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Introduction and Departmental overview



Aim

The Department for Work and Pensions is responsible for delivering the Government's welfare reform agenda through a radical and far-reaching programme of change. Its aim is to promote opportunity and independence for all.

Objectives

In pursuing this aim the Department has the following strategic objectives:

- ensure the best start for all **children** and end child poverty by 2020;
- promote work as the best form of welfare for **people of working age**¹, while protecting the position of those in greatest need;
- combat poverty and promote security and independence in retirement for **today's and tomorrow's pensioners**;
- improve rights and opportunities for **disabled people** in a fair and inclusive society; and
- modernise **welfare delivery** so as to improve the accessibility, accuracy and value-for-money of services to customers, including employers.

Strategy

The Department's strategic approach is based around these five objectives. The major challenge in the medium to longer term is the ageing society. The Department recognises that it needs to support people to achieve the best possible outcomes for themselves over the course of longer, active lives.

The Department's Five Year Strategy, *Opportunity and security throughout life* (Cm 6447 February 2005)², emphasises the importance of supporting its customers across the lifecycle. For most people

work is the best way to achieve economic independence and personal fulfilment. Getting people into work reduces the risk that their children live in poverty. Raising incomes and aspirations, while having a strong work history, is the best way to ensure security in retirement. At the same time the Department must provide decent support for those who cannot work.

The strategy comprises three key principles for supporting customers across the lifecycle:

- more people in work, choosing to work longer and save more;
- supporting families and children; and
- security and dignity in retirement.

Equality for disabled people supports successful outcomes at each stage in the lifecycle. The strategy outlines policies to achieve these principles and rise to the challenge of an ageing society:

- **a modern vision of full employment** – delivering employment opportunity for all, aiming at an employment rate equivalent to 80 per cent;
- **supporting children and families** – enable work by providing over 2 million childcare places by 2010, supporting Extended Schools, Working and Child Tax Credits and extending Statutory Maternity Pay, helping an extra 300,000 lone parents into work;
- **supporting people with health conditions and disabilities** – extending Pathways to Work, taking action to help people overcome the multiple barriers they face to working – healthier workplaces, enhanced roles for employers, more active GPs and NHS, extending help and

¹ The Department's employment programmes and many of its initiatives do not have specific upper age eligibility limits. This recognises that people will increasingly wish to work up to age 65 and beyond.

² www.dwp.gov.uk/publications/dwp/2005/5_yr_strat/index.asp

support, reforming the benefit system including incapacity benefit and helping around 1 million people back into work;

- **equality for disabled people** – turning disability rights into reality;
- **breaking down barriers for older workers** – giving people choices and tackling discrimination to encourage longer working;
- **ensuring security and dignity in retirement** – taking measures directly to help people build up the pensions they want, providing financial security and, for today's pensioners, continuing to tackle poverty; and
- **delivering a better service to the public** – continuing to modernise the way the Department delivers its services and responding to changing individual needs.

Public Service Agreement (PSA) strategy

In the immediate future, and in order to build the foundations towards longer term outcomes, the Department's strategic priorities translate into a series of specific targets agreed during the 2002 Spending Review. As this report shows, by promoting and supporting a flexible labour market, the Department has helped to increase the level of employment to around three-quarters of the working-age population and to improve employment prospects for everyone. In this way, the Department helps individuals to help themselves and their families and to provide for their retirement. By encouraging work for those who can and providing support for those who cannot, the Department plays an important part in delivering the UK's economic performance while ensuring better opportunities for all. A full account of the PSA targets and the Department's performance against those targets is set out in Chapter Two.

The Department has also agreed a new Public Service Agreement as part of the 2004 Spending Review. The new targets that form part of that agreement will enable the Department to build on the significant achievements that are the focus of this report while also focusing on new strategic priorities.

Efficiency challenge

The Department will need to meet its PSA targets and deliver its wider objectives in coming years against the background of a new efficiency challenge that has been set by the Government as part of the 2004 Spending Review settlement. This requires the Department to realise annual savings of at least £960 million by 2007–08, which have been built into its budget. As part of these efficiency savings, the Department will reduce the size of its workforce by a total of 40,000 posts with redeployment of 10,000 posts to frontline roles and, in line with the Lyons Review³, relocate 4,000 posts from London and the South East to other regions by 2008.

