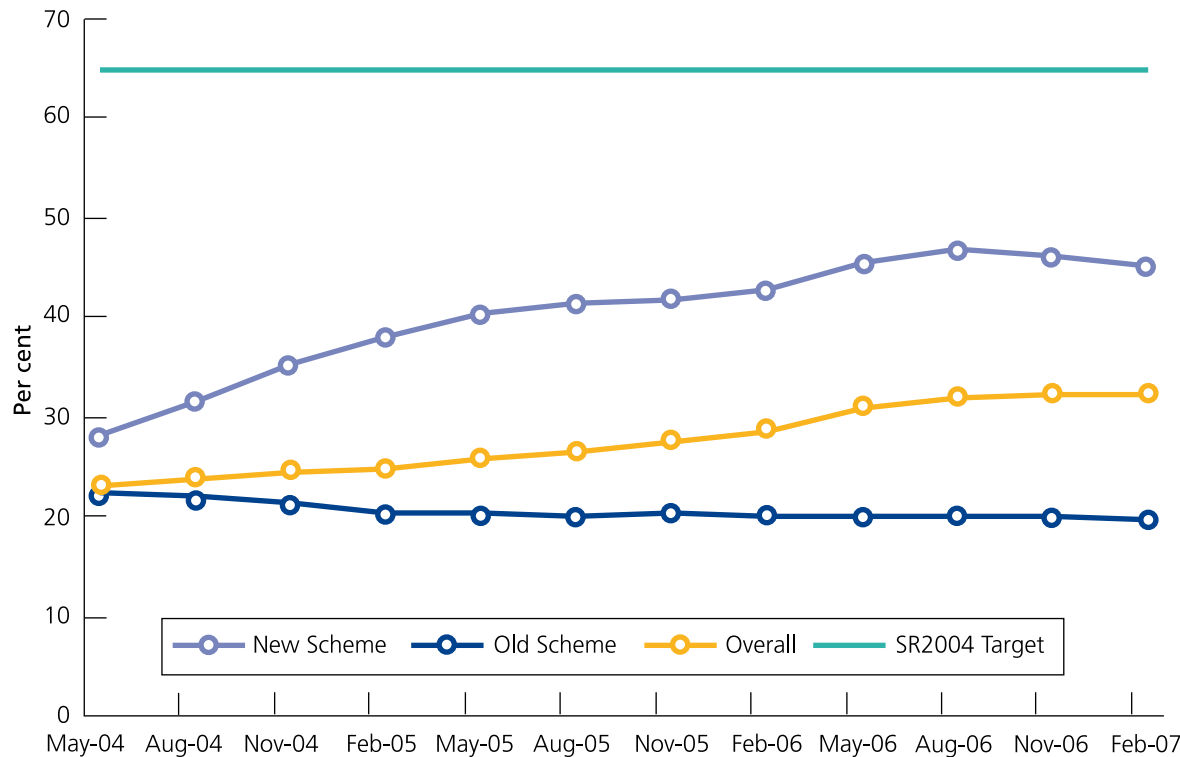
**44** Year one (2006-07) of the Operational Improvement Plan concentrated on building capacity and capability within the organisation. Year two (2007-08) is focusing on further reducing the number of uncleared cases, implementing major computer system enhancements to improve productivity, and increasing compliance and enforcement.

<sup>8</sup> [http://www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

<sup>9</sup> <http://www.dwp.gov.uk/childmaintenance/>

<sup>10</sup> <http://www.dwp.gov.uk/childmaintenance/>

**Figure 4** Proportion of parents with care on Income Support/Jobseeker's Allowance in receipt of maintenance



Source: Child Support Agency Quarterly Summary of Statistics (QSS) - March 2007

**45** The December 2006 White Paper referred to above set out radical and far-reaching proposals for the wholesale reform of the child maintenance system which will see the Child Maintenance

and Enforcement Commission (C-MEC) replace the CSA. The Child Maintenance and Other Payments Bill was introduced to Parliament in June 2007.

**SR2004 PSA target 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<sup>11</sup> and the rest of England, by four percentage points from 16 to 12 per cent.

*This joint target with the Department for Children, Schools and Families only relates to England, as provision of early years’ services and childcare are devolved issues. The original 50 per cent target level was provisional and was revised to 53 per cent in April 2006, reflecting the Government’s ambition for improving children’s development.*

**Measurement**

**46** This target is measured using the personal, social and emotional development (PSED) and communication, language and literacy (CLL) scales of the Foundation Stage Profile (FSP), a continuous observational assessment made during the academic year in which a child reaches age 5 and reported in July of that year.

<sup>11</sup> Equivalent to the 20 per cent most disadvantaged wards.

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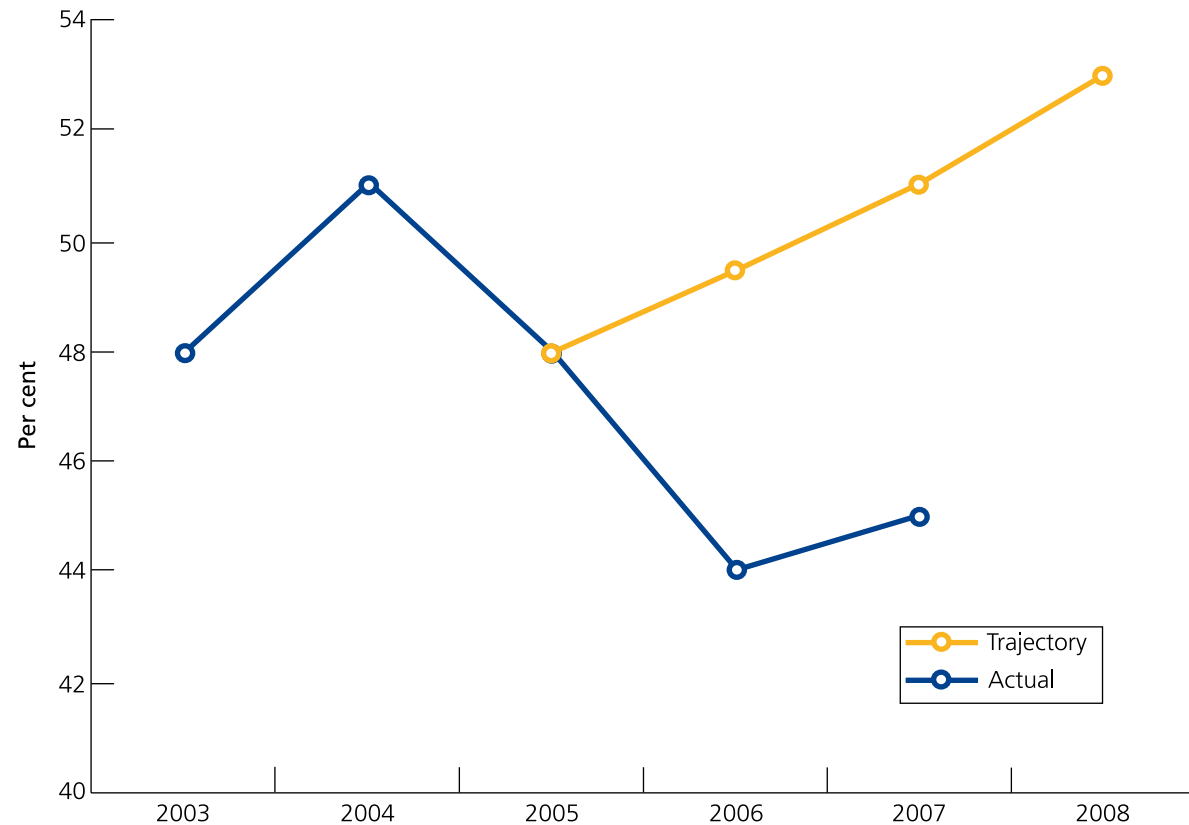
47 A 'good level of development' is defined as a score of six points on all the assessment scales for PESD and CLL.

### Performance

48 There is **slippage** in progress towards this target. The baseline for this target was 48 per cent (2005 Foundation Stage Profile) of children reaching a good level of development, when the gap between children living in the 30 per cent most disadvantaged Super Output areas and the rest of England was 16 per cent.

49 The 2007 FSP results published in October 2007 show a small increase on 2006, up from 44 per cent to 45 per cent of children reaching a good level of development. The gap between children living in the 30 per cent most disadvantaged Super Output areas and the rest stands at 17 per cent.

**Figure 5** Proportion of children reaching a good level of development



Source: Foundation Stage Profile

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## Looking ahead

**50** A key factor in the apparent decline in performance since 2005 has been an improved assessment and moderation process. While this is still an issue in some local authorities, the 2007 FSP results are promising, especially in terms of the Department for Children Schools and Families' (DCSF's) programmes and targeted work. For example, the improvement in the Linking Sounds and Letters scale (which went up by almost 4 percentage points in the last year) reflects the work that the National Strategies – the DCSF's delivery agent for the Foundation stage – have done through the Communication, Language and Literacy Development programme. Almost all local authorities participating in this targeted programme showed increases in the number of children scoring 6 or more in communication.

**51** Similarly, the National Strategies have targeted support to 25 local authorities which, because of the number of children living in disadvantaged areas within those local authorities, contribute significantly towards the national target. Known as the 'Making a Big Difference' local authorities, they have improved overall by

3 percentage points compared to 2006 and have improved faster than the rest. Targeted work is continuing through the National Strategies.

**52** Other activities include further attention on improving confidence in FSP results through the work of the National Assessment Agency and the next phase of a campaign to support take-up of childcare, which focuses on the free entitlement for 3- and 4-year-olds.

**SR2004 PSA target 3:** As a contribution to reducing the proportion of children living in households where no one is working, by 2008:

- increase the stock of Ofsted-registered childcare by 10 per cent;
- increase the number of children in lower-income working families using formal childcare by 120,000; and
- introduce, by April 2005, a successful light-touch childcare approval scheme.

*This joint target with the Department for Children, Schools and Families only relates to England, as provision of early years' services and childcare are devolved*

*issues. The sub-target to increase usage of formal childcare by lower-income working families has been revised – see PSA 3b.*

**PSA 3a:** increase the stock of Ofsted-registered childcare by 10 per cent.

## Measurement

**53** The target is measured against a March 2004 baseline of 1,103,000 Ofsted-registered childcare places in England. The target is to increase the stock of childcare places (filled and unfilled) by 10 per cent, to 1,213,000 registered places.

**54** Data from quarterly reports from Ofsted are used to measure this target. Data are collected by Ofsted based on registrations of childcare providers and cover an estimated 92 per cent of total childcare places.

## Performance

**55** This target has been **met early**. At 30 September 2007 there was a stock of over 1,293,000 registered childcare places, which represents an increase of 17 per cent from March 2004.

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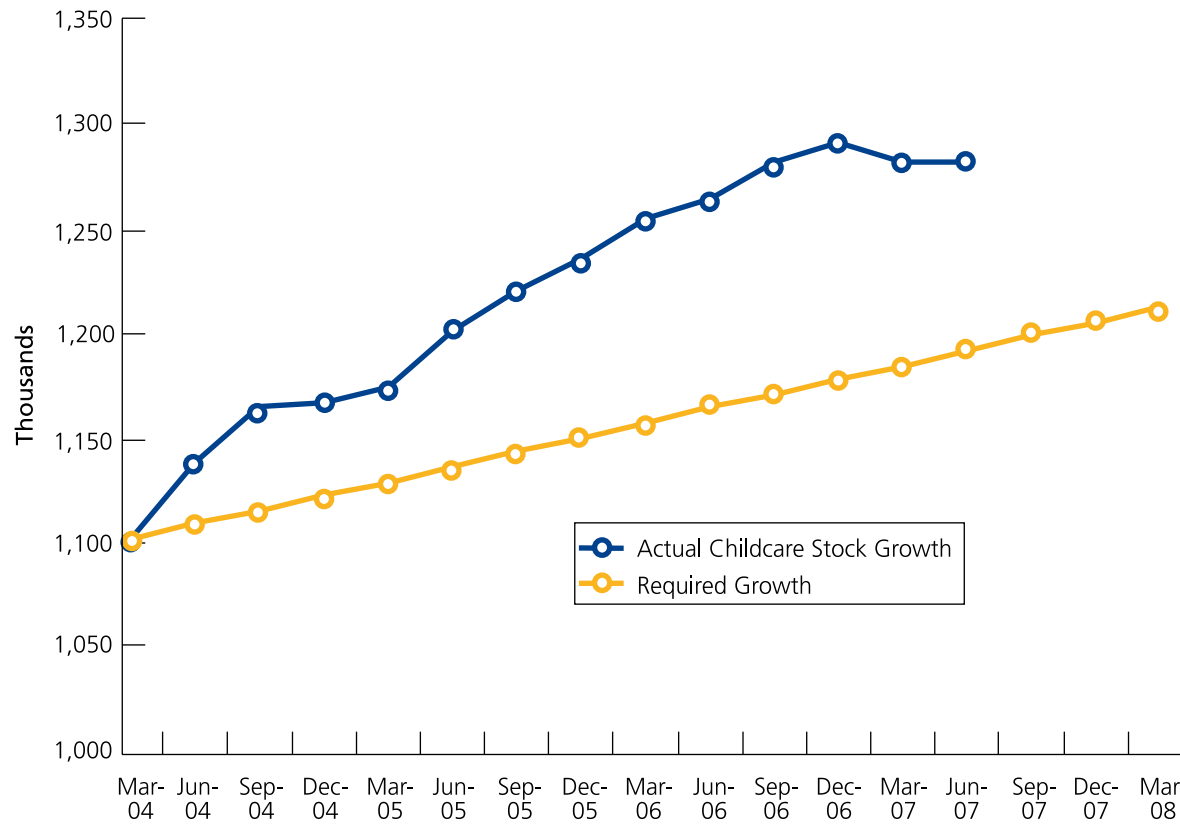
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**Figure 6** Ofsted-registered childcare places in England



Source: Ofsted-registered childcare data

**Looking ahead**

**56** The target has been met but work is required to ensure that a sufficient level of stock is maintained. The main focus is now on sustainability of childcare, and improving quality, accessibility and affordability, rather than creation of additional places which local markets may not require.

