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# Delivering more for less: the efficiency programme of the DWP



## Foreword from The Right Honourable Yvette Cooper MP

When the global economic downturn hit and recession took hold in the UK, the Government took the decision to support businesses, promote jobs and help families. We invested money when it was needed to stabilise the banks and mitigate the effects of the downturn.

Our response was the right one – it prevented the collapse of the financial sector, protected businesses and saved families from the pain of repossession. The £5 billion that we invested in helping people get back to work has helped keep unemployment much lower than predicted, and much lower than in previous recessions. The claimant count planning assumption, published in the 2009 Pre-Budget Report, would lead to a reduction in benefit expenditure of some £10 billion over 5 years, compared to the equivalent planning assumption used in the Budget 2009.

That investment was needed, and it has protected the economy from greater turmoil. However, we all recognise that in the future we will also need to bring borrowing back down again.

That will depend on Britain returning to sustainable growth, and making sure that people have the skills as well as the opportunities to contribute to a vibrant, diverse economy.

But growth will not do it alone. The current economic climate is going to demand that government becomes ever more efficient, that we strive to deliver more, for less.

We must continue to enhance front line services, so that we can continue to improve the help and support that so many of our customers rely on. At the same time, we must do this in a way that delivers savings.

The Department for Work and Pensions has a dual role to play in this process.

Firstly, the success of our active intervention in the labour market has not only made a difference to people as we helped them back to work quickly; it has also made a significant contribution to the public finances by helping people to contribute to the economy and saving on benefits at the same time. It

demonstrates that one of the most powerful ways to address the deficit is to use active government to support the economy and get people back to work.

Secondly, as one of the largest delivery departments in Whitehall, with a proven track record in making the way we work ever more efficient, we can contribute more savings in the future, and continue to demonstrate how collectively Government can deliver ever more value for money too.

This document *Delivering more for less: the efficiency programme of the DWP* sets out clearly just how efficiency can be quantified and ultimately delivered.

It lays out concrete examples of how a focus on reducing waste and inefficiency, on working more closely together, on sharing costs and on improving working practices have already delivered significant cashable savings of £1.6 billion over the last four years and have let us improve services to our customers.

Supporting the internal examples laid out here, official figures published by the Office for National Statistics show that productivity in the social security elements of the Department's work increased by 10% between 1997 and 2007<sup>1</sup>. Following a period of investment after the creation of the DWP, productivity increased by no less than 39% between 2004 and 2007 as the benefits of that investment fed through to the front line.

This document also shows how we are building on this success by identifying more ways to save while still improving the service we offer to our customers. And it sets out what more we can do to continue to deliver even more, for less, as we halve the deficit over four years and build a platform for long term, sustainable economic growth.



**The Right Honourable Yvette Cooper MP**  
Secretary of State for Work and Pensions

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<sup>1</sup> Office for National Statistics: *Total Public Service Output and Productivity* (June 2009)

## Introduction

1. The Department for Work and Pensions (DWP) was created in 2001 following the merger of the then Department for Social Security with part of the then Department for Education and Employment. For the first time, this placed *work* at the heart of the welfare system and established a clear link between job search and the benefits system.
2. Today, the Department exists to:
  - contribute towards fair, safe and fulfilling lives, free from poverty – for children, people in work and retirement, disabled people and carers;
  - reduce welfare dependency and increase economic competitiveness by helping people to work wherever they can and employers to secure the employees and skills they need; and
  - provide greater choice and personalisation and higher quality services for customers where it is in their interest and those of the taxpayer.
3. Each working day we:
  - help well over 5,000 people to find work;
  - receive around 10,000 vacancies from employers;
  - deal with over a million personal contacts – callers to our offices, visits, telephone calls and letters;
  - enable an average of over one million job searches through our Jobpoints and internet site;
  - pay a total of £50 million to some three million customers; and
  - assess over 3,000 applications to State Pension.
4. Since its inception the Department has embarked on an unprecedented programme of reform, including:
  - replacing Incapacity Benefit with the new **Employment and Support Allowance**. The new system considers what an individual is capable of, rather than what they cannot do, and what help and support they need to manage their condition and return to work;
  - introducing new benefit rules so that **lone parents** can receive extra support to help them into work. Today, over a third of a million more lone parents are in work than just over a decade ago;