More detailed information about the Department's efficiency targets can be found in the Efficiency Technical Note.⁴

This is an extremely challenging agenda. The Department intends to achieve its efficiency targets through a combination of streamlining overheads, improved business processes supported by better IT, driving up performance to that of the current best, and more efficient procurement.

With the creation of Jobcentre Plus and The Pension Service, the Jobcentre and social security office networks are being rationalised and new contact centres have been introduced, centralising and standardising customer contact and processing work and enabling the Department to achieve economies of scale. These efficiencies will mean the Department needs fewer staff to continue to deliver a high level of service to customers.

³ www.hm-treasury.gov.uk/consultations_and_legislation/lyons/consult_lyons_index.cfm#final

⁴ www.dwp.gov.uk/publications/dwp/2004/etn/etn.pdf

Among the measures it will be taking are:

- a comprehensive transformation of The Pension Service;
- a new modern agency for disabled people and carers;
- continued rollout of Jobcentre Plus and the reform of benefit processing;
- pressing ahead with the child support reforms;
- further modernisation of policy-making processes and corporate support functions; and
- Direct Payment of benefits and pensions.

The Department has invested £2.8 billion over the last two spending reviews in modern IT infrastructure that has given it the opportunity to operate more efficiently and the ability to release more staff for frontline work.

Substantial progress has already been made over the course of 2004–05 in reducing the Department's workforce. Since March 2004 the workforce has already reduced by over 11,400 and over 2,300⁵ posts have been relocated from London and the South East of England.

The Department is in the process of developing and refining its plans for meeting the remainder of this challenge. Information about the overall shape of these plans, and how businesses will be transformed over the next three years to deliver the efficiency challenge, can be found throughout this report. The Department is also committed to regular reports of progress through future Departmental and Autumn Performance Reports and through the business plans and annual reports and accounts of each of its executive agencies.

Organisation

In order to deliver its objectives and the efficiency challenge, the Department is transforming the way it operates. An end-to-end approach that brings together policy-making and service delivery is enabling the Department to develop modern, streamlined services that are targeted at the needs of customers.

The Department's organisation is responsive to change and is structured around three core roles:

- **Designing and monitoring the strategies to achieve Ministers' policy objectives and PSA targets.** Within the framework of the Department's overall strategy, the Department's strategies and policies are designed in three programmes which reflect the Department's principal customer groups – children, people of working-age and pensioners. These are not mutually exclusive groups. Many in the population are future pensioners and many people coming up to State Pension age wish to continue working or are looking for work. A further programme reflects the special needs of disabled people, who are found in each of the primary groups, and carers.
- Providing efficient **corporate strategies and frameworks, and common shared processes and systems** for the Department as a whole and, in doing so, making best use of available resources. These corporate roles – such as IT development, human resources policy and financial management and control – are critical in enabling the Department to deliver its overall programme successfully and with adequate control.
- Delivering services to defined customer groups, and modernising these services through new systems, processes and innovation.

⁵ This figure includes 2,043 posts relocated between June 2003 and April 2004. These plans were included in the Department's proposals to the Lyons Review in June 2003 and put into effect prior to the Review's publication.

The Department's services to customers are provided through its six executive agencies:

- **Jobcentre Plus** – helping people to find work and receive the benefits to which they are entitled, and offering a service to employers to fill their vacancies quickly and successfully.
- **The Pension Service** – delivering frontline services to today's and future pensioners.
- **Child Support Agency** – administering the child support scheme.
- **Disability and Carers Service** – delivering a range of benefits to disabled people and carers.
- **Appeals Service** – providing an independent tribunal body to hear appeals.
- **The Rent Service** – providing a range of advice in connection with the private rented housing sector in England.