**57** The new duty (from April 2007) to assess childcare sufficiency will help local authorities to identify unmet need. New powers to support providers (from October 2007) will help local authorities prepare for the duty to secure sufficiency (from April 2008).

**PSA 3b:** increase the number of children in lower-income working families using formal childcare by 120,000.

**Measurement**

**58** The target is measured using data on the take-up of formal childcare collected as part of the Department for Children, Schools and Families (DCSF) survey of parents' use of childcare series 2005-08.

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**59** Lower-income families are defined as families with at least one child aged 14 years or younger with gross annual income in the bottom two income quintiles (i.e. bottom 40 per cent). The following childcare types are among those classed in the survey as 'formal childcare' – nursery school, reception class, childminder, nanny/ au-pair, breakfast/after school club. Further information can be found in the PSA Technical Note<sup>12</sup>.

## Performance

**60** The 2005 baseline was 615,000 children in lower income working families using formal childcare and the target is 735,000 by 2008.

**61** Progress towards this target is **not yet assessed**. The target will be measured against the DCSF annual survey series 'Childcare and Early Years Provision: A Study of Parents' Use, Views and Experiences'. Data from the 2007 survey are due to be published early in 2008<sup>13</sup>.

## Looking ahead

**62** In September 2007 DCSF launched a second joint communications strategy with the Department for Work and Pensions to target groups where the most impact on the take-up of childcare among lower-income families can be made.

**63** Both departments will also continue to work closely with the Training and Development Agency, Together 4 Children and the London Development Agency (in relation to the Childcare Affordability programme) to look at ways of accessing hard-to-reach parents and encourage take-up of formal childcare. By November 2007 DCSF aims to have visited the 63 local authorities with the lowest take-up of the childcare element of the Working Tax Credit to discuss ways in which they could increase take-up of formal childcare.

**64** DCSF has also contracted with Robert Hill Consulting to undertake a project to target take-up of childcare by ethnic minority groups. It is funding part-time outreach workers in six local authorities.

In addition, DCSF is working with Daycare Trust to pilot Parent Champions in three London local authorities who will work on the ground with parents and exploit the provision of information to parents via word of mouth.

**65** The Department, working with local authorities and other government departments, continues to focus on increasing take-up of the free offer of childcare for 3- and 4-year-olds, better provision of school age childcare through extended schools, better outreach, in particular through children's centres, and financial support for parents through Tax Credits.

**66** Changes in IT now enable Jobcentre Plus advisers to identify clients with children and monitor their progress, increasing the focus on childcare where lack of it may create a barrier to work.

<sup>12</sup> [http://www.dwp.gov.uk/publications/dwp/2004/psa/tech\\_note\\_2005\\_2008.pdf](http://www.dwp.gov.uk/publications/dwp/2004/psa/tech_note_2005_2008.pdf)

<sup>13</sup> The 2006 survey was not carried out because of technical difficulties.

**PSA 3c:** introduce, by April 2005, a successful light-touch childcare approval scheme.

### Measurement

**67** The scheme was introduced by the target date of April 2005, incorporating criminal record checks, first aid certification and a minimum training requirement. The final criterion for meeting the target, which was agreed in April 2006, is to have a cumulative total of 3,500 new approved carers by March 2008. Data from the contractor appointed by DCSF (Nestor Primecare Services Limited) is used to measure the number of approvals.

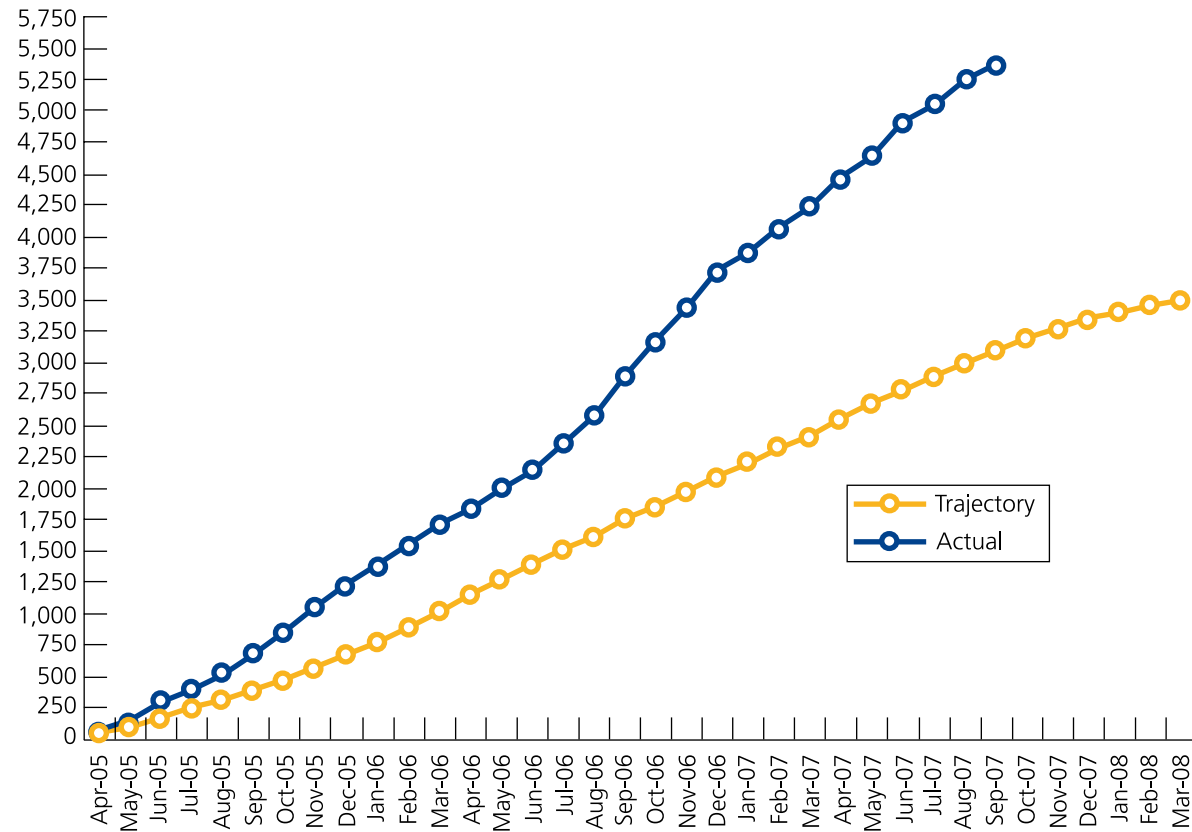
### Performance

**68** This target has been **met early**. The Childcare Approval Scheme was successfully launched in April 2005. At 26 November 2007, there were 5,866 new approved home carers under the scheme.

### Looking ahead

**69** The Childcare Approval Scheme is being phased out following the introduction of the replacement scheme – the voluntary Ofsted Childcare Register – in April 2007.

**Figure 7** Number of approved childcarers compared to trajectory



Source: Nestor Primecare Services Ltd

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# 02

Performance against PSA targets

## **Part 2:**

# Employment and well-being at work

## **Objective:**

to promote work as the best form of welfare for people of working age, while protecting the position of those in greatest need.

**SR2004 PSA target 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:

- demonstrate progress on increasing the employment rate;
- increase the employment rates of disadvantaged groups (lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications and those living in local authority wards with the poorest initial labour market position); and
- significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate.

*The overall employment rate element is a joint target with HM Treasury.*

### Information applying to all sub-targets of PSA 4

**70** PSA target 4 and its sub-targets apply to Great Britain. Employment policy is

devolved to Northern Ireland. Structural improvements in the employment rate are determined by controlling for the impact of wider economic developments.<sup>14</sup>

**71** In response to Eurostat regulations, the Office for National Statistics is now publishing Labour Force Survey data on a calendar quarter basis, as opposed to the seasonal quarter basis previously used. The baseline for each of the sub-targets of PSA 4 has been adjusted accordingly from spring (March-May) 2005 to Quarter 2 (April-June) 2005. As a result, the baseline figures have been altered slightly since original publication. Data for sub-targets 4b to 4f are not seasonally adjusted, so comparisons are made year-on-year. Reporting for the SR2002 employment targets uses seasonal quarters as in previous publications.

**72** For sub-targets 4c to 4f, the Technical Note defines a significant increase in the employment rate as an increase of at least a one percentage point over the Spending Review period, taking account of the economic cycle. Similarly, the gap with the overall rate has to close

<sup>14</sup> Information on the economic cycle is published by HM Treasury in Pre-Budget Reports and Financial Statement and Budget Reports.

by at least one percentage point for the reduction to be significant. For the lone parents sub-target a two percentage point change is required.

**PSA 4a:** demonstrate progress on increasing the employment rate (joint target with HM Treasury).

### Measurement

**73** The target is monitored using seasonally adjusted Labour Force Survey quarterly data, which has a sampling variability of 0.3 percentage points. Structural improvements in the working age employment rate are determined by controlling for the impact of wider economic developments, specifically taking account of the economic cycle.

### Performance

**74** This target is **on course**, taking account of the economic cycle. The baseline against which this target is measured is Quarter 2 2005, when the employment rate was 74.9 per cent<sup>15</sup>. The latest data show the GB rate at 74.6 per cent in July-September 2007, a decrease of 0.3 percentage points.

<sup>15</sup> This baseline figure has changed from previous publications because each year ONS revise and backdate the national employment rate using latest population estimates. The baseline employment rates for the disadvantaged groups were not affected because these are calculated using Labour Force Survey microdata. These datasets are currently based on 2003 population estimates, and will not be revised until spring 2008.

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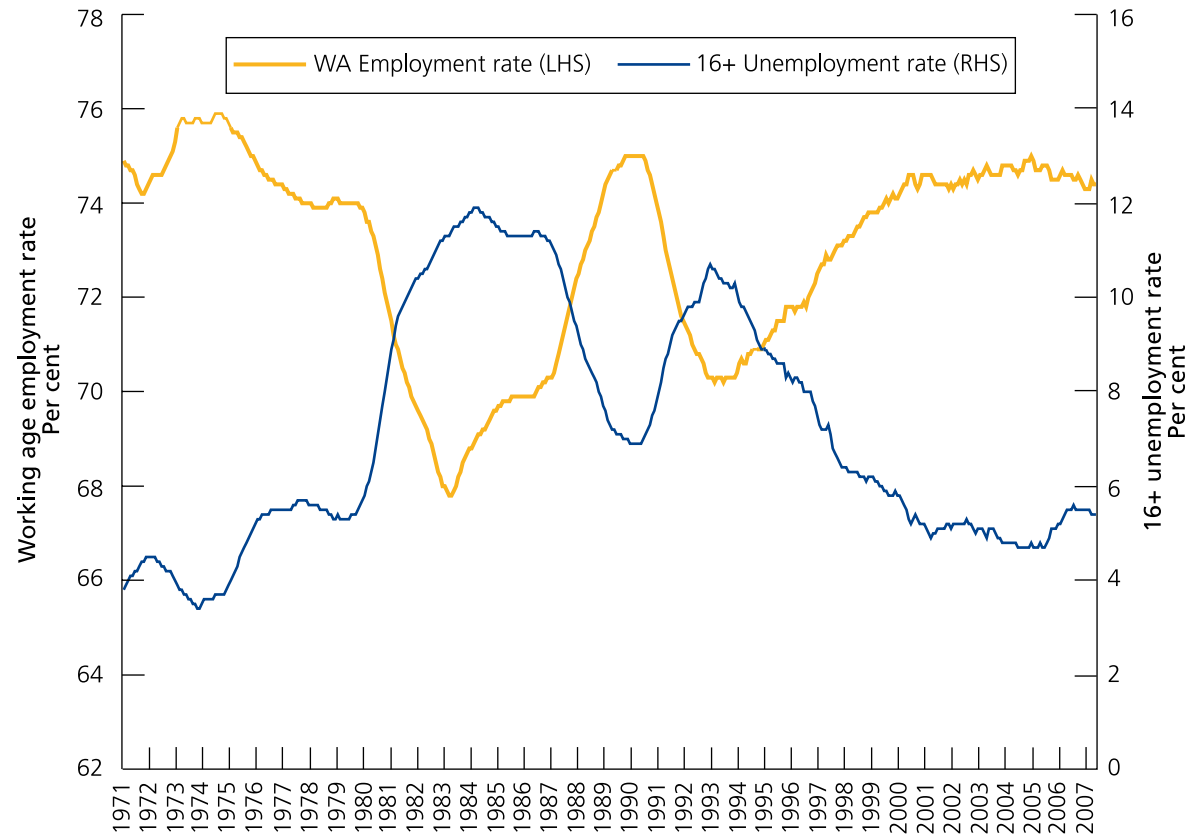
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However, the economy was growing below trend for much of 2005 with gross domestic product (GDP) growth in 2005 at 1.8 per cent. The fact that the employment rate remained relatively steady through this period is an encouraging sign that the underlying labour market position has remained strong.

**75** The economy strengthened in 2006 with GDP growth increasing to 2.8 per cent and this has continued into 2007 with year-on-year growth reaching 3.3 per cent in Quarter 3 2007. Following this return to above-trend economic growth, there have been signs that the employment rate may be starting to increase, rising from 74.4 per cent in February-April 2007. Looking at progress so far over the economic cycle, there has been a clear rise in the employment rate from 72.8 per cent in the first half of 1997.

**Figure 8** UK employment and unemployment 1971 – 2007



Source: Labour Force Survey

Note: this chart is for the UK, though the PSA target is for Great Britain. GB data are only available on a consistent basis back to 1992, whereas the UK data are available back to 1971, providing a

longer trend series. The GB and UK long-term trends are similar, so the UK series will provide a good proxy for the GB trend.

## Looking ahead

**76** The Department continues to implement a range of active labour market policies aimed at raising the sustainable rate of employment and reducing the number of people out of work. These include:

- tackling unemployment through the Jobseeker's Allowance regime, as delivered through the Jobcentre Plus network, and exploring how to strengthen the regime through more flexible and tailored support;
- tackling inactivity through a more work-focused welfare system, including rolling out nationwide the Pathways to Work programme for people on Incapacity Benefit, and piloting the New Deal Plus for Lone Parents;
- introducing a new Employment and Support Allowance (ESA) in 2008 to replace Incapacity Benefit and Income Support based on incapacity or disability;

- establishing Local Employment Partnerships engaging major employers in helping long-term benefit claimants into work; and
- increasing labour supply through making work pay – the minimum wage and working tax credits are examples.

