

Chapter Eight

Organisational transformation

Organisational transformation

We are proud of what has been achieved since the new department was created in 2001. We have created Jobcentre Plus and The Pension Service, and introduced a substantial modernisation programme.

We now need to make the next step on our journey, through streamlining processes and offering outstanding value for money to the taxpayer. We have an efficiency challenge to maintain our customer outcomes while reducing our staffing by a net 30,000 posts by 2008. At the same time, we need to improve the quality of service we offer to customers, and reduce the complexity of claiming benefits.

We will meet that challenge through:

- knowing our customers – this means that we can tailor our services to them, providing the right level of support for their needs;
- supporting our committed and skilled staff, to deliver performance at higher levels of productivity; and
- transforming our supporting operations to be as effective and efficient as possible.

Introduction

165. We have radically redesigned the way we deliver our services by listening to what our customers really want. Since 1997 we have:

- introduced the new Jobcentre Plus service, providing integrated employment and benefits advice, delivering the streamlined New Deal and other programmes to disadvantaged people of working age; and
- introduced The Pension Service to provide a distinct service for today's pensioners and financial advice for people preparing for retirement.

166. This is a step change from the previous structures, where people claimed benefits from a benefits office and looked for work in a Jobcentre. Despite the best efforts of our staff, benefit offices were often difficult environments for our customers, with pensioners particularly reluctant to enter. Our new organisations are developed to serve individual customers' needs. They are helping to deliver higher employment and reduced poverty for children and pensioners.

167. In addition we have:

- introduced new child support arrangements, and modernised the business to become more customer focused and cost effective. This process has been difficult, and our next steps are set out in Chapter Three;
- strengthened accountability by making the Disability and Carers Service an Executive Agency;

- welcomed the role of sponsoring the Health and Safety Commission and Executive, seeing their preventative role as an essential means to improve working conditions; and
- achieved significant improvements in the administration of Housing Benefit, working with local authorities.

168. We have supported these changes with a modernisation programme. We are modernising our services, including through investing in better information and communications technology. Modernisation has underpinned the new integrated Jobcentre Plus service and the new Pension Centres. New IT systems and telephony have enabled us to design and deliver these services and the improved outcomes for customers recorded through this document.

169. Modernisation also provides a service which is better value for money to the taxpayer. Eighty-five per cent of benefit accounts are now paid by Direct Payment into a bank or building society account, including the Post Office® card account. Payment direct into a bank account costs only a fraction of the cost of the old order book system and reduces fraud. The move to Direct Payment will save the taxpayer in excess of £1 billion over the next five years.

170. Looking to the future, we can reap further rewards from this modernisation. We can secure still better outcomes by working smarter through intelligent use of our technology, linked to an understanding of what works for the customer.

Knowing customers

171. Our knowledge of and relationship with our customers is at the heart of what we do. We pilot new approaches to understand what works and we are proud of our world-class analytical work. We want to empower our customers to achieve their potential, so we need to understand our customers and to focus our resource on where it is most needed. Supporting individuals means tailored back to work support for Jobcentre Plus customers, integrated local services for pensioners and accessible and quality services meeting the diverse needs of disabled people. The box below explains how we can make use of our databases to reduce form filling requirements.

Cutting through form filling using longitudinal data

The Department holds considerable information on its customers in databases, as do other government departments. We are working with HM Revenue and Customs (HMRC) and other government departments to pull together information and to better understand our customers and serve their needs. Over time, collective information on individuals facilitates:

- automatically using information from claiming one benefit or tax credit for processing a claim to a second one;
- better targeting of benefits – for example, prompting where we suspect a pensioner is not receiving Pension Credit but could be entitled to it;

Cutting through form filling using longitudinal data (*continued*)

- reducing multiple demands for information;
- targeting services, particularly labour-intensive services aimed at assisting our most vulnerable customers and ensuring our interventions work effectively – for example, by knowing a jobseeker’s benefit information we can understand what New Deal or training helps them to get a job and when they are likely to need help, so that they don’t slip out of work and back onto benefits;
- tailored advice to individuals – for example, advising lone parents on childcare arrangements within a short walk;
- improve performance – we will also be able to better monitor performance of our agencies and contracted providers by using information on outcomes recorded by other government departments;
- a much richer understanding of the way outcomes achieved in one stage in life affect the next, supporting long-term strategy development; and
- identifying where someone may be making a fraudulent claim and making better use of longitudinal data to identify parts of the system most at risk.