- putting in place a new system of **back to work credits** through the In Work Credit for lone parents and the Return to Work Credit in the Pathways to Work programme. These credits provide greater reassurance and support during the first months back in employment. Nearly 50,000 people have benefited to date from the In Work Credit and over 60,000 from the Return to Work Credit; and
  - working to reform both the **state pension and private pension** savings systems. The Department introduced Pension Credit to provide a safety net for the poorest pensioners and has launched a radical reform of the private pensions system to increase the number of people on a low income who are able to save in retirement.
5. These reforms have increased the support that is available to our customers. But, also, by helping more people into work, benefit expenditure has been reduced and tax revenue increased.
  6. The Department has successfully delivered these reforms while at the same time embarking on an ambitious journey to modernise and enhance the quality of the services it provides to its customers. Alongside all of these changes, it has delivered the largest contribution of all departments to the Government's programme of public sector efficiency.
  7. Done correctly, better public services can go hand-in-hand with more efficient delivery. The measures in the recent White Paper *Putting the front line first: Smarter Government* will release over £3 billion of new efficiency savings per year across Government, in addition to outlining how departments will achieve £9 billion of Operational Efficiency Programme efficiency savings. This will enable continuous investment in public services even as public spending growth slows. Improvements in value for money will come from across the public sector: reduced costs of delivery through services that are increasingly provided online; empowered local public services that collaborate and innovate to find more efficient methods of delivery; and streamlined central government that is no bigger than it has to be. Public services will improve as they become more personal and more cost-effective and as we work in partnership with individuals and communities to deliver the services people want in the way they want them.
  8. This publication sets out the Department's efficiency record and its ambitious plans for achieving even better value for money for the taxpayer and even better service for its customers in the years ahead.

9. The remainder of the document sets out:
- our journey so far and the financial challenges we have already met (pages 5 and 6);
  - our Change Programme and use of Lean techniques (pages 6 to 9);
  - our strategy for delivering greater efficiency in our support service and estates (pages 10 to 12);
  - our response to the recession (pages 13 to 15); and
  - the next stage of the journey, beyond 2010 (pages 15 to 21).

## The journey so far

10. By March 2008, the end of the 2004 Spending Review period, the Department had made clear progress across almost all of its targets. The employment rate rose to historically high levels and there were also improvements to the employment rates of many of the most disadvantaged groups in society.
11. Official figures published by the Office for National Statistics show that productivity in the social security elements of the Department's work increased by 10% between 1997 and 2007.<sup>2</sup> Following a period of investment after the creation of the DWP, productivity increased by no less than 39% between 2004 and 2007 as the benefits of that investment fed through to the front line.
12. These productivity increases have continued into the 2007 Comprehensive Spending Review period with productivity increasing by a further 10% in 2008-09.<sup>3</sup> Staff productivity contributed some £300 million of the £580 million of efficiency savings achieved in 2008-09.<sup>4</sup>

## The financial challenges

13. DWP's financial settlement in 2004 Spending Review was set in the wider context of an increasing emphasis on public sector efficiency and improving public services. The Government's Efficiency Review, led by Sir Peter Gershon, committed the Government to delivering efficiency savings of over £20 billion per year by 2007-08, including a net reduction of more than 70,000 civil service posts, as well as the relocation of 20,000 public sector posts by 2010 from London and the South East.<sup>5</sup>

<sup>2</sup> Office for National Statistics: *Total Public Service Output and Productivity* (June 2009)

<sup>3</sup> DWP analysis including labour market and social security elements

<sup>4</sup> Department for Work and Pensions: *CSR2007 Value for Money Delivery Agreement*

<sup>5</sup> Sir Peter Gershon, CBE: *Releasing resources to the front line* (July 2004)

14. Our share of that challenge was substantial:
  - a real term cash saving of £960 million through the 2004 Spending Review period;
  - a headcount reduction of 30,000 with a further 10,000 staff redeployed to the front line; and
  - the relocation of 4,000 posts from London and the South East to other regions.
15. By 2008, we had exceeded all of these targets by:
  - achieving efficiency savings of £1,446 million (of which, £1,068 million were cash releasing);
  - delivering a headcount reduction of 31,100;
  - relocating over 4,000 posts from London and the South East to other regions more than two years before the date set by the Lyons review; and
  - redeploying 10,000 of our staff to customer facing posts to deliver improvements in customer service.
16. Following on from the 2004 Spending Review, the current 2007 Comprehensive Spending Review period has set a further efficiency challenge for the Department, equating to an annual real term reduction of 5.6% per year between 2008-09 and 2010-11.