**77** These policies, combined with a stable macro economy have resulted in the continued strength of the GB labour market.

**PSA 4b:** increase the employment rate of lone parents and significantly reduce the difference between the employment rate of this group and the overall rate.

## Measurement

**78** The data used to measure this PSA target are obtained from the Household Labour Force Survey and are released twice a year by the Office for National Statistics. Progress is measured annually using International Labour Organization

employment rates and the Quarter 2 (April – June) Labour Force Survey release.

## Performance

**79** There is some **slippage** against this target, as progress is very slightly below profile. The baseline for this target is the 2005 Quarter 2 lone parent employment rate of 56.2 per cent and a gap with the overall rate of 18.5 percentage points.

**80** The lone parent employment rate in Quarter 2 2007 was 57.2 per cent – an increase of 0.8 percentage points in the year. The gap with the overall employment rate has fallen by 0.9 percentage points since Quarter 2 2006 to 17.2 percentage points.

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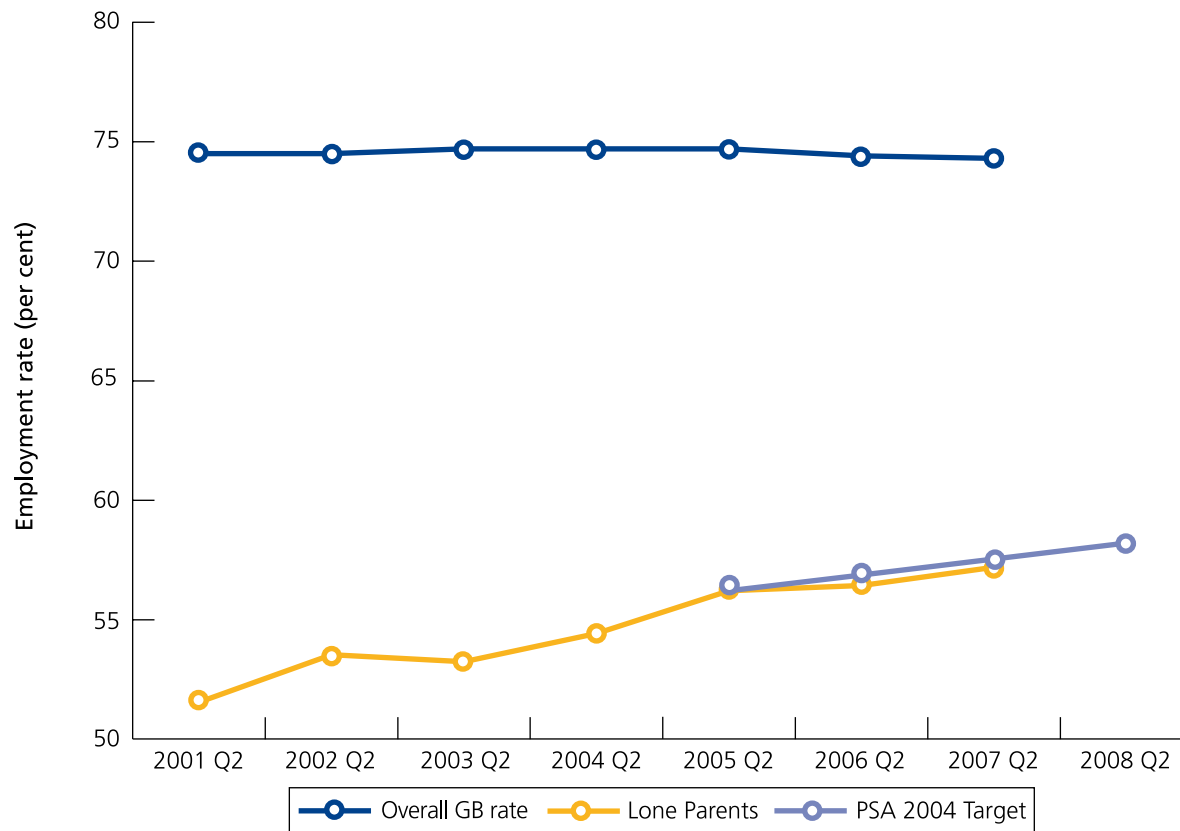
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**Figure 9** Employment rate of lone parents, GB overall rate and SR2004 target



Source: Labour Force Survey

### Looking ahead

**81** The Department has continued and extended the activities which have been effective in helping lone parents into work. These are described under PSA 1a.

**PSA 4c:** increase the employment rate of ethnic minorities and significantly reduce the difference between the employment rate of this group and the overall rate.

### Measurement

**82** The ethnic minority employment rate is based on aggregated data for all working age respondents to the Labour Force Survey (LFS) who classify themselves as belonging to a non-white ethnic group. This is a quarterly survey of 60,000 households in Great Britain. The Department uses single quarter estimates to assess performance against the target.

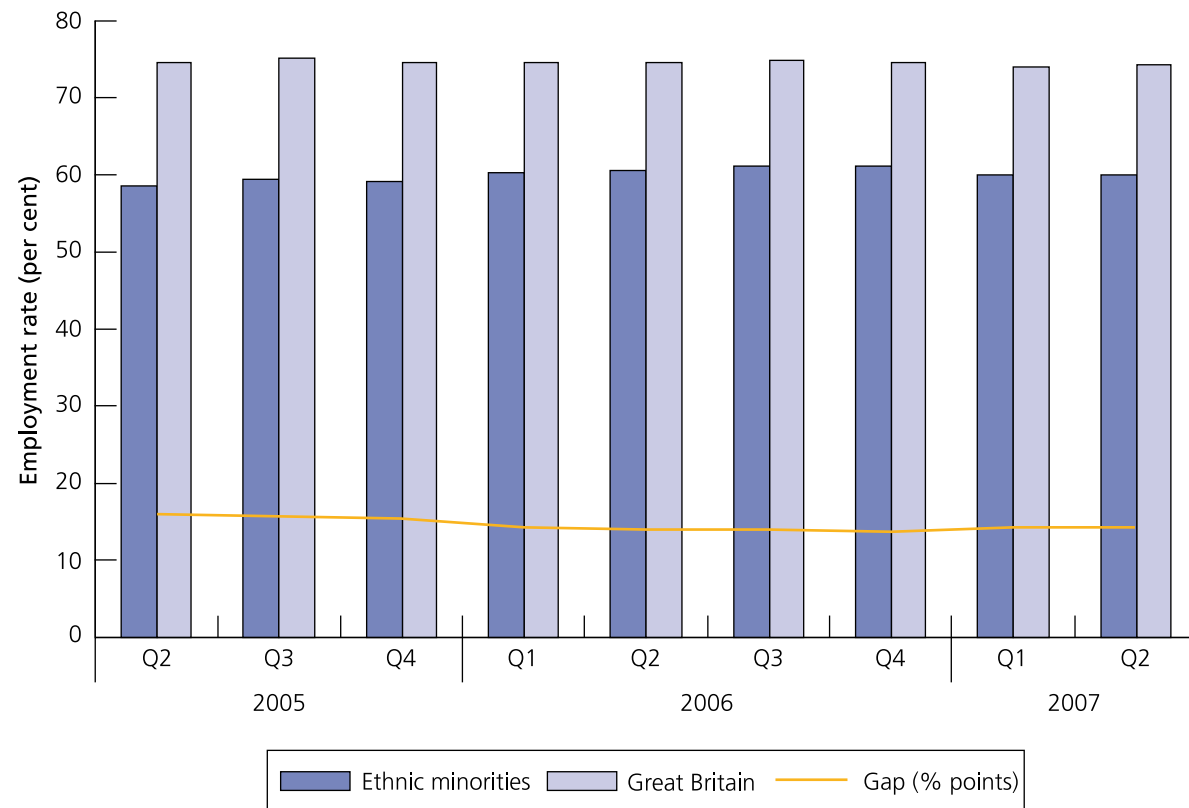
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### Performance

83 The Department is **on course** to meet this target. The baseline ethnic minority employment rate is the Quarter 2 2005 estimate, which was 58.6 per cent. The baseline figure for the gap between the ethnic minority employment rate and the overall employment rate for Great Britain was 16.1 percentage points.<sup>16</sup>

84 Latest estimates for Quarter 2 2007 show an ethnic minority employment rate of 60.1 per cent and a gap against the overall rate of 14.2 percentage points. In relation to the baseline there has been a 1.5 percentage point increase in the ethnic minority employment rate and a 1.9 percentage point decrease in the gap against the overall population. This represents an improvement above the 1 percentage point change threshold for the rate and the gap required to meet the target.

**Figure 10** Employment rate of ethnic minorities, GB overall rate and the gap between the two



Source: Labour Force Survey

<sup>16</sup> The baseline figures differ from previous reports because of an error in the calculations which has now been rectified.

## Looking ahead

**85** The Department is seeking to meet this target through:

- tackling discrimination and promoting equality;
- effective local, targeted interventions; and
- ensuring Jobcentre Plus and mainstream welfare-to-work policies and programmes deliver for ethnic minorities.

**86** In order to consolidate performance against the target, the Department is:

- leading on the Ethnic Minority Employment Task Force. This is chaired by the Minister for Employment and Welfare Reform and consists of key Ministers from other government departments, together with representatives from the Commission for Equality and Human Rights, the Confederation of British Industry and the Trades Union Congress;
- working with other government departments to consider the report of the National Employment Panel Business Commission on race equality in the workplace<sup>17</sup>;

<sup>17</sup> <http://www.nationalemploymentpanel.gov.uk/publications/nep/2007/BusCommissionReport.pdf>

- targeting resources to maximise ethnic minority employment in the 15 City Strategy pathfinders. In particular, the Department is working with East London boroughs to deliver the Olympic employment legacy – building on the experiences of Fair Cities in West London and Birmingham<sup>18</sup>;
- ensuring that the Deprived Areas Fund addresses the needs of ethnic minorities, making use of lessons learned from previous outreach pilots; and
- learning from the Department's Partners Outreach pilot, which focuses on non-working ethnic minority partners in low-income households, and working to join up with childcare pilots targeted at the same group by the Department for Children, Schools and Families.

**PSA 4d:** increase the employment rate of people aged 50 and over and significantly reduce the difference between the employment rate of this group and the overall rate.

<sup>18</sup> <http://www.nationalemploymentpanel.gov.uk/publications/nep/2004/faircities.pdf>

## Measurement

**87** The employment rate is based on International Labour Organization definitions, using estimates from the Labour Force Survey. Data are received quarterly and are not seasonally adjusted.

**88** This target now covers the employment of 50 to 69-year-olds, to reflect the fact that over one million people over State Pension age are currently in work. The Government now has a range of policies to support those over State Pension age who want to work.

## Performance

**89** The Department is **on course** to meet this target. The baseline is Quarter 2 2005 when the employment rate for the age 50 to 69 group was 54.6 per cent, 20.0 percentage points lower than the overall rate. In Quarter 2 2007 the employment rate for the age 50 to 69 group was 55.5 per cent, 18.7 percentage points lower than the overall rate.

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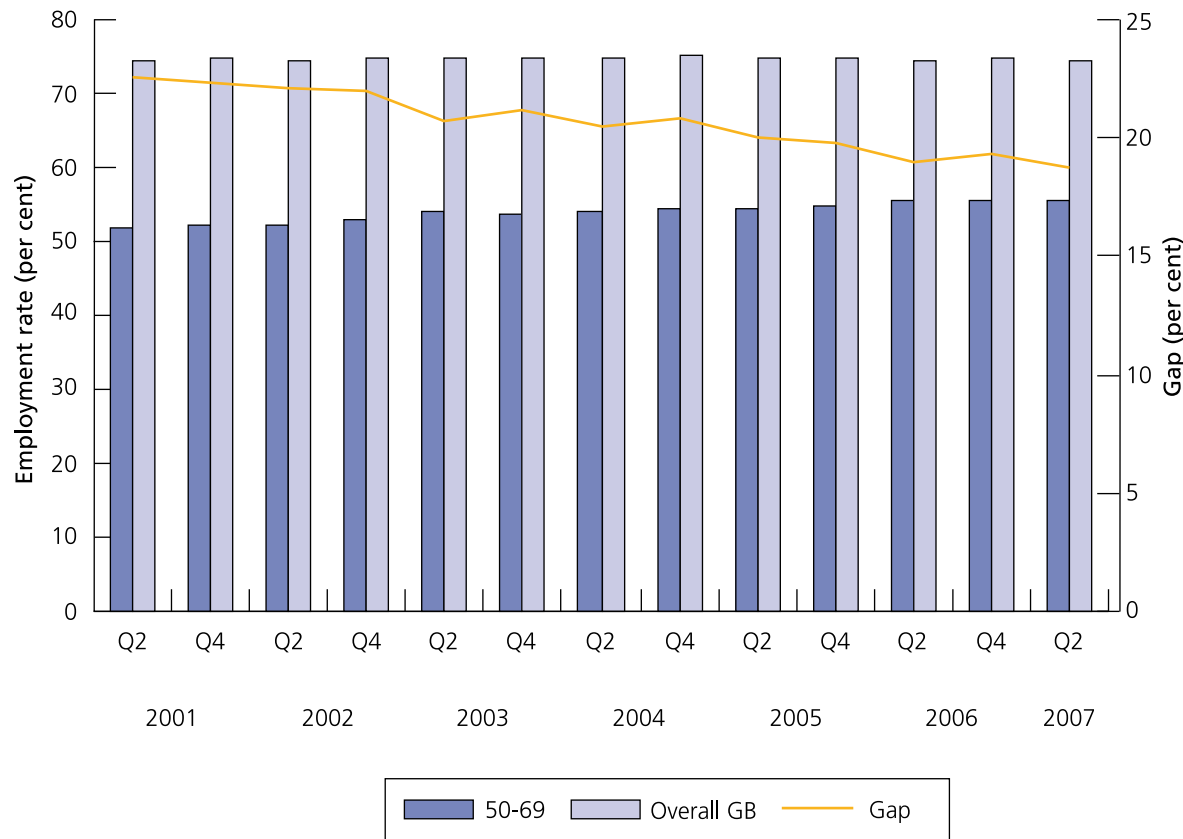
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**Figure 11** Employment rate of older workers, GB overall rate and the gap between the two



Source: Labour Force Survey

**90** The continued strength of the GB labour market has provided a positive context for the Government’s policies towards older workers.