All these benefits of the new database mean we can do more for less. In the long term, better use of the information held by the Department should make our services simpler and easier to use for our customers.

We are in the early stages of this work, but already we can see its potential. We fully take into account Human Rights and Data Protection requirements at all stages. An ethics committee has been established to advise us on ethical issues associated with using this information.

Different ways to communicate

172. Not all customers require direct face-to-face intervention. We will focus our face-to-face interventions on the customers who require our support most. We need to move other transactions towards more efficient communication channels like the telephone and the internet. We can provide an individual service to customers through these media.

For example:

- The initial claim to Jobcentre Plus for benefit is already made over the telephone. Jobcentre Plus provides a telephone jobsearch advice service called Jobseeker Direct. Our ‘Job bank’ is the Government’s most used website, receiving around 3.5 million hits a week. We will establish a link between the Job bank and the new ‘MoveUK’ site, so customers and advisers can access information about housing vacancies at the same time as they look for work.
- The Pension Service telephone service enables pensioners to contact us from the privacy of their own home. A member of staff takes them through the application process (freephone for Pension Credit), and then they are sent a completed form to simply check, sign and return – they don’t even have to pay for the stamp.
- The Child Support Agency will continue to use the telephone as its preferred method of contact. Customers will be able to submit a range of forms over the internet and to use a web-based calculator to work out maintenance liabilities for themselves.
- The Disability and Carers Service is developing an on-line claims facility.

173. Tackling complexity would make the benefits system easier for our customers to understand and access. We are actively considering the possibilities for future benefit simplification – which could substantially cut the large sums both overpaid and underpaid because of mistakes and misunderstandings.

Committed staff

174. Our organisation is privileged in that it attracts people who want to make a difference to their communities and to British society in general. It is this motivation – the desire to make things different and better – which makes us special, and drives our staff to achieve extraordinary things. When we bring together different people with different skills who share the same vision, working effectively and efficiently to gain most benefit from our commitment and skills, we deliver substantial change.

Mandy Grant's story

Every person is an individual – that's what you have to remember. I get the most satisfaction out of seeing the change in the parents who come to see me. They arrive for their first New Deal interview unsure and nervous, and the change when someone comes in saying "I've got a job Mandy" is unbelievable.



People often don't realise all the help that is available to them and that's where our experience as advisors is important. Everyone wants to help the lone parents that come in – advisors want to do their job. My experience as a lone parent myself means that I can understand the difficulties people are facing with things like childcare.

The local community can play a very important part as well, because word of mouth is often how people become aware of the help available to them. I work part time now, so that I can look after my children in the holidays, but I still managed to help 30 lone parents to find work in three months.

Rewarding and valuing the workforce

175. Our reward structure must enable us to recruit and retain staff capable of delivering much higher productivity within the provision available. We need to look at the deal we offer our staff in the round: the satisfaction to be gained by helping some of the most disadvantaged in our society, the investment we are making in a better working environment and improved IT support, the opportunity to acquire skills, the offer of flexible working patterns, as well as our pay and pension package. Key elements of the pay strategy include:

- pay increases targeted at those lower down the pay scales where we are less competitive;
- further incentivising performance; and
- more effective performance management arrangements.

176. We need to provide the right environment for our staff to fulfil their potential and we will continue to invest in their training and development. We also support our staff in balancing work and family responsibilities.