## Delivering the efficiency – the Department’s Change Programme

17. Faced with a challenge of this magnitude, the Department’s Executive Team, with the support of its Ministers, concluded that a reduction of this size could not be delivered without a fundamental reappraisal of its end to end delivery system. In particular, the Executive Team made clear its ambition both to improve the Department’s service to its customers and to drive down costs by reducing, as far as possible, the very large numbers of contacts where process improvements can be easily made; for example, asking customers in one part of the Department to provide information that was already held in another.
18. Accordingly, the Executive Team decided in the Autumn of 2006 to establish a Change Programme to drive this process throughout the Department. At the date of writing this publication in early 2010, the work of the Change Programme is far from complete and much remains to be done. But there have already been major gains as a result of its work. The net benefits of the Change Programme to date are some £180 million and are expected to save the Department around £1 million per working day once all the current change initiatives are in place.

## **The Change Programme, which aims to modernise our services whilst reducing costs, has already:**

**improved our online services:** Our new online Benefits Adviser service had, by December 2009, received 1.3 million visits, giving customers an estimate of which benefits they may be entitled to and enabling them to put in 'what if?' scenarios so that, for example, they can very quickly see how starting work or increasing their working hours may affect their benefit. Customers can now apply for contribution-based Jobseeker's Allowance (JSA) online providing customers with a quick, easy and convenient way to apply for help. Customers will, in the near future, be able to apply for both Income-based Jobseeker's Allowance and State Pension online as well. Online services mean that customers can get information or make a claim at a time and place of their choosing, rather than having to phone or visit, saving them time and money.

**joined-up our services:** By improving the way in which we capture customer information, we are now dealing with many more enquiries or changes in circumstances in one contact. For example, our new Information Capture Tool means customers only have to make one telephone call to report a change of address or their desired method of payment. This has already saved the Department over £10 million to date but the potential savings in the future are substantially greater.

**improved our telephony services:** We have substantially improved our ability to manage customer queries across our benefits without having to redirect customers, meaning customers find it easier to get through to the right person the first time. The Jobcentre Plus Contact Centre Directorate has linked 31 contact centres across the UK to form Europe's largest single, fully virtual network with over 5,000 call agents, enabling it to respond flexibly and swiftly to customer demands.

19. A key element of the Change Programme has been a concerted investment to introduce Lean<sup>6</sup> methodology across DWP. Almost half our staff have already seen changes in their work as a result of the use of these techniques which have both improved customer service and saved DWP over £150 million with more to come. Importantly, many of the best and most innovative ideas for savings have come from front line staff themselves, allowing them to redesign their work by focusing on the needs of their customers. Over the past two years some 700 of the Department's staff have gained formal qualifications in the use of Lean techniques.

### Lean case study – Anne, Team Member: National Insurance Number Delivery Centre, Isle of Wight

Staff at the National Insurance Number Delivery Centre on the Isle of Wight have seen first hand how Lean ways of working have resulted in improved efficiency and better customer service.

The centre deals with applications for National Insurance Numbers and Anne, one of the centre's managers, believes that these new ways of working have brought many benefits to her, her colleagues and the customers they serve.

*“Lean has empowered me as a manager to challenge the way things are done and, along with my colleagues, to make changes to improve our day to day working processes. These changes ultimately mean better service for our customers applying for a National Insurance Number.”*

Staff share their ideas and opinions at daily 10 minute information meetings. Issues or opportunities raised at these meetings are passed upwards quickly through the management team chain and can be acted upon within hours. By involving the entire staff, these meetings have helped keep people more up to date with any changes affecting their day to day work and ultimately added value to the way we deliver our services to customers.

*“We are always looking for ways to improve. A simple idea was to change one of our checking systems that was paper based to a computer based system. This has saved us valuable time as well as lots of paper. I'm really pleased that our office has achieved on average 15-20 per cent efficiency savings through these leaner ways of working. The average number of applications each member of staff deals with each day has increased from 15 to 20. This means that customers now get their National Insurance Number seven days faster.”*

<sup>6</sup> Lean is a set of systematic behaviours which uses staff expertise to improve the way we work by removing waste from everything we do – waste is anything that does not add value for the customer

## Lean case study – Wrexham Benefit Delivery Centre

Anyone and everyone can have an impact in changing and improving activity at Wrexham Benefit Delivery Centre and this has led to a number of improvements to their ways of working. The centre processes claims for benefits such as Jobseeker's Allowance and the Employment and Support Allowance and makes payments to customers.