**91** The New Deal 50 plus has supported over 172,000 job entries since April 2000.

**92** The Government has a range of policies to support those over State Pension age who want to work. Back-to-work help is now available to people claiming Pension Credit (from age 60). Other developments have included more generous options for delaying taking State Pension.

### Looking ahead

**93** The Department is working with employers and business leaders, the Department for Business, Enterprise and Regulatory Reform and the Advisory, Conciliation and Arbitration Service to ensure that employers are aware of their responsibilities under the Employment Equality (Age) Regulations which came into force from October 2006, providing practical guidance on the business benefits of recruiting, training and retaining older workers as part of a mixed-age workforce.

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**94** The Department has improved its back-to-work help for older people by requiring long-term unemployed people aged 50 to 59 to participate in the mandatory additional employment support that is available to younger age groups through New Deal 25 plus. It is also planning to treat jobless couples aged over 50 without dependent children as individual jobseekers. Evidence suggests that for workless couples there is more chance of one or both finding work if both are actively seeking it.

**95** As announced in the Pensions White Paper *Security in retirement: towards a new pension system* published in May 2006<sup>19</sup>, the Department is piloting and evaluating the provision of face-to-face guidance for people over 50 and approaching 50 in order to establish what information they need and how they can access it in order to take an informed decision about work and retirement in later life.

**PSA 4e:** increase the employment rate of those with the lowest qualifications and significantly reduce the difference between the employment rate of this group and the overall rate.

### Measurement

**96** The target is monitored using seasonally unadjusted Labour Force Survey quarterly data. The employment rate of the 15 per cent lowest qualified group is based on aggregated data of those respondents of working age. It is produced using the employment rates of those with no qualifications and those with low level qualifications, taking into account the proportion of people in each of these two groups that make up the 15 per cent lowest qualified.

### Performance

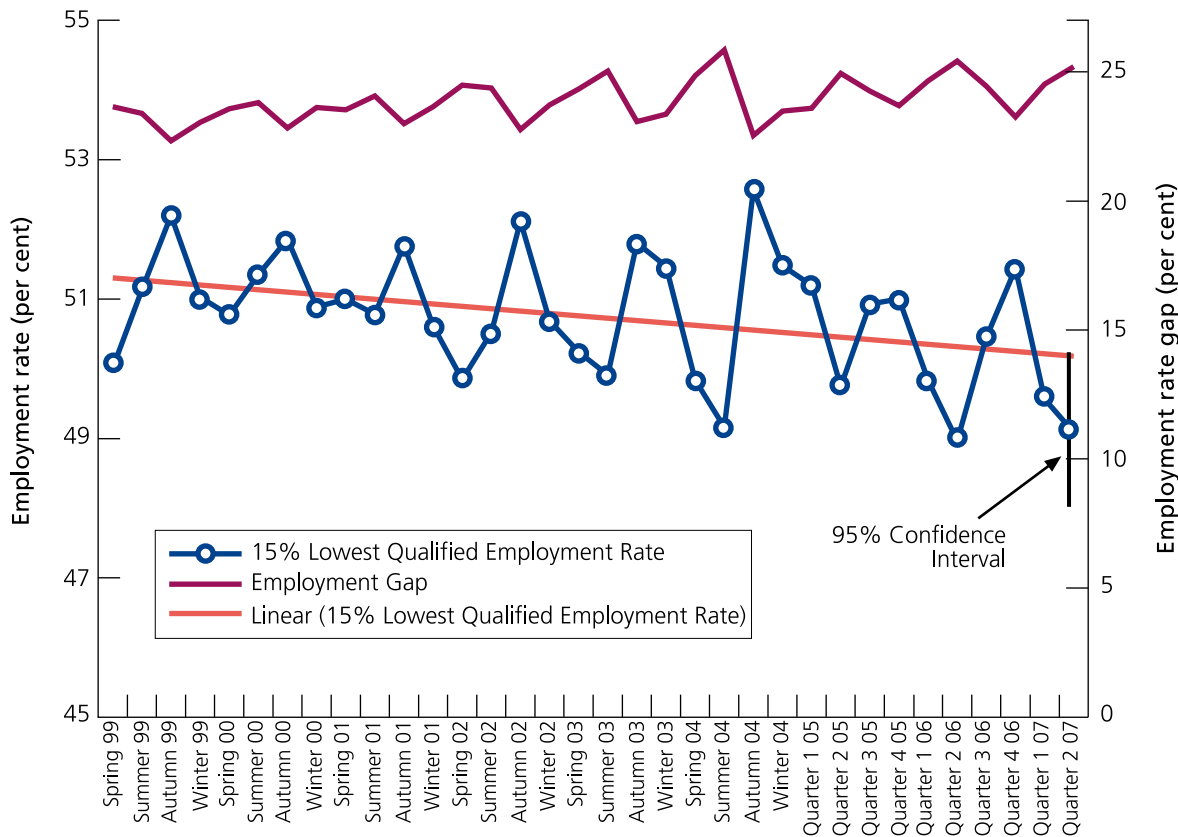
**97** There is some **slippage** in progress towards this target. The baseline is Quarter 2 2005, when the employment rate for this group was 49.8 per cent and

the gap with the overall employment rate was 25.0 per cent. The employment rate for the 15 per cent lowest qualified has remained relatively stable, 49.1 per cent in Quarter 2 2007 compared to 49.0 per cent in Quarter 2 2006. The employment gap stands at 25.2 per cent against a target of 24.0 per cent.

**98** Since Quarter 4 2006 there has been a decrease in the employment rate of those with no qualifications (from 46.8 per cent in Quarter 2 2006 to 46.6 per cent in Quarter 2 2007). In contrast, the employment rate of those with some qualifications has remained static at around 67 per cent. Those with no qualifications continue to make up the largest proportion of the target group so the decline in employment for this group drives down the overall lowest-qualified employment rate.

<sup>19</sup> <http://www.dwp.gov.uk/pensionsreform/whitepaper.asp>

**Figure 12** Employment rate of the lowest qualified, GB overall rate and the gap between the two



Source: Labour Force Survey

### Looking ahead

99 The Department’s strategy to make progress against the target is to:

- work with the Department for Innovation, Universities and Skills to take forward the policy commitments in the Government’s response to the Leitch Review<sup>20</sup> and those set out in *Opportunity, Employment and Progression: making skills work*<sup>21</sup>. These include:
  - increased skills screening for jobseekers and those on inactive benefits;
  - allowing jobseekers with a clear need to take part in full-time training for up to 8 weeks where the training is strongly work-focused; and

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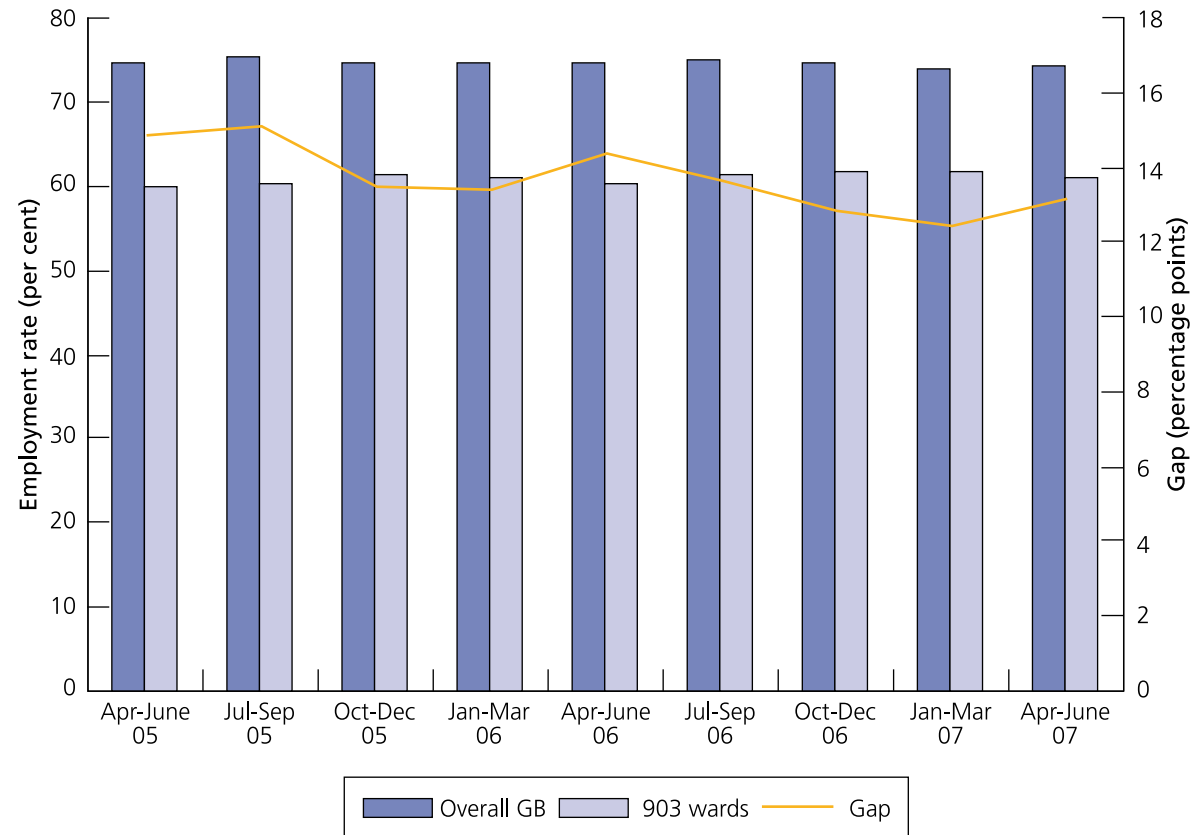
<sup>20</sup> <http://www.dfes.gov.uk/furthereducation/index.cfm?fuseaction=news.view&NewsID=32>

<sup>21</sup> <http://www.dwp.gov.uk/welfare-reform/making-skills-work.pdf>



- working in partnership with the new adult advancement and careers service as part of an integrated employment and skills system which will deliver the seamless support the Department's customers need to move into work and to progress;
- continue to develop the New Deal for Skills, including pilots of Skills Coaching, Skills Passports and the Adult Learning Option. An interim evaluation of the Adult Learning Option based on qualitative data is expected shortly followed by a final report using both qualitative data and administrative data in November 2008; and
- take forward the Government's plans for Jobseeker's Allowance customers and those on inactive benefits, as set out in the Welfare Reform Green Paper<sup>22</sup>, subject to the outcome of the consultation.

**Figure 13** Employment rate of the 903 local authority wards with the poorest initial labour market position, the overall rate and the gap between the two



Source: Labour Force Survey

<sup>22</sup> <http://www.dwp.gov.uk/welfarereform/in-work-better-off/in-work-better-off.pdf>

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**PSA 4f:** increase the employment rate of those living in local authority wards with the poorest initial labour market position and significantly reduce the difference between the employment rate of this group and the overall rate.

### Measurement

**100** The employment rate is based on International Labour Organization definitions, using estimates from the Labour Force Survey (LFS). Data are received quarterly and are not seasonally adjusted so year on year comparisons are the most appropriate. The 95 per cent confidence interval for the estimates for deprived wards is +/- 1.3 percentage points.

**101** The 903 most disadvantaged wards are defined as those which have a benefit claim rate of 25 per cent or above; and wards in the ten local authorities with the lowest employment rates which have benefit claim rates between 20 and 25 per cent. They represent 9 per cent of all local authority wards.

### Performance

**102** Performance against this target is **on course**. The baseline is Quarter 2 2005 when the employment rate for the most deprived areas was 59.8 per cent and the gap with the overall rate was 14.8 percentage points. By Quarter 2 2007, the rate had risen to 61.1 per cent and the gap with the overall rate was 13.2 percentage points.

### Looking ahead

**103** The employment rate in the most disadvantaged wards has continued to rise over the past year.

**104** New national welfare-to-work policies will affect employment in disadvantaged areas positively, probably disproportionately. The rollout of the Incapacity Benefit Pathways programme has, in all probability, already affected the target positively.

**105** The Deprived Areas Fund has been available since October 2006. The fund is based around 1,043 disadvantaged wards including the 903 covered in the target and enables Jobcentre Plus District

Managers to allocate funds in ways best suited to meeting local labour market needs.

**106** The Cities Strategy, proposed in the Welfare Reform Green Paper *A new deal for welfare: Empowering people to work* (January 2006<sup>23</sup>), is progressing. The fifteen Pathfinder regions have now had their business plans approved, outlining how they intend to move forward over the next 18 months. Implementation of these business plans is now underway.

### SR2002 employment targets

**SR2002 PSA 3:** Demonstrate progress by spring 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle.

**SR2002 PSA 4a-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.

<sup>23</sup> [http://www.dwp.gov.uk/welfarereform/docs/A\\_new\\_deal\\_for\\_welfare-Empowering\\_people\\_to\\_work-Full\\_Document.pdf](http://www.dwp.gov.uk/welfarereform/docs/A_new_deal_for_welfare-Empowering_people_to_work-Full_Document.pdf)

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Target	Spring 2003 baseline	Spring 2006 outturn
3. GB employment rate	74.9 per cent	74.6 per cent
3. GB unemployment rate	5 per cent	5.5 per cent
4a. Lone parents	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.
4b. Ethnic minorities <i>Joint target with the Department of Business, Enterprise and Regulatory Reform</i>	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.
4c. People aged 50 and over	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 overall rate.
4d. Those with the lowest qualifications	50.2 per cent and a gap with the overall rate of 24.4 percentage points.	49.4 per cent and a gap with the overall rate of 25.0 percentage points.
4e. Those living in the local authority wards with the poorest initial labour market position	63.2 per cent and a gap with the overall rate of 11.5 percentage points.	66.0 per cent and a gap with the overall rate of 8.7 percentage points.