Birmingham and Solihull Jobcentre Plus District won the Employer of the Year award, run by the Parents at Work charity. Judges praised the District's *Diversity with a Purpose* strategy, including policies on part time and job share arrangements, special leave for domestic emergencies, and a Keep in Touch scheme for people on maternity and sick leave.

Sarah Jackson, Parents at Work Chief Executive, said, "This year there was a record number of entries and Birmingham and Solihull Jobcentre Plus has done extremely well to come through a competitive field. The sheer range of our winners, from all around the UK, shows that work life balance policy and practise can bring many benefits to any kind of organisation."

Transforming our operations

177. The next step for our operational vision is to transform our operations to be as effective as possible. Over recent years we have already made major changes in the way we do things – one of our biggest successes has been the programme to pay benefits through bank accounts, rather than using outdated paper based methods. Over the next five years we will aim to make the most of past investment and the opportunities available from technology to transform our operations. For example, we plan major projects which will:

- centralise the processing of benefits within Jobcentre Plus, allowing us to transfer resource from benefit processing to active roles in supporting customers into work; and
- transform The Pension Service so that customers will receive decisions and information faster, through the use of telephone-based systems and the internet.

Reducing performance variations

178. We will improve productivity through reducing the variation in performance between the different parts of our organisation. Jobcentre Plus has the aim that all benefit processing functions should reach the productivity level of the current top quartile. Each part of the Department will have a nationally based performance management framework. Action is taken to support under-performing areas of the business, but where performance targets are not achieved, the business will take action to address underperformance, which could include contesting the work or moving the managers.

Fraud and error

179. Our continued effort to improve our processes as part of our drive on efficiency is linked to our determination to reduce further the amounts lost because of fraud and error in the benefit system. We have already made great strides, including exceeding our target to reduce fraud and error in Income Support and Jobseeker's Allowance by a third by March 2004, and in the

process cutting the fraud element itself by half. Progress is also being made in tackling loss in Housing Benefit.

180. We know that our approach works. The challenge over the next five years will be to build on it further in our rapidly changing business environment. The emphasis will be on working smarter and integrating control measures even more closely into our basic business processes. Key tools will include benefit simplification and tighter standard processes supported by better IT to reduce error, improved data-matching to catch cheating and mistakes earlier, and more help for customers to keep claims right. Deliberate fraud will continue to be dealt with robustly, with recourse to criminal sanctions where appropriate.

Reducing costs

181. In the Spending Review 2004, we agreed that by 2007/08 we will realise total annual efficiency gains of at least £960m. Part of these efficiencies will be made from procurement savings, for example, by reducing the costs of our major contracts, including estates, where we anticipate making savings related to our planned staffing levels by 2007/08.

Achieving staff reductions

182. A key part of our efficiency challenge is the planned reduction in the workforce of 30,000 full-time equivalent posts by March 2008. In areas where redeployment is not possible, we will seek volunteers to take part in voluntary early release schemes. Compulsory redundancies will be a last resort. In such instances, we will provide a wide range of support for staff affected. We will work closely with trade unions throughout.

Conclusion

183. We are changing people's lives and helping them to make the most of their potential. In future, we will do even more. We will provide a service tailored to individual needs, which promotes rights and responsibilities and supports those who need our help most. But taxpayers will expect such a service to be efficient and good value for money. It is vital therefore that our services are as productive as possible, freeing up resource for helping customers. High levels of efficiency and excellent value are a necessary condition for ensuring our services achieve even more.

184. We therefore have a transformation programme ahead – to know our customers better, to provide services tailored to them, to transform our operations and to increase productivity and efficiency. We believe that our committed staff can realise this vision. Beyond this, we will be developing the links between our separate businesses, but also links between them and HM Revenue and Customs. Our recent substantial investment in our people, processes, infrastructure and IT helps us to move in that direction, as we realise our ambition of supporting people over the life cycle.