Managers have created an environment where staff can make suggestions with the expectation that everyone can challenge existing processes. Giving employees time to resolve problems provides an opportunity to improve the way they work and provide better services for customers.

Tina, one of the managers at Wrexham, has been involved in implementing Lean ways of working since its introduction and, two years on, is still excited about the benefits it brings. *"Lean has given us the ability to work through things in a constructive and methodical manner. This ensures we get the full picture before putting solutions into place."*

Using Lean ways of working, the centre identified a significant amount of duplication in the way mortgage interest payment applications from customers were being processed. *"We needed to get information quicker so now we contact customers directly to get it. This means that paperwork is only passed between the centre, mortgage lenders and customers once and has, on average, shortened the time it takes to process applications from just over ten weeks to two and a half."*

Staff have also worked with teams inside and outside the Department, for example the local judiciary, to develop a better understanding of our services from their customers' point of view. *"We're always looking for ways to improve. It's now become second nature for staff to think about how we do that right from the start because they're seeing the benefits Lean working brings."*

## Rationalising the Department's back office

20. A further key ingredient of the Department's overall efficiency programme has been improving the cost effectiveness of its back office in order to release resources for its front line services to continue to be improved. DWP expects to deliver back office savings of £220 million during the three years of the 2007 Comprehensive Spending Review period, with a key element being the Department's estate strategy.
21. The roll out of Jobcentre Plus, which has replaced 1,500 old style Jobcentres and Social Security offices, which were often in the same street as each other, with just over 800 integrated, one-stop offices that provide a modern and comfortable environment, helps support the professional service that our customers expect. This programme of modernisation has also generated considerable savings of some £135 million each year, and provides further savings to the taxpayer as more people are helped into work. Given the importance of this work, its management and governance was a key issue for the Department and its Executive Team. By implementing strong governance, and with robust support from senior leaders in the Department, the project was delivered on time and within budget. The management of the project received recognition from the Public Accounts Committee who said *"the successful implementation of the programme can be attributed to sound governance, intelligent use of existing and external advice, and strong support from the leadership of the organisation"*.<sup>7</sup>
22. Alongside this front line office improvement, the Department has an on-going strategy to drive further value out of those parts of its estate that our customers do not directly see.

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<sup>7</sup> Committee of Public Accounts: *The roll-out of the Jobcentre Plus office network* (June 2008)

## DWP Estate Strategy

DWP's aim is to have an estate that supports its business needs, provides the right working environment for its staff, and provides value for money for the taxpayer.

DWP no longer owns its own estate, but instead leases all of its buildings from Telereal Trillium. The contract has built in flexibility to allow the Department to withdraw from buildings as its needs change.

By implementing its estate strategy, the DWP expects, by 2011, to have reduced its estate by nearly 30% since its formation, vacating some 800 buildings and substantially improving the quality of the buildings that have been retained. The Department's current space utilisation, as benchmarked by the Office of Government Commerce, stands at 10.6 square metres per full-time employee, well within the existing standard set for the civil estate of 10-12 square metres per employee and one of the most effective space usage figures across Government.

An example of best practice has been the Department's strategy in central London. By aligning corporate functions more effectively we have been able to reduce significantly the size of the Department's head office estate, achieving running cost savings of some £10 million a year.

The recession has had a significant impact on estate planning and DWP has had to mobilise resource quickly to provide an effective response. A range of initiatives have been implemented to enable Jobcentre Plus to meet the challenge of rising demand for its services. In cases where it has not been possible to provide all the required services within existing sites, the Department has based some of its services in provider premises (an example being Goole Jobcentre, who have used partner premises to carry out group interviews).

23. The Department's estate strategy has been complemented by continued cost reductions and efficiency gains in our other back office expenditure. The Department has specifically:
- reduced expenditure on **Information Technology** through improved contract management and increased investment in a modernised and more efficient IT structure. This has reduced the Department's annual IT expenditure from some £1,070 million in 2007-08 to a forecast £895 million in 2010-11, notwithstanding increased costs as a result of the recession. At the same time as reducing its costs, the Department's IT strategy has enabled it to improve the quality of its services for both its staff and its customers. Its roll out of new generation desktops has, for example, ensured that every member of staff has access to an improved computer system, resulting in faster response times; a 35% reduction in annual costs; and a 40% reduction in electricity consumption;
  - continued to invest in **Shared Services**. By providing centralised shared services, such as payroll, accounting and recruitment, not just to its own staff, but also to other government departments such as the Department for Children, Schools and Families, the Department has been able to deliver savings of some £160 million over the last 4 years;
  - made substantial progress in redesigning its **Human Resource** functions, enabling significant staffing reductions as well as improving the quality and professionalism of its HR function. The ratio of Human Resources staff to DWP employees has improved from 1:46 in 2007-08 to 1:57 in 2008-09, reducing costs by 13%; and
  - increased its **recovery of overpaid benefits** from £180 million in 2005-06 to a forecast £290 million to be recovered in 2009-10. The amount of debt recovered per member of staff in the Department's debt recovery function has increased over the same period from £79,000 to £159,000 per year. The National Audit Office in a recent report on the effectiveness of the Department's debt recovery operation noted that "The Department has improved the efficiency and effectiveness of its debt management operations, leading to more overpayments being identified and referred for debt recovery action and increasing cash recoveries from £180 million in 2005-06 to £272 million in 2007-08. The Department recovers about £3 for every £1 spent."<sup>8</sup>