**107** These targets are measured taking account of the economic cycle so a final assessment cannot be made until the end of the cycle has been reached. For the disadvantaged groups, however, subject to the economic cycle, the Department's provisional assessment is that all save target 4d are likely to have been met.

**108** A review of data systems for the 2003-06 PSA targets carried out by the National Audit Office recommended that, for lone parents, the significant change should have been set at three percentage points over the SR2002 period. This value will be used when a final assessment is made of SR2002 PSA target 4a, at the end of the economic cycle.

**SR2004 PSA target 5:** By 2008 improve health and safety outcomes in Great Britain through progressive improvement in the control of risk in the workplace.

## Measurement

**109** This target is measured against six sub-targets, grouped under the two main areas of the Health and Safety Commission and Executive's work: occupational health and safety; and major hazards.

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**110** The Health and Safety Executive (HSE) gathers data to monitor this target from various sources:

- For the **occupational health and safety** sub-targets, sources include the Labour Force Survey; Self-reported Work-related Illness household surveys; the Health and Occupation Reporting network; and other reports made under Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR). HSE publishes annual progress reports each autumn.<sup>24</sup>
- The three measures of occupational health and safety outcomes (work-related fatal and major injuries, work-related ill health, and working days lost) are subject to sampling error/statistical uncertainty. To maximise the ability to detect change, the judgement on progress is based on analysis of all relevant data sources.

- For the **major hazards** sub-targets, data are obtained from reports made to HSE for the nuclear and offshore sectors and relevant reports made under RIDDOR for the onshore sector. The targets are based on numbers of 'precursor events' (i.e. events with the potential to develop into a catastrophic accident). These indicators give only a partial view of how well major hazard risks are being controlled. HSE is working with relevant industries to give improved indicators.
- Data are collected quarterly and made public on HSE's website. Progress is reported formally in the Health and Safety Commission's Annual Report.<sup>25</sup>

### Performance

**111** Assessment of progress for the target overall is **slippage**.

**112** The occupational health and safety element of the PSA is showing slippage on the ill health and working days lost sub-targets, but the injuries sub-target is on course. The major hazards element of the PSA is showing some slippage, due to a levelling of the offshore indicator over the last two years.

### Occupational health and safety

**113** The Health and Safety Commission's 2006-07 statistics show some good progress on injury reduction but a disappointing reversal on ill health and days lost:

- The incidence rate of fatal and major injuries is on course to meet the target, having fallen for the third year running. The number of slipping and tripping major injuries (the main contributor to this indicator) has also fallen.
- The incidence rate of work-related ill health is showing slippage, caused by a sudden rise in the indicator in 2006-07 that reverses the previous downward trend. HSE needs to carry out further analysis to understand the reasons behind this change.
- The number of working days lost per worker is showing slippage, due to a statistically significant rise in 2006-07 (almost back to the baseline level). This is strongly influenced by days lost as a result of work-related ill health – 36 million days lost in total, of which 30 million were caused by ill health.

<sup>24</sup> <http://www.hse.gov.uk/statistics/publications/general.htm>

<sup>25</sup> <http://www.hse.gov.uk/aboutus/reports/0607/ar0607.pdf>

**Figure 14** Occupational health and safety sub-targets and performance

Sub-target	Baselines (2004-05)	Outturn to end 2006-07		2007-08 target
		Indicator	Change	
Incidence of work-related fatal and major injuries per 100,000 employees	118.6	107.7*	9.2 per cent reduction	3 per cent reduction
Incidence of self-reported work-related ill health per 100,000 workers	1,800	2,100	13.5 per cent increase**	6 per cent reduction
Number of working days lost due to work-related injury and ill health per worker	1.5	1.5	1.1 per cent increase***	9 per cent reduction

\* Provisional

\*\* Subject to 95% confidence interval – range of possibilities is +4.0 to +23.0 per cent

\*\*\* Subject to 95% confidence interval – range of possibilities is -10.9 to +13.1 per cent

## Major Hazards

**114** HSE is making good progress overall on major hazards, but there are some significant challenges for the future, including availability of adequately skilled staff, and changing operating environments in both the nuclear and offshore industries. The indicators show:

- Precursor events in the nuclear industry are ahead of profile to deliver the sub-target.
- Precursor events in the offshore sector show some slippage, which is probably linked to increasing offshore activity. HSE is engaging actively at Board level with offshore companies and the industry's trade association. The industry now accepts the need to increase internal controls and leadership, but this has not yet translated into improved performance.
- Precursor events in the onshore sector are ahead of profile to achieve the sub-target.

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**Figure 15** Major hazards sub-targets and performance

Sub-target	Baselines (2001-02)	Outturn to Q2, 2007-08	Target 2007-08
Number of events reported by licence holders, which HSE's Nuclear Installations Inspectorate judges as having the potential to challenge a nuclear safety system	143	50	132
Number of major and significant hydrocarbon releases in the offshore oil and gas sector	113	39*	62
Number of relevant RIDDOR reportable dangerous occurrences in the onshore sector	179	39*	152

\* Provisional

**Looking ahead**

**115** The scale of the occupational health and safety challenge remains considerable, but HSE will be making further efforts. Working with local authority partners and other key stakeholders, using a mix of interventions, HSE plans to:

- sustain reductions in work-related injuries. There will be a focus on high risk industries such as construction, logistics (the *Moving Goods Safely* initiative that seeks to reduce both injuries and ill health arising from the movement of goods and work) and waste and recycling. Specific hazards will also be targeted, for example focusing on injuries caused by slips, trips and falls;
- achieve reductions in cases of work-related ill health. HSE will engage stakeholders and encourage them to take joint responsibility for driving down cases of dermatitis, asbestos-related disease and respiratory disease; and

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- achieve a reduction in the number of working days lost due to work-related injury and ill health. This will include targeting musculoskeletal disease, work with the financial services industry to address stress, and continuing work with the public sector.
- 116** HSE aims to maintain and build on its delivery with the major hazard industries through activities such as:
- refining and implementing its Integrated Intervention Strategy, to make sure that nuclear duty holders maintain their focus on safety issues. This will be particularly important due to restructuring within the nuclear industry, decommissioning and clean-up, funding concerns and new investment programmes;
  - publishing a pan-offshore industry installation integrity programme in November 2007<sup>26</sup>. The aim is to raise the profile of the management of major hazard risks and create challenges in terms of the industry's performance and commitment; and
  - establishing a joint regulator/industry task group to develop improved standards for primary containment in response to the lessons from the Buncefield incident. The group published its final report in July 2007<sup>27</sup>. This sets out challenging targets for improvements in safety and environmental controls at sites similar to Buncefield. Site operators will be implementing the improved standards within the next 12 months.

<sup>26</sup> <http://www.hse.gov.uk/offshore/programme.htm>

<sup>27</sup> <http://www.hse.gov.uk/comah/buncefield/bstgfinalreport.pdf>

# 02

Performance against PSA targets

## **Part 3:**

# Security in retirement

## **Objective:**

to combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners.

**SR2004 PSA target 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.

### Measurement

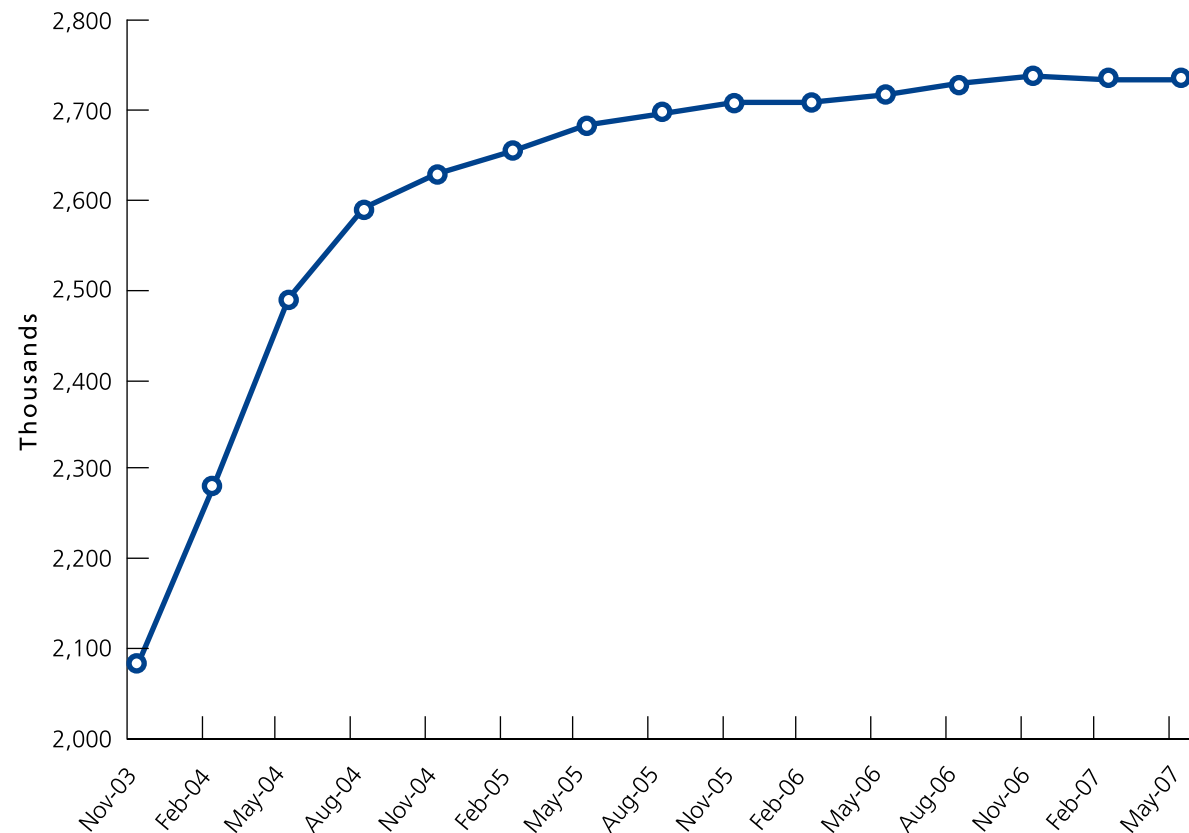
**117** Progress against this target is measured using information from the Work and Pensions Longitudinal Study. These data are based on a 100 per cent sample of claimants across the Department for Work and Pensions. The Longitudinal Study now forms the basis for the majority of the National Statistics based on the Department’s administrative data and is subject to validation by the National Audit Office.

### Performance

**118** There is **slippage** in progress towards this target.

**119** Between February 2006 and May 2007 the number of Pension Credit recipients rose by 21,670 (to reach 2.73 million in total). The number of Guarantee Credit recipients rose by 30,010 (to reach 2.14 million households).

**Figure 16** Households in receipt of Pension Credit



Source: Work and Pensions Longitudinal Study

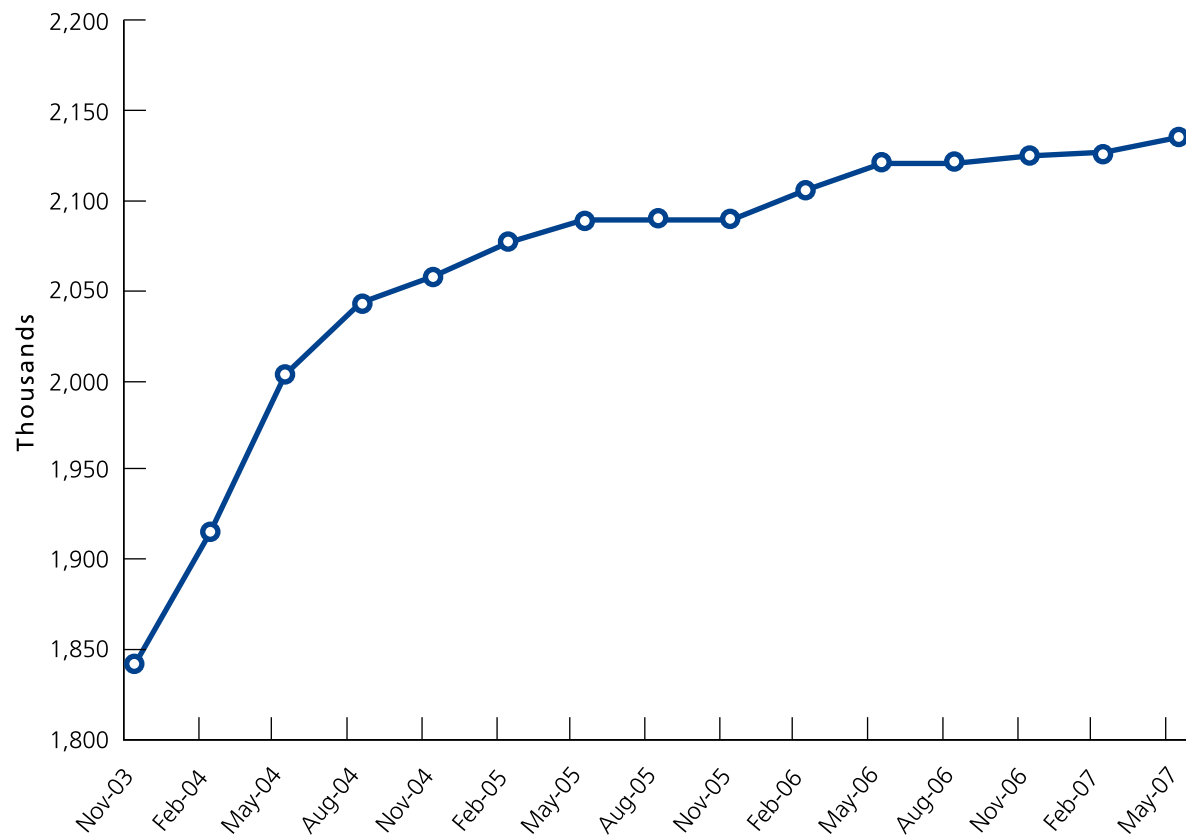
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**120** Despite significant high profile campaigns, this target will not be achieved. By its nature, large numbers of Pension Credit recipients die or otherwise leave the caseload each year (260,000 to 300,000 expected during 2007-08). Even maintaining the number of customers at its current level is therefore a major effort. Contacting customers multiple times has identified more customers who are unwilling to apply. These customers often perceive the effort of claiming to be not worth the amount of benefit they might receive or they feel that they have sufficient to live on already.