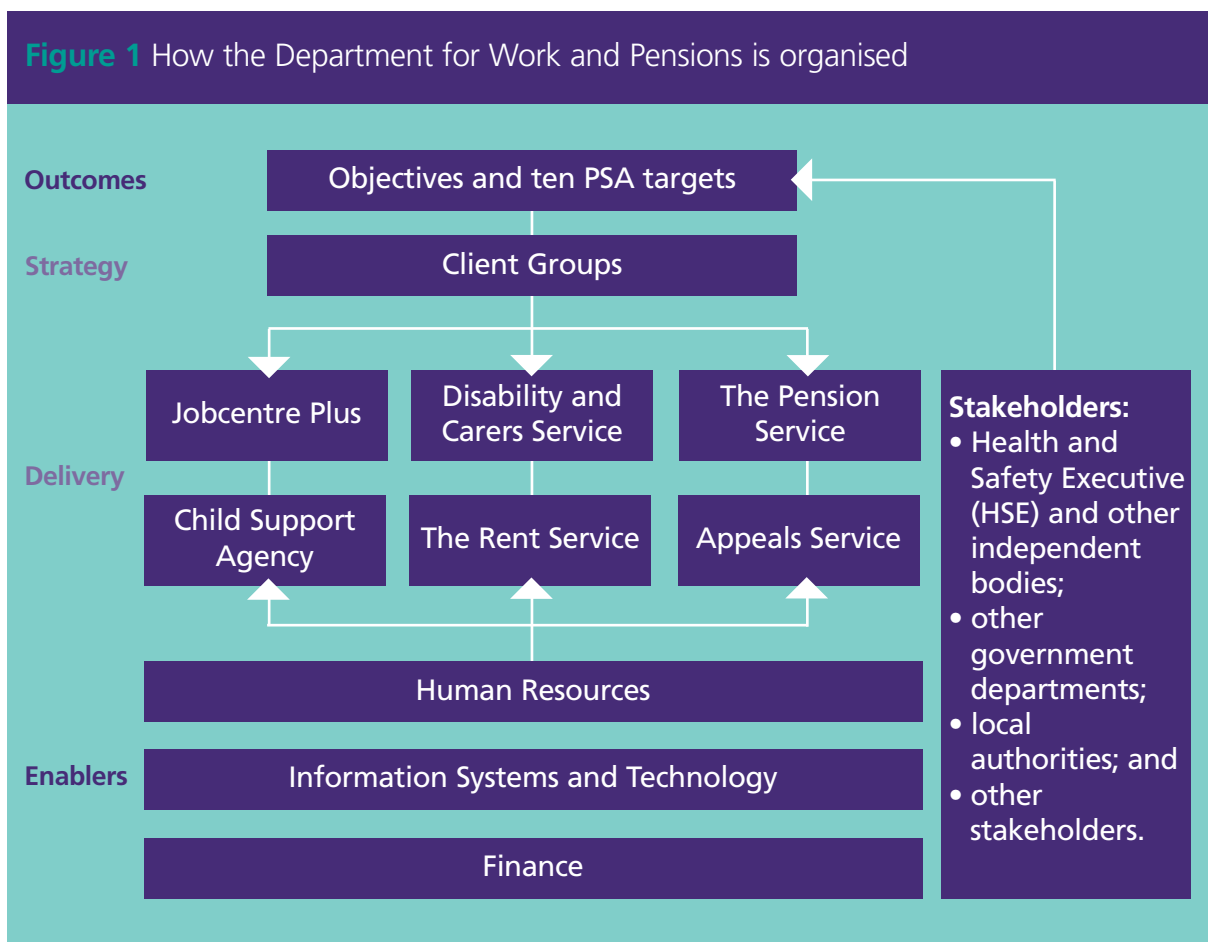
Additionally, policies and services to support expanding childcare and helping lone parents into work are developed by the Sure Start Unit – with joint responsibility with the Department for Education and Skills. The Department also has ministerial responsibility for the Health and Safety Commission/Health and Safety Executive.

Many of the Department's services are delivered jointly with a wide range of partner organisations, for example Housing Benefit and Council Tax Benefit are administered by local authorities.

The Department's Executive Team, led by the Permanent Secretary and comprising Client Directors, Chief Executives and Group Functional Directors, oversees and manages the whole organisation.

Figure 1 opposite illustrates how the Department is organised to achieve its Public Service Agreement targets.

Figure 1 How the Department for Work and Pensions is organised



A more detailed account of how the Department is organised and how it relates to outside organisations is contained in the Departmental Framework.⁶



⁶ www.dwp.gov.uk/publications/dwp/2003/dwpframe/frame2002.pdf