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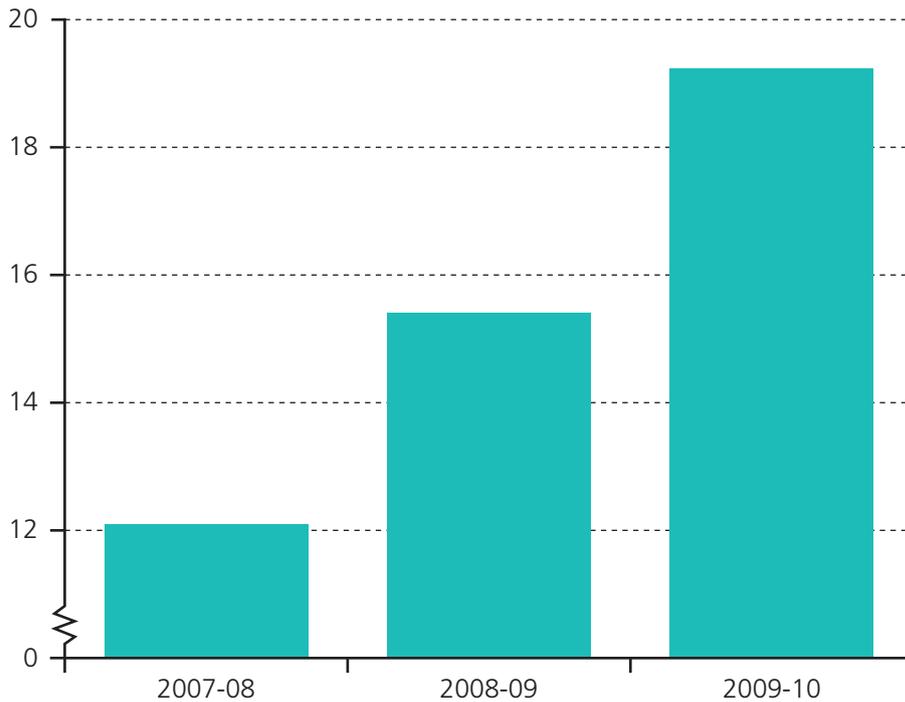
<sup>8</sup> DWP – Management of Benefit Overpayment Debt Report by the Comptroller General HC 294 Session 2008-09, (May 2009)

## The Department's response to the recession

24. The recession presented the Department with unprecedented challenges: continuing to deliver the Government's planned programme of welfare and pensions reform; reducing its underlying cost base in line with the efficiency challenges that exist in the 2007 Comprehensive Spending Review period; and investing in front line services to help those affected by the recession to return to work. The recession meant that the Department had to:
- quickly mobilise additional staff and resources into Jobcentre Plus and its employment programmes to enable it to maintain its service to customers; and
  - continue at the same time to make the underlying efficiencies to its cost base that remain necessary to live within our 2007 Comprehensive Spending Review settlement.
25. It is a tribute to the work of the Department and Jobcentre Plus that these objectives are being delivered. Despite very substantial rises in workload, Jobcentre Plus has continued throughout the downturn to meet all of its key targets for the speed of benefit claims processing. Jobcentre Plus has consistently offered a full range of support to everyone becoming unemployed and is now offering more help than ever before including, for example, new help for young people through the Backing Young Britain campaign, the Young Person's Guarantee and the Future Jobs Fund. The numbers of people flowing off Jobseeker's Allowance have risen substantially despite the overall state of the economy, reflecting the effectiveness of the Department's support.
26. Overall the Government has invested a further £5 billion of resources to ensure that every jobseeker can continue to have access to a dedicated personalised service, as well as providing funding for further support, such as the Young Person's Guarantee and the 6 month offer for those who need it most. This investment has enabled Jobcentre Plus to increase its staffing levels significantly, to some 84,000 staff, compared with 67,000 at the start of 2008-09, to deal with the effects of the recession. As a result, unemployment is substantially lower today than was forecast at the start of the recession and Jobcentre Plus has played an important part in this success.
27. Despite the rapid increase in Jobcentre Plus staffing over the past year, this has not been at the expense of continuing productivity improvement. Aided by better technology and process improvement the number of customers being dealt with per member of staff has continued to rise, as shown by Chart 1 below. Jobcentre Plus is still clearing new claims quickly and well