### Looking ahead

**121** The Department continues to look at further ways to identify those who may be entitled to Pension Credit and encourage them to apply. However, it would not represent value for money repeatedly to press unwilling eligible people to take up their entitlement. In 2007-08 The Pension Service plans to generate 235,000 successful Pension Credit applications with 166,000 of these being successful applications for the Guarantee Credit, with a view to broadly maintaining the existing caseload levels.

**Figure 17** Households in receipt of the Guarantee element of Pension Credit



Source: Work and Pensions Longitudinal Study

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**122** In June 2007, activity commenced directly to target the remaining 570,000 households most likely to be eligible using a combination of direct mail and local service visiting. This activity is being supported by local press and door drops, and 'pocket campaigns' targeting a mix of media in those local authority areas with relatively high eligible non-recipient populations.

**123** In 2007-08 The Pension Service Local Service will also offer a 'Full Benefit Entitlement Check', including eligibility for Pension Credit and related benefits, during its 13,000 face-to-face visits each week.

**SR2004 PSA target 7:** Improve working-age individuals' awareness of their retirement provision such that, by 2007-08, 15.4 million individuals are regularly issued a pension forecast and 60,000 successful pension traces are undertaken a year.

**PSA 7a:** by 2007-08, 15.4 million individuals are regularly issued a pension forecast.

## Measurement

**124** Four kinds of forecast have contributed to this target:

- **Combined Pension Forecasts (CPFs)** bring together a forecast of an individual's State Pension with a projection of their private pension in a single product issued by the employer or pension provider. These forecasts are issued voluntarily (normally annually) by employers or pension providers who choose to participate in the scheme;
- **Individual Pension Forecasts (IPFs)** are requested by individuals and contain a detailed and personalised State Pension forecast. In order to receive an IPF, the individual must supply the Department with specific information about their circumstances;
- **Real Time Pension Forecasts (RTPFs)** are requested by an individual via the Department's internet site. This web-based forecasting service provides personalised forecasting information but does not include some of the features contained within IPFs;

- **Automatic Pension Forecasts (APFs)** were sent out unsolicited between May 2003 and November 2006 to individuals who had not received a CPF, IPF or RTPF in the previous 12 months. The further issue of APFs has been put on hold while the Department considers the role of Pension Forecasting within future information strategies.

**125** Progress is monitored by reference to monthly reports from the DWP forecast-issuing IT systems.

## Performance

**126** This target has been **met early**. It is judged to be met if 15.4 million individuals are issued with at least one of the four types of pension forecast in the three year period from 1 April 2005 to 31 March 2008.

**127** Between April 2005 and September 2007, 19.1 million individuals were issued with a pension forecast.

**128** The target of 15.4 million individuals was reached in July 2006, thus achieving the target 20 months early.

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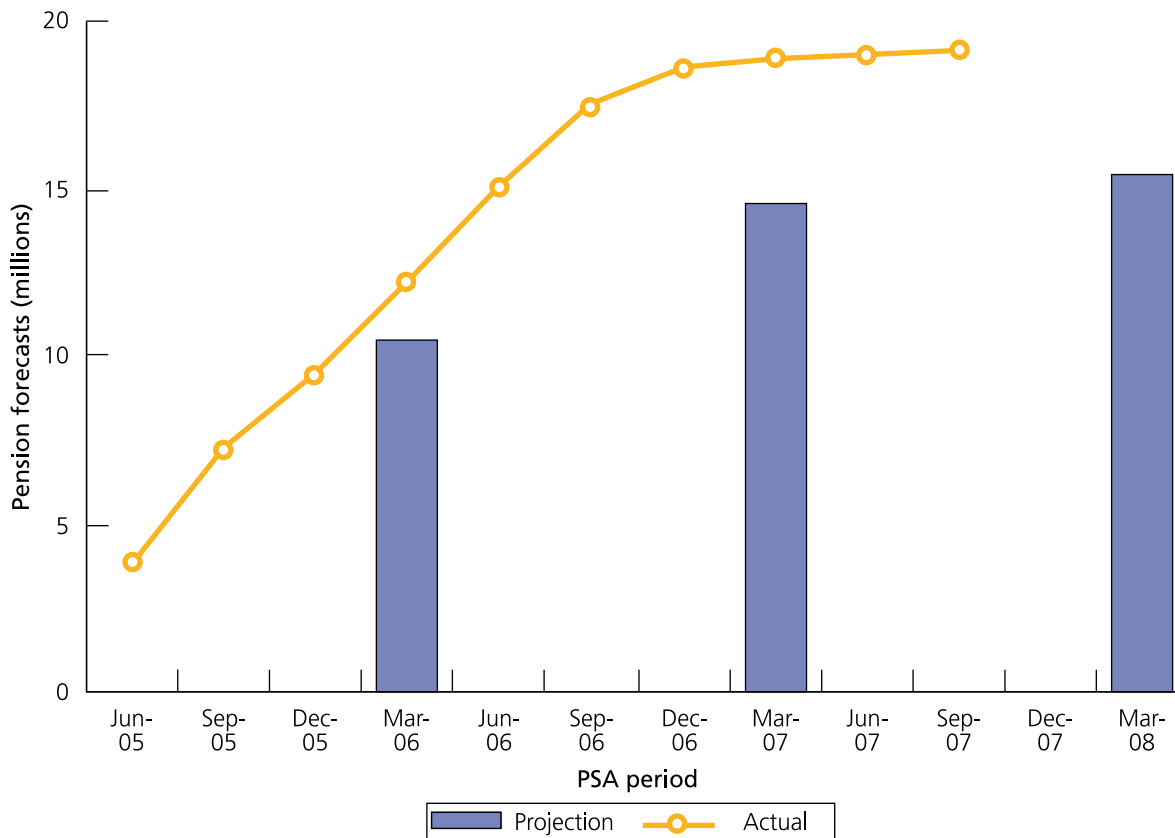
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**Figure 18** Number of pension forecasts issued since April 2005



Source: Monthly data supplied by forecast providers

### Looking ahead

**129** The State Pension reforms contained in the Pensions Act 2007 require some significant changes to current pension forecasting IT systems. Until these changes can be made, The Pension Service has introduced a number of temporary restrictions on the availability of pension forecasts.

**130** People who reach State Pension age before 6 April 2010 can continue to request a State Pension forecast as normal (both IPF and RTPF).

**131** However, The Pension Service is temporarily unable to provide people who reach State Pension age after 5 April 2010 with a full State Pension forecast (IPF, RTPF or CPF). In the meantime, The Pension Service is providing personalised information to this group, helping them to continue to plan for their retirement.

**132** Combined Pension Forecasts (CPFs) are not being issued while the forecasting IT is being updated to reflect the changes in the 2007 Act. It would be disproportionately costly for participating employers and pension providers to differentiate between those who reach State Pension age before and after 6 April 2010. Only a very small proportion of CPF recipients fall into the former category.

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**133** The Department aims to provide a full forecasting service by autumn 2008. Details about the impact of reform on forecasting and the availability of these services in this transitional period can be found on the State Pension Forecasting pages of The Pension Service website.<sup>28</sup>

**PSA 7b:** by 2007-08, 60,000 successful pension traces are undertaken a year.

### Measurement

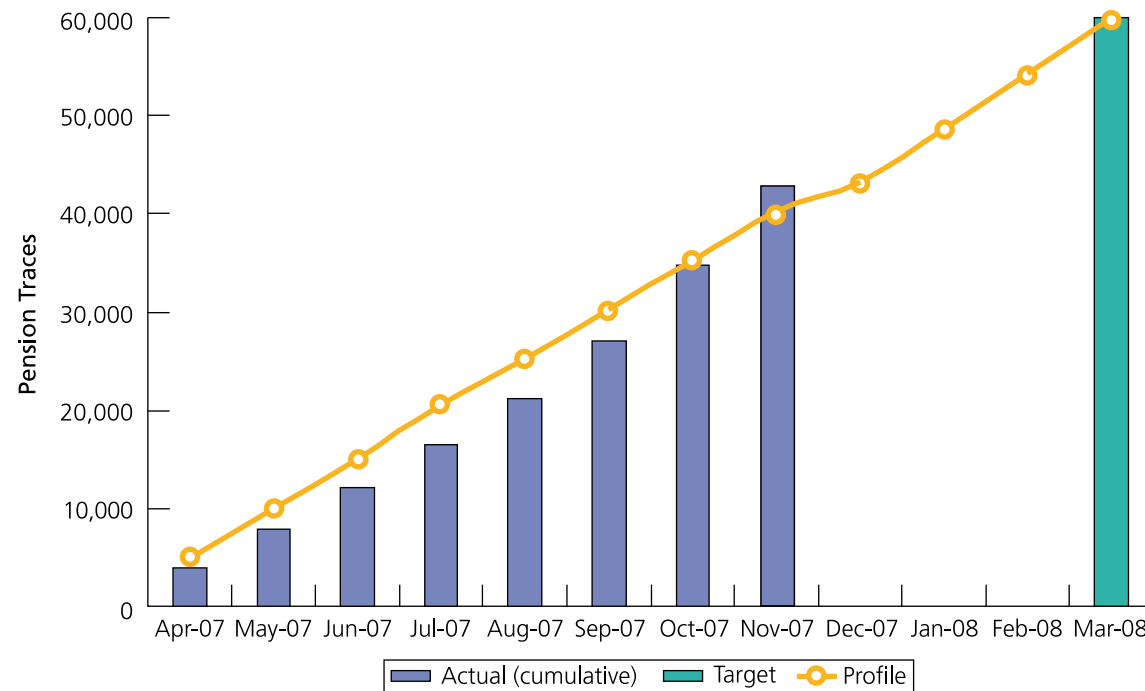
**134** The Pension Tracing Service, administered by The Pension Service, collects data on the number of pension trace applications received, the number of pension traces requested and the number of successful pension traces.

**135** A successful trace is defined as an individual pension trace request which results in the most current address for a pension scheme, held by the Pension Tracing Service, being provided to the individual who made the application.

### Performance

**136** The Department is **on course** to meet this target.

**Figure 19** Number of successful pension traces 2007-08



Source: Pension Tracing Service records

<sup>28</sup> <http://www.thepensionservice.gov.uk>

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**137** The Pension Tracing Service was provided by The Occupational Pensions Regulatory Authority (OPRA) until it was transferred, in April 2005, to the Department for Work and Pensions. In 2004-05, OPRA undertook 25,200 pension traces of which 95 per cent were successful<sup>29</sup>. Since the service transferred to DWP, there has been a substantial increase in the number of pension traces. The Pension Service delivered 30,619 successful traces in 2005-06 and 40,154 successful traces in 2006-07<sup>30</sup>.

**138** A significant increase on 2006-07 performance is required to meet the target. Between April 2007 and November 2007, 43,036 successful pension traces have been completed. Performance during the first eight months of 2007-08 has shown a significant increase on the 2006-07 figures, at 71 per cent of the target and is now ahead of year-to-date profile.

## Looking ahead

**139** Effective and targeted marketing continues to be the key factor to achieving this target, as the Pension Tracing Service is reliant on potential customers being aware of the service and making contact. It is a service that, in the majority of cases, is only used once and therefore target achievement is very much dependant on attracting new customers. To maintain increased performance the main activities will be:

- extending digital marketing from November 2007 to March 2008, as the majority of customers who use the Pension Tracing Service do so via the internet;
- incorporating tracing service messages in pension reform and other departmental communications from November 2007;

- running a regional press pilot, for three weeks, in the South West of England in November 2007. Following this the Department will evaluate the pilot to consider whether it would be appropriate to roll this activity out to other regions in January 2008;
- placing advertisements in a number of specialist magazines in November and December 2007; and
- encouraging external stakeholders and key influencers to advocate the service in their literature and websites.

<sup>29</sup> The Occupational Pensions Regulatory Authority's annual report and accounts for 2004-05.

<sup>30</sup> The Pension Service interim target for 2005-06 was 30,000 successful traces and in 2006-07 was 40,000 successful pension traces.

# 02

Performance against PSA targets

## **Part 4:**

# Disabled people

### **Objective:**

to improve rights and opportunities for disabled people in a fair and inclusive society.

**SR2004 PSA target 8:** In the three years to March 2008:

- 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;
- increase the employment rate of disabled people, taking account of the economic cycle; and
- significantly reduce the difference between their employment rate and the overall rate, taking account of the economic cycle.

**PSA 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.

### Measurement

**140** Measurement of numerical progress against this target is currently restricted to one indicator – the general public’s awareness of the Disability Discrimination

Act (DDA) 1995. This is monitored using the Disability Module of the Office for National Statistics Omnibus Survey. This module runs eight months out of every twelve and, when four months of data are available, can provide robust statistics on the general population’s awareness of the DDA 1995. The sample size for each month of the survey means that four months’ data have to be combined to create a robust sample population.

### Performance

**141** This target is **on course** overall. Substantial progress has been made in furthering the opportunities and rights of disabled people through the implementation of measures in the Disability Discrimination Act (DDA) 2005, the launch of the Office for Disability Issues and a range of cross-Government initiatives, including the Department of Health-led Individual Budget pilots. However, this is not reflected by data on public awareness of the DDA from the Omnibus Survey. The numerical indicator does not cover all these aspects of the target. The latest data, for the period between April 2007 and September 2007, show awareness at 72.3 per cent, a fall of 1.1 percentage points from the

baseline figure of 73.4 per cent from October 2004 to March 2005. This is not statistically significant. Figure 20 shows the current trend in awareness of the DDA.

**142** From December 2005 to May 2006 the Department ran a DDA awareness-raising campaign called ‘Adjusting for Better Business’, targeted at small and medium sized enterprises, business intermediaries and trade bodies. Follow-up activity with supportive business intermediaries was carried out between September and December 2006.

**143** Accessible information about disability rights is displayed on the Disabled People and Carers section of the Directgov website<sup>31</sup>.