within its target of 11.5 days; and is helping an average of 5,300 customers move into work every working day. Without the underlying improvements in processes and the efficiency that the Change Programme and Lean techniques have delivered, it is highly likely that performance levels would have fallen in the face of this additional work.

**Chart 1: Claims to Jobseeker's Allowance per member of Jobcentre Plus staff**



## Performance and value for money

28. That this is a genuine customer service and productivity improvement is illustrated by the fact that the majority of those claiming Jobseeker's Allowance continue to leave the benefit system very quickly, with over 70% of new claimants leaving the benefit within 6 months of becoming unemployed. With off-flow rates remaining high, this has contributed, alongside the Government's wider labour market policies, to a claimant count that is much lower than was initially expected in the 2009 Budget. The latest claimant count planning assumption, published in the 2009 Pre-Budget Report, would lead to a reduction in benefit expenditure of some £10 billion over 5 years, compared to the equivalent planning assumption used in Budget 2009. These figures are based on cautious assumptions used for planning future public spending. If the claimant count were to follow the lower path of the HM Treasury claimant count projection, published for the first time in the 2009 Pre-Budget Report<sup>9</sup>, savings could be even greater, with the Exchequer also benefiting from the additional tax revenues resulting from higher levels of employment.

<sup>9</sup> [http://www.hm-treasury.gov.uk/prebud\\_pbr09\\_index.htm](http://www.hm-treasury.gov.uk/prebud_pbr09_index.htm) in Annex A, A.55

29. Despite the recession, losses due to fraud and error, though slightly up overall, particularly as regards fraud, remain low. Overall, over 97p of every £1 of benefit expenditure is paid properly. In particular, official error overpayments are at their lowest level since 2002-03. The National Audit Office has previously recognised that *“the Department stands out for its attention to customer and official error, as most other countries concentrate on fraud. Its system of rolling reviews of benefit payments on the basis of large samples also measures fraud and error more comprehensively than the rest of the countries.”*<sup>10</sup>
30. Notwithstanding the recession, the Department has also continued to look to the longer term. In December 2009, it published *“Building Britain’s Recovery: Achieving Full Employment”* which set out measures to:
- provide further support for young people so that all 18-24 year olds who are in receipt of Jobseeker’s Allowance for 6 months are guaranteed a job, a work placement or work-related skills training. That guarantee has now taken effect;
  - introduce a £40 per week “Better Off in Work Credit” to ensure that everyone is at least £40 per week better off in work than they are when they receive benefits; and
  - provide greater flexibility and personalisation of DWP services to offer better support to customers.

## The next stage of the Department’s journey: 2010-11 and beyond

### Our approach to future efficiency

31. Although the Government has not yet set out its spending plans beyond 2010-11, it is clear that further efficiency savings will be needed and customers will continue to expect more from us. This document has shown how up to now we have successfully delivered savings **and** improved the services that we offer to our customers. This underlying principle will remain at the heart of our planning for the next Spending Review period. The examples below show how it is possible to deliver better customer service and better value for money at the same time.

<sup>10</sup> National Audit Office: *International benchmark of fraud and error in social security systems* (July 2006)

## Better help with bereavement

The Department's process for handling **bereavement notifications** has already been radically improved so that people reporting the death of a customer over the state pension age now only have to contact the Department once and no longer need to send us a death certificate. This has been developed alongside the wider government Tell Us Once initiative – which is described more fully later in this document – and was rolled out nationally across our Pension Centres from September 2009 removing some 200,000 unnecessary contacts per year which were both stressful for our customers at a very difficult time in their lives and costly for the Department to handle. Building on this the Department aims, in September 2010, to launch a new, comprehensive bereavement service which will provide help and support for funeral arrangements and offer advice on Bereavement Benefits.