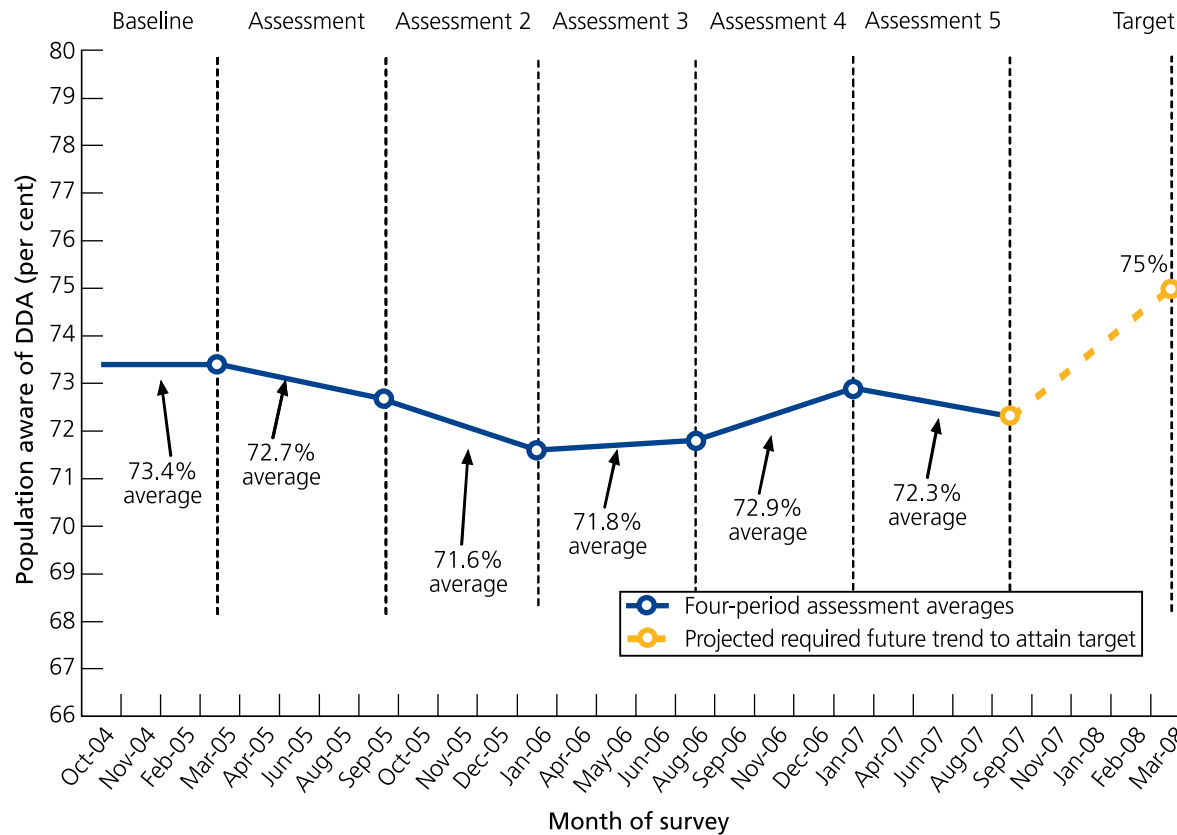
**144** The UK signed the UN Convention on Disability Rights on 30 March 2007, signifying its commitment to the rights of disabled people at home and abroad and its intention in due course to ratify the Convention and agree to be bound by its obligations.

**145** Successful delivery hinges on wider attitude changes throughout society. Departmental awareness-raising activity is only one of a number of drivers.

<sup>31</sup> <http://www.dwp.gov.uk/lifeevent/discare/>

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**Figure 20** The general population’s awareness of the Disability Discrimination Act



Source: Office for National Statistics

### Looking ahead

146 In order to raise awareness:

- The Department has launched a campaign to challenge the assumptions of employers about the employability and willingness to work of disabled people or those with a long-term health condition. The first phase of the Employ Ability campaign is aimed at medium sized employers (100-250 employees) and is being piloted in four cities – Leeds, Bradford, Manchester and Liverpool – from early September to end November 2007. The pilot will be evaluated and, if it proves to be successful, it will be adjusted as necessary and rolled out to a number of Pathways to Work areas from March 2008. This campaign will include key messages covering the legal responsibilities which employers have under the DDA not to discriminate against disabled people in their recruitment and retention practices.

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- The Discrimination Law Review consultation *A Framework for Fairness: Proposals for a Single Equality Bill for Great Britain* was launched on 12 June 2007<sup>32</sup>, and the consultation period ran until 4 September. The Discrimination Law Review reflects the Government's aims to improve rights for disabled people.
- The Department will identify other opportunities (for example, Departmental media campaigns) to keep DDA messages in circulation.

**PSA 8b and c:** taking account of the economic cycle, increase the employment rate of disabled people and significantly reduce the difference between their employment rate and the overall rate.

## Measurement

**147** The definition of a disability for the purpose of this target is people with a current disability consistent with the Disability Discrimination Act 1995. This covers those who currently have a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

**148** The target is monitored quarterly using International Labour Organization employment rates from the Labour Force Survey. Because data are not seasonally adjusted, comparisons can only be made year on year. The target will be achieved if, by Quarter 2 2008, the rate increases by at least one percentage point and the gap is reduced by at least one percentage point, taking into account the economic cycle.

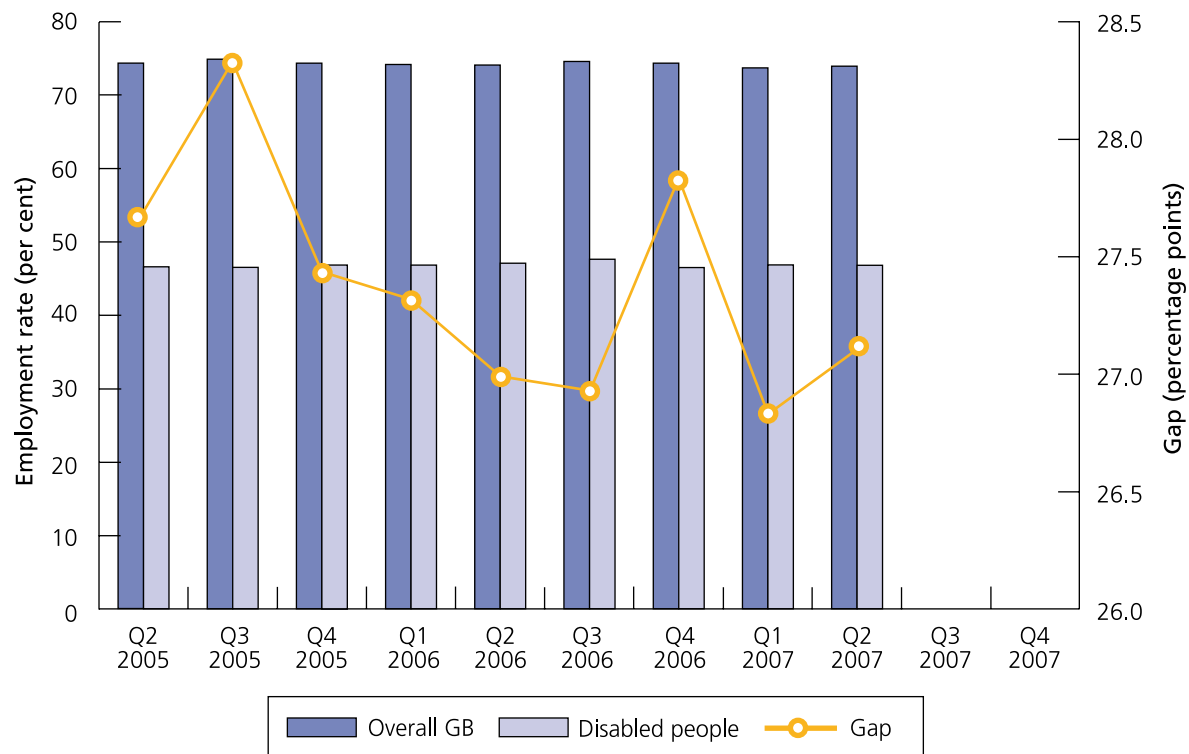
## Performance

**149** There is **slippage** in progress towards this target. The baseline is Quarter 2 2005, when the employment rate for disabled people was 47.0 per cent, and the gap between the rate for this group and the overall rate was 27.7 percent. The latest outturn data for Quarter 2 2007 show the employment rate for disabled people had increased by 0.2 percentage points to 47.2 per cent and the gap between the overall employment rate had decreased by 0.6 percentage points to 27.1 percent.

**150** Although the employment rate for disabled people has improved steadily over the last eight years, there is some evidence that this long run trend may now have levelled off. There has been some further progress since the baseline but the latest figures are below the trajectory required to meet the target.

<sup>32</sup> <http://www.communities.gov.uk/publications/communities/frameworkforfairnessconsultation>

**Figure 21** Employment rate of disabled people, GB overall rate and the gap between the two



Source: Labour Force Survey

### Looking ahead

**151** The New Deal for Disabled People and the Pathways to Work programme have both had a positive impact on progress towards this target. The Pathways to Work programme will cover the whole of Great Britain from April 2008.

**152** In general, there is evidence from analysis of the Labour Force Survey to suggest that disabled people’s qualifications are improving at a faster rate than for non-disabled people, which may increase their employment rate in the future.

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## SR2002 employment target

### SR2002 target rolled forward PSA

**7a:** In the three years to 2006, increase the employment rate of people with disabilities, taking account of the economic cycle, and significantly reduce the difference between their employment rate and the overall rate.

Spring 2003 baseline	Spring 2006 outturn
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

**153** This target is measured taking account of the economic cycle so a final assessment cannot be made until the end of the cycle has been reached. However, subject to the economic cycle, the Department’s provisional assessment is that this target is likely to have been met.

### Note:

The definition of disability used in SR2002 included those with a work-limiting disability only, who are excluded from the SR2004 definition. This change was made for two reasons:

- to reduce measurement problems that had arisen because of a large variation in reported disability in the Labour Force Survey for the group with a work-limiting disability only; and
- to allow for greater consistency over the PSA target period for working-age disabled people as results are less likely to exhibit unexplained fluctuations.

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# 02

Performance against PSA targets

## **Part 5:**

### Quality of service delivery

#### **Objective:**

to ensure customers receive a high quality service, including levels of accuracy.

**SR2004 PSA target 9:** Improve Housing Benefit administration by:

- 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;
- increasing the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by 2008; and
- increasing the number of cases in receipt of the Local Housing Allowance where the rent is paid directly to the customer to 470,000 by 2008.

**PSA 9a:** reduce 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.

## Measurement

**154** The baseline for measuring this target is 2002-03 when the average time taken to process a Housing Benefit/Council Tax Benefit claim nationally was 55 days. In the same period, the bottom 15 per cent of local authorities took an average of 99 days.

**155** The target is measured using Housing Benefit/Council Tax Benefit Management Information.

**156** The data are submitted quarterly by local authorities and demonstrate reported performance. It is not compulsory to return the data, but most local authorities do so. However, some local authorities provide their data late and so the most recent quarter's data are subject to change as more information is provided.

**157** The target is assessed using the whole year's unaudited data, available three months after the end of the reporting year<sup>33</sup>. The audited data shows no significant difference.

<sup>33</sup> [http://www.dwp.gov.uk/asd/asd1/hb\\_ctb/performance.asp](http://www.dwp.gov.uk/asd/asd1/hb_ctb/performance.asp).

## Performance

**158** Performance against the national average for all local authorities is **ahead** of expectations. Figure 22 shows that at the end of 2006-07, the target was being exceeded with claims taking an average of 33 days to process. Data for the first quarter of 2007-08 demonstrate that performance has continued to improve with claims taking an average of 29 days to be processed.

**159** Across the bottom 15 per cent of local authorities performance is now also **ahead** of expectations. Figure 22 shows that local authorities in this group have made good progress, with new claims being processed in an average of 54 days by year ending 31 March 2007. Data for the first quarter of 2007-08 demonstrate that performance has continued to improve with claims taking an average of 43 days.

**160** When interpreting the chart in Figure 22, it is important to remember that the target is measured against annual performance, and the quarterly information is used as a guide to what the annual performance figure is likely to attain.

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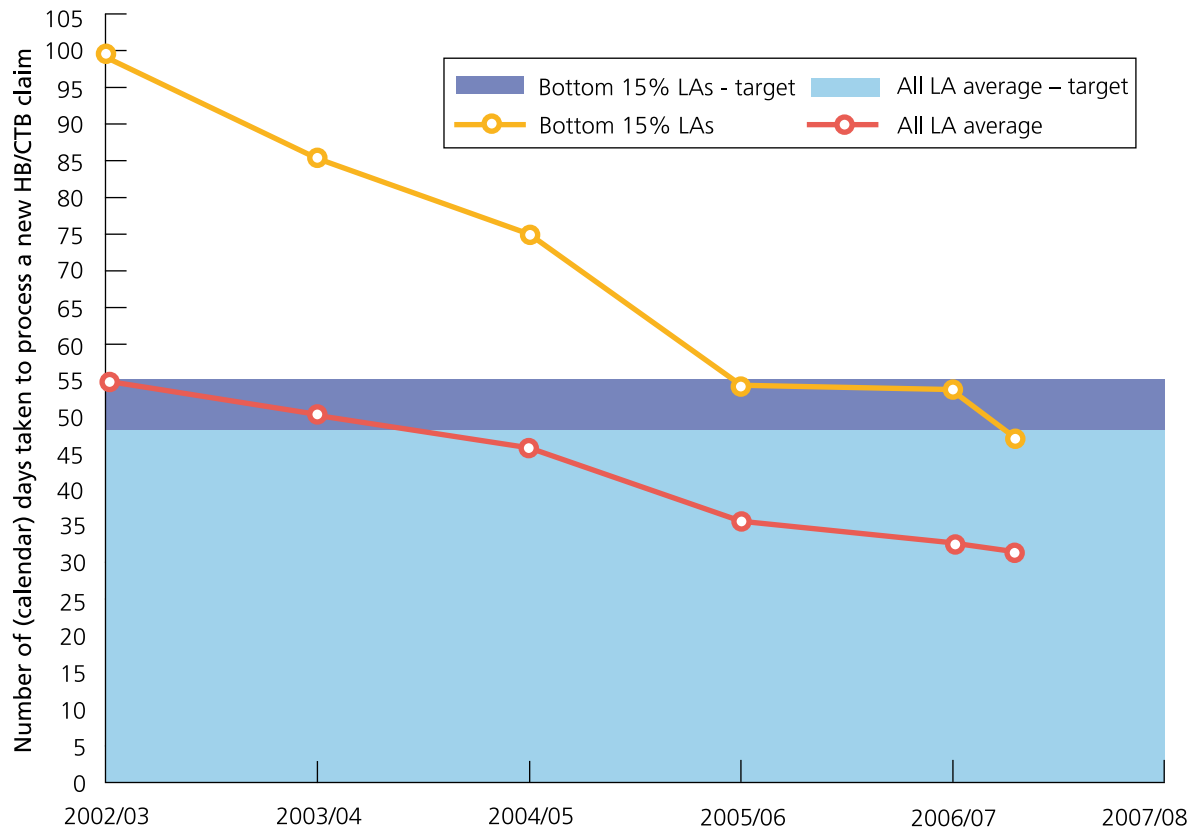
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**Figure 22** Average number of days taken to process a new Housing Benefit/Council Tax Benefit claim



Source: Housing Benefit Management Information System

**Notes:**

- (1) Data are reported performance from local authorities.
- (2) The number of local authorities supplying performance data may change each year.
- (3) The composition of the bottom 15 per cent of local authorities is subject to change each year.