## Improved, and less costly, access to our services

From October 2008, customers have been able to access the online **Benefit Adviser Service** allowing them to assess their entitlement to 28 benefits, pensions and credits, and quickly understand how to make a claim should they wish to. Customers are able to input potential changes to their circumstances to see how they would affect their benefits. In particular they can find out, if they're offered or are considering a particular job, how much better off they will be in work compared with receiving benefits.

The Department has also recently reached groundbreaking agreements with all the major mobile phone companies which will allow their customers to call the Department's **0800, benefit claim numbers free of charge**. There are around 60 million telephone calls to these 0800 numbers each year, with around 9 million of these coming from mobile phones. This change will help many of the most vulnerable people who use the Department's services.

32. The Department has an excellent track record in achieving efficiency improvements and it has, at all times, sought to treat its staff with respect and fairness. The headcount reductions of some 31,000 full-time equivalents in the 2004 Spending Review period were achieved without compulsory redundancies. In the current Comprehensive Spending Review period we have actively managed our workforce by quickly moving staff to those areas of the Department which were experiencing rising workloads.
33. There are other means that we are able to use to reduce costs but minimise the effect on our staff – for example, by encouraging the use of flexible and cross location working, we can reduce costs and work in a way that benefits our staff and our customers. Our people policies operate in a flexible way, taking into account individual circumstances as well as considering the wider needs of the business. We currently have approaching 40,000 staff who choose to work on a part time basis, and our policies allow many staff to work part year, compressed hours or share their job with others. These policies will help the Department and its people to respond flexibly to the next stage of the efficiency challenge.

### Helping to restore the public finances

34. The Department has already started to put in place plans to deliver further efficiencies in the next Spending Review period. In the 2009 Pre-Budget Report, for example, the Government announced that its plans for workplace pension reforms would be adjusted to take account of the latest economic circumstances. New businesses will not have to auto-enrol their employees as early as was originally planned giving them more flexibility to grow as the economy grows. **This will also realise fiscal benefits to the Exchequer, through lower tax relief, of £2.4 billion over six years.**
35. The Department is investing £40 million over 4 years to further reduce the level of fraud and error in the benefits system, and recover more debt each year. This aims to benefit the taxpayer by **£100 million each year from 2010-11**. This investment will enable the Department, for example, to focus even more attention on the accuracy of Pension Credit and State Pension claims through using new data-matching techniques. We will also be able to focus more attention on older debt by generating repayments from cases that are on our systems, but not currently being repaid. Without the additional investment, more of this debt would go unrecovered. Crucially, this will not affect those who are entitled to our benefits.

## Continued investment in services to achieve efficiency

36. As the Department moves beyond the 2007 Comprehensive Spending Review period our fundamental approach to securing greater efficiency and value for money will be to:
- reduce expenditure as and when the labour market improves;
  - further increase the range of services we offer over the internet where there is no need for face to face or telephone contact with our customers; and
  - continue to reduce the cost of our back office functions by taking full advantage of cross-Government opportunities, not least to reduce duplication and deliver more joined up services to customers.
37. Specifically, the Department plans to:
- migrate all of those on Incapacity Benefit to the Employment and Support Allowance – helping those who are able to work to re-enter the labour market whilst providing greater support for those who are not able to work;
  - introduce the new National Employment Savings Trust (NEST) to increase the number of people who are able to save for their retirement; and
  - as set out in the 2008 White Paper, *Raising expectations and increasing support: reforming welfare for the future*, pilot an Invest to Save Pathfinder, which will provide a new delivery model enabling third sector and private providers to support more of our hardest to help customers into work, underpinned by an innovative method of funding based on paying providers from the benefit savings they deliver.

## Labour market improvements

38. If the recent reduction in the number of those claiming Jobseeker's Allowance is sustained over the next few years that will also generate further savings in the provision of employment services. There will also be savings from our contracted programmes because fewer people will require this support than had previously been projected. The extent of these savings will clearly depend on the labour market but, on the basis of the Treasury forecast of claimant unemployment in the 2009 Pre-Budget Report, they are expected to be around £100 million in 2010-11. On top of this, are gains to the Exchequer of roughly £10 billion over 5 years from increased receipts brought about by higher than expected employment.

## Making more use of technology

39. The Department will, throughout the Spending Review 2010 spending period, continue to develop and improve the way it provides its services, making them better for customers and more cost efficient for the taxpayer. This includes making more of our services available to our customers online and further services when customers contact us by telephone.

### Improving our online and telephony services

Our new 'Enquiry' Service will give all of the Department's contact centre staff the capability to process the top 2 changes of circumstances and answer the 26 most common enquiries regardless of the particular benefits they are administering. It will mean fewer customers having to be handed on or asked to call a different unit or number. Once fully rolled out by early 2011 we expect the service to be able to answer over 35 million enquiries and 2 million changes of circumstance every year.

The Department is now drawing up plans for the next stage of its online transformation, starting with Jobseeker's Allowance. Over time, this will give our customers a much more responsive service with immediate feedback on entitlement and the ability to track the progress of their claim. Staff will no longer need to spend time processing the vast majority of routine cases and will instead be able to concentrate on more complex cases where judgement is required, and on those customers who need more personal support and advice.

Modernising services does not just mean utilising the internet more efficiently. The Department is also piloting the use of text messaging to remind customers about their appointments with us, allowing us to avoid more of the cost of missed appointments. We are also developing applications for the iPhone and other smart phones, to identify suitable job vacancies based on a customer's profile.

40. The Department is also reforming the way it pays benefits. Already we pay over 98% of all payments electronically. But we aim to go further with the replacement of our remaining manual payment methods with payments into a bank or Post Office card account, thereby generating savings and removing the need for customers to have to go into a Jobcentre.
41. Taken as a package, our current plans to increase the number of e-enabling services that we offer to our customers, such as the ability for our customers to make claims for Jobseeker's Allowance and State Pension online, are expected to save the Department over £100 million per year from 2013-14. Many of our customers prefer to access services in this way and by opening up the number of channels that are available we can improve the service that we offer.

### Cross-Government Working: DWP as a leader

42. The next Spending Review will be challenging, not just for this Department, but across the whole of Government. Every department will need to contribute and, by increasing the use of cross-Government services, there is clearly room for substantial economies of scale.
43. The Department has already begun this journey and can help to lead the way. Based on successful pilots, we have rolled out the "In and Out of Work" Programme and, in line with the announcement by the Prime Minister in December 2009, we will begin rolling out "Tell Us Once" nationally from April 2010. "Tell Us Once" enables people to be able to tell Government – central and local – once only of a birth or death in order for that information to reach every part of Government that needs to know.

#### **Tell Us Once Case Study**

Mrs Williams is an elderly lady who went to the Southwark Registrar's Office to register her husband's death the day after he died. She was naturally very upset and was worried about her rent being in arrears as her husband had always dealt with all their household bills.

The specially trained 'Tell us Once' Bereavement Support Officer was able to offer her real practical support by notifying on her behalf those responsible for Council Tax, Housing Benefits, Blue Badge and Pensions as well as notifying the DVLA and Guys and St Thomas' Hospital.

The Support Officer also helped sort out Mrs Williams' tenancy agreement and arranged for a colleague to visit her to review her Pension payments.

44. Over 2010-11 and beyond the Department aims to lead work with other government departments and Agencies to go further by:
- continuing to develop **Directgov**, which already receives over 20 million visits per month. Our customers can already search for jobs, find out about benefits and apply for Jobseeker's Allowance; and
  - continuing to extend and develop our **Shared Services** which, as noted earlier, already provide Human Resources, financial services and procurement support to a number of Government Departments, thereby achieving economies of scale and also improving the service provided to customers. In accordance with the *Smarter Government* agenda, the Cabinet Office has already asked the Department to create a new delivery organisation within our Shared Services to deliver the administration of the Civil Service Pension Scheme to the whole of the Civil Service, delivering savings of £70 million over a 10 year period.

### Driving further value from the centre

45. The Department has, since its inception, substantially reduced the size and cost of its corporate centre, but we have plans in place to go further. For example, we are leading the Cabinet Office's review of "Next Generation HR", and are looking at opportunities to simplify and centralise other corporate functions within the Department. We have already taken steps to brigade our IT support, certain legal activities and our learning and development functions into single corporate teams thereby simplifying our processes and driving out economies of scale. Through this we plan to be able to reduce the number of staff in our policy and corporate functions.

### Conclusion

46. The future for the Department is a challenging one, but is also one which will provide many opportunities. The Department will continue to drive forward its challenging modernisation agenda, taking full advantage of new technology as well as synergies that can be achieved through increased collaborative working across Government. Our aim remains to be an exemplar of effective service delivery – one of our Departmental Strategic Objectives – striving continually to drive up the quality of our service to our customers at the same time as we continue to drive down the cost of our services to the taxpayer.

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