**Looking ahead**

**161** Progress so far has been through a long-term regime of reform, risk-based engagements, inspections, and provision of consultancy support to poorer performing local authorities.

**162** Under-performing local authorities have also been targeted through the Performance Standards Fund. This has provided substantial help through, for example, investment in recruitment, training and better IT. The Fund has been a great success and has helped more than 370 local authorities to introduce improvements in their Housing Benefit/ Council Tax Benefit administration through more than 1,100 individual projects.

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**PSA 9b:** increase the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by March 2008.

**PSA 9c:** increase the number of cases in receipt of the Local Housing Allowance where the rent is paid directly to the claimant to 470,000 by March 2008.

## Measurement

**163** The Local Housing Allowance is currently operating in 18 local authorities – nine original Pathfinder areas which began implementation from November 2003 and a further nine Second Wave Group areas which implemented the Local Housing Allowance from April 2005.

**164** Progress has been measured using data covering 100 per cent of the claimants in the existing pilot areas. Once national rollout has commenced the numbers of Local Housing Allowance cases, and cases where payment of benefit is direct to the claimant, will be reported on using quarterly administrative data which are submitted to the Department by local authorities<sup>34</sup>.

<sup>34</sup> The data that will be used are from the Single HB Extract. Quarterly updates are expected to be available on the Housing Benefit Operational Database at <http://www.dwp.gov.uk/asd/hobod/index.php> from summer 2008.

**165** The evaluation of the Local Housing Allowance in the Pathfinder areas is complete and a number of reports have already been published on the Department's website<sup>35</sup>. Evaluation evidence indicates that Local Housing Allowance has been successful in Pathfinder authorities.

## Performance

**166** There is **slippage** in progress toward these targets.

**167** The national implementation of Local Housing Allowance was conditional upon the Welfare Reform Bill receiving Royal Assent, which occurred in May 2007. As national implementation will not take place until April 2008, the targets for March 2008 cannot now be met.

**168** The baseline for measuring these targets is February 2005 when 43,500 cases in the deregulated private rented sector were in receipt of the Local Housing Allowance, and the number of cases in receipt of the Local Housing Allowance where benefit was paid directly to the claimant was 38,200.

<sup>35</sup> <http://www.dwp.gov.uk/housingbenefit/lha/evaluation/>

**169** By August 2007, the number of cases receiving Local Housing Allowance had risen to 73,300, and the number of cases in receipt of Local Housing Allowance where benefit was paid directly to the claimant had risen to 59,500 across the nine Pathfinder areas and nine Second Wave Group pilot areas.

## Looking ahead

**170** The Green Paper *A New Deal for Welfare: Empowering people to work*<sup>36</sup> (Cm 6730 January 2006) included proposals for a national Local Housing Allowance scheme in the private rented sector. Following the end of the consultation period, the Department decided, in agreement with HM Treasury, to roll out Local Housing Allowance in the private rented sector only to new claims and to those that have moved address. The Welfare Reform Act received Royal Assent on 3 May 2007 and Local Housing Allowance national implementation will take place from 7 April 2008.

<sup>36</sup> The key documents and legislation relating to welfare reform including the Green Paper, consultation response and the Welfare Reform Act 2007 can be found at: <http://www.dwp.gov.uk/welfarereform/legislation.asp>

**SR2004 PSA target 10:** Reduce overpayments from fraud and error in Income Support and Jobseeker's Allowance and in Housing Benefit.

**PSA 10a:** by 2010, reduce overpayments from fraud and error for people of working age in Income Support and Jobseeker's Allowance by 15 per cent.

### Measurement

**171** The Department has developed a new measurement methodology for SR2004. The sample is now weighted to make it more representative of the caseload, in particular new cases, and the estimate is a better representation of the actual loss to the public purse. However, these changes mean that the rebaselined 2005-06 estimate is not directly comparable with previous estimates. As a result, the publication of the SR2004 baseline has been delayed until December 2007 to allow time for the calculation of the September 2006 estimate which is directly comparable. This will enable assessment of progress towards the target.

### Performance

**172** Progress towards this target is **not yet assessed** as data for the baseline year will not be available until December 2007.

### Looking ahead

**173** The Department continues to maintain and develop intelligence-led fraud investigation. For example, a pilot into the use of credit reference agency data to detect people living as couples whilst claiming to be single has led to cases of fraud being found more quickly than through other detection methods. The Department is considering a national rollout of the scheme.

**174** In an effort to better target its prevention activities, the Department is also examining the use of Voice Risk Analysis of customer phone calls to determine the extent to which customer details need to be verified.

**175** The Department has continued with its Targeting Benefit Thieves campaign with the strong message of "No ifs, no buts". The aim is to reinforce the message that benefit fraud is a crime and will not be tolerated.

**176** Earlier this year the Department published a comprehensive strategy for reducing the levels of official and customer error in all Department for Work and Pensions' benefits. The Department is now implementing this strategy and evaluating a pilot campaign on reporting of changes. By focusing on those benefits most prone to error the approach is to prevent new error from entering the system and correct error already in the caseload. The Department will also continue its efforts to reduce official error through the Official Error Taskforce. For example, the Department brought in new IT enhancements earlier this year and had a further release in October that automatically stopped benefit payment on trigger events such as children passing school age or medical certificates expiring.

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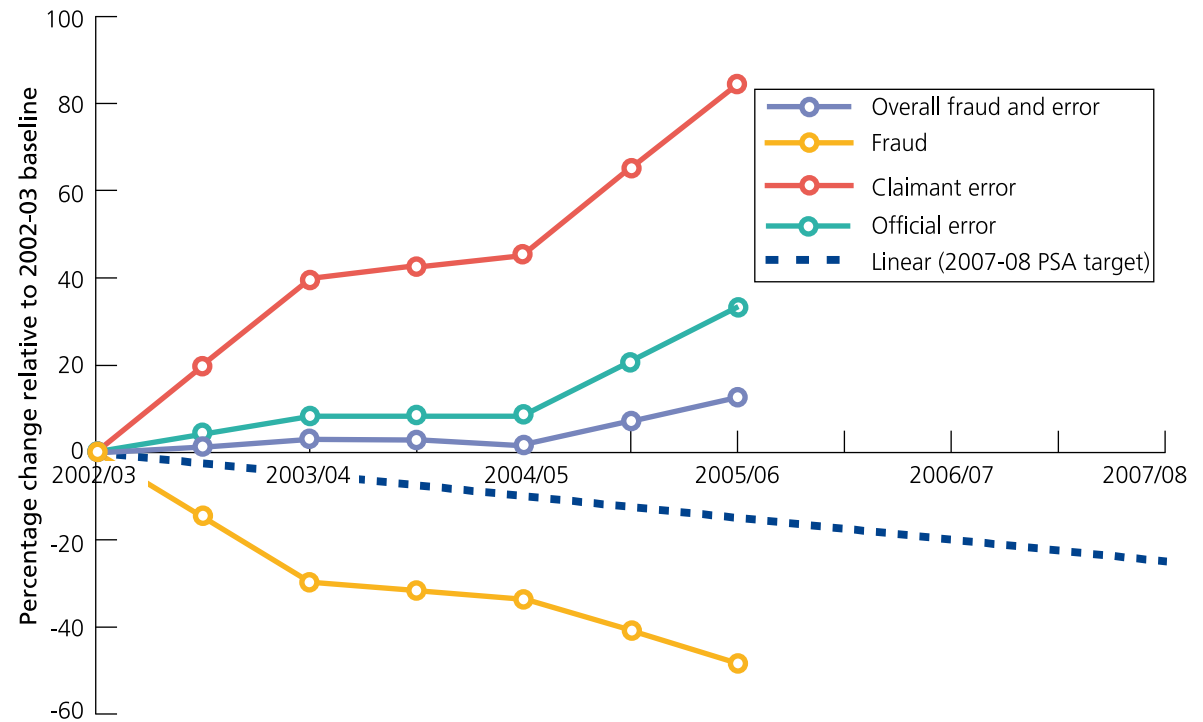
**PSA 10b:** by 2008, reduce overpayments from fraud and error in Housing Benefit by 25 per cent.

### Measurement

**177** Measurement is based on the biannual Housing Benefit Review, a sample of the Housing Benefit caseload which, due to administrative lags, covers about 85 per cent of the total live caseload. Estimates of progress are subject to margins of sampling error and other uncertainties.

**178** The target is measured against the 2002-03 baseline when it was estimated that 5.9 per cent of Housing Benefit expenditure was overpaid to customers below State Pension age. The baseline estimate was originally 6.2 per cent but was revised downwards to 5.9 per cent in January 2006 due to an improvement in methodology.

**Figure 23** Reduction in the proportion of Housing Benefit overpaid



Source: Housing Benefit Review

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## Performance

**179** There has been **slippage** in performance against this target. Estimates for the 12-month period to March 2006 show a 12.7 per cent increase in Housing Benefit fraud and error compared to the baseline of 5.9 per cent (for the target to be met, fraud and error would have come down to 4.4 per cent of expenditure).

**180** The main cause of Housing Benefit overpayments is failure on the part of some customers to report promptly changes in their circumstances. In February this year, the Department published its *Action Plan for Tackling Fraud and Error in Housing Benefit and Council Tax Benefit*<sup>37</sup>, focusing on reducing incorrectness, primarily customer error. The action plan goes beyond 2008 and sets out how the Department aims to achieve further sustainable reductions over the period to March 2011. It is based around

four main themes: making best use of the information and data available; influencing customer behaviour; improving IT and other processes; and empowering local authorities and partner organisations.

## Looking ahead

**181** A new fraud and error performance regime for local authorities was implemented from April 2007. This sets each local authority robust individual targets for identifying reductions in benefit. The measure captures customer reporting as well as local authority detection, so encourages local authorities to address customer error by preventing overpayments entering the system.

**182** The Department is publishing each local authority's monthly performance measure reductions (along with a figure showing the percentage of the annual target achieved to date)<sup>38</sup>. To date 89 per cent of authorities are achieving at least 90 per cent of their target.

**183** A rolling programme of case cleansing is underway focusing on working age customer error (and to a lesser extent, fraud).

**184** An e-learning package for frontline Housing Benefit staff, providing training in how to tackle error, was launched in November 2007. Further modules on workflow management aimed at managers will be added to the package in spring 2008.

**185** Under the Welfare Reform Act 2007, local authorities will be able to investigate and prosecute fraud against key national benefits (Income Support, Jobseeker's Allowance, Pension Credit, Incapacity Benefit and Employment and Support Allowance). Work is also underway to produce the necessary guidance and procedures before implementation in April 2008.

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<sup>37</sup> <http://www.dwp.gov.uk/housingbenefit/secure/fraud-error.pdf>

<sup>38</sup> Figures are published on <http://www.dwp.gov.uk/asd/hobod/index.php>

# 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 review<sup>39</sup> 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 Note<sup>40</sup>.

<sup>39</sup> [http://www.hm-treasury.gov.uk/consultations\\_and\\_legislation/lyons/consult\\_lyons\\_index.cfm#final](http://www.hm-treasury.gov.uk/consultations_and_legislation/lyons/consult_lyons_index.cfm#final)

<sup>40</sup> [http://www.dwp.gov.uk/aboutus/efficiency\\_tech\\_note.pdf](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*<sup>41</sup>. 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

<sup>41</sup> <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 accounts<sup>42</sup>.

**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 Productivity<sup>43</sup>.

**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 2006<sup>44</sup> – an update is expected to be published early in the New Year.

<sup>42</sup> [http://www.jobcentreplus.gov.uk/JCP/stellent/groups/jcp/documents/websitecontent/dev\\_014914.pdf](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>

<sup>43</sup> [http://www.statistics.gov.uk/about/data/methodology/specific/PublicSector/Atkinson/final\\_report.asp](http://www.statistics.gov.uk/about/data/methodology/specific/PublicSector/Atkinson/final_report.asp)

<sup>44</sup> <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
<b>DWP Totals</b>	<b>1,302</b>	<b>866</b>	<b>801</b>	<b>501</b>	<b>26,511</b>	<b>10,228</b>	<b>3,989</b>

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
<b>DWP Totals</b>	<b>1,272</b>	<b>952</b>	<b>1,112</b>	<b>160</b>	<b>28,009</b>	<b>10,228</b>	<b>3,992</b>

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## 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 generally<sup>45</sup>.

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<sup>45</sup> Service Transformation Agreement HM Treasury, October 2007, [http://www.hm-treasury.gov.uk/media/B/9/pbr\\_csr07\\_service.pdf](http://www.hm-treasury.gov.uk/media/B/9/pbr_csr07_service.pdf)



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