

Department for Work and Pensions
Mid Year Report to Parliament
April to September 2014



Department
for Work &
Pensions

Robert Devereux
Permanent Secretary



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Permanent Secretary's Executive Summary



The Department for Work and Pensions transforms people's lives through work, saving and support. Throughout the year we have delivered milestone reforms to the welfare system whilst continuing to provide the crucial services people rely on every day.

Our aim is to help people find and remain in work, to ensure work pays, to make it easier to save for retirement and to help children and the disadvantaged to thrive. What we do matters: we change the futures of millions of people in the UK.

The Department is implementing the Government's transformational changes to the welfare state to make it fairer and more affordable. Spending on benefits is now falling as a percentage share of GDP, and the Department's administrative baseline budget has fallen by around £2 billion since 2009-10.

We have already successfully delivered important welfare reforms, such as the benefit cap and Housing Benefit Reform. Others are still being rolled out safely and securely, including Universal Credit, Personal Independence Payment, Child Maintenance reform and Automatic Enrolment. Recent announcements on Devolution will bring further reform as we prepare to devolve some of our services to the Scottish Parliament.

These reforms are already making a difference: employment is at a record high, unemployment is falling, more people are saving for their retirement through workplace pensions, and more separated families are taking personal responsibility for their financial arrangements.

Alongside implementing Ministers' vital reforms, we remain resolute in our commitment to continue improving customer service and reducing costs. In particular, we are maintaining a relentless focus on:

- Reducing fraud and error in the benefit system and recovering record levels of debt
- Working with providers to deliver health assessments to time, quality and cost to improve service levels
- Developing staff capability to enhance the quality of our digital services
- Ensuring that we have enough people with the right skills to continue to implement welfare reform and drive up customer service levels

The Department continues to invest in learning and development, talent management, and leadership capability. Our 2014 People Survey results reflect this investment, with staff engagement up 11 percentage points since 2011, the largest increase across the big 5 government departments.

Our achievements – especially in the context of a significant reduction in our budget – are testament to the hard work and dedication of our people.

Robert Devereux
Permanent Secretary

Strategic Report

The Department has successfully delivered the large majority (all but 5) of its Business Plan commitments due for completion in this Parliament. These actions contribute towards the Department's six key priorities:

- Social Justice: Tackling the causes of poverty and making Social Justice a reality
- Working Age: Encouraging work and making work pay
- Disability: Helping disabled people to fulfil their potential
- For retirement: Providing a firm foundation, promoting saving for retirement and ensuring that saving for retirement pays
- Families and Children: Recognising the importance of family in providing the foundation of every child's life
- Controlling costs: Improving services to the public by delivering value for money and reducing fraud and error

The Strategic Report considers the Department's progress towards these outcomes including its Business Plan commitments. Detail on specific commitments completed and performance against other Departmental performance indicators is provided in **Annexes A and B**.

Social Justice: Tackling the causes of poverty and making Social Justice a reality

The Department is working with others to channel the way support is provided to people who are at a vulnerable point in their lives

Social Justice is about transforming the lives of the most disadvantaged in our society, and requires sweeping cultural change, changing not only families and individuals, but also public services and the way the Government funds them.

The Department published the Government's Social Justice Progress Report¹ in November following

the original Social Justice Strategy Report 'Social Justice - Transforming Lives'² in March 2012 and a 'One Year On'³ report in April 2013. The report highlights how the Department is working with other departments and a range of public, private, charitable and social enterprise organisations to transform public services to support the most vulnerable people in our society. The focus is on supporting families, keeping young people on track, the importance of work, supporting the most disadvantaged adults and delivering Social Justice.

The report highlighted progress made over this parliament including:

- Helping families with complex problems turn their lives around. In September 2014 the Troubled Families Programme was supporting over 117,000 families – latest figures indicate that almost 70,000 families have turned their lives around and of these over 6,300 have achieved an employment outcome⁴
- Using specialist Jobcentre advisors to support 2,100 former gang members onto the straight and narrow, as part of the Government's Ending Gang and Youth Violence Strategy
- Using the Help and Support for Separated Families Innovation Fund to support 53,000 parents working in their children's best interests following relationship breakdown
- Training over 12,000 practitioners to help support families experiencing relationship difficulties. Over 48,000 couples have participated in relationship counselling and nearly 160,000 have accessed preventative support
- Providing £600 million of capital to help build the burgeoning social investment market through Big Society Capital

1. [Social Justice - Progress Report November 2014](#)

2. [Social Justice - Transforming Lives March 2012](#)

3. [Social Justice One Year On April 2013](#)

4. [Troubled Families - Progress information and families turned around](#)

- Working with the voluntary, private and public sector to find effective solutions to complex problems – 10 Social Impact Bonds⁵ provided through the Department's £30 million Innovation Fund⁶ have helped more than 14,200 young people so far
- Launching the £16 million Youth Engagement Fund to support Social Impact Bond projects to help reduce the number of young people not in employment and not in education or training, specifically targeting 14-17 year olds

Whilst there has been visible progress and evidence in many places of a profound cultural shift, it is important that the Government continues its strong commitment to this agenda.

Working Age: Encouraging work and making work pay

The Department's welfare reforms are making work pay

The Government's welfare reforms are crucial to ensuring that people can get into a job more quickly and stay in work for longer. The transformation is underpinned by a clear focus on providing tailored support, but ensuring that claimants are clear of their obligations in return, and improving incentives to work to reward this personal responsibility.

At the heart of the Government's reforms is **Universal Credit**, transforming the welfare state in Britain for the better and bringing up to £35 billion in economic benefits.

Universal Credit is expected to make 3 million households better off, and lift 300,000 children out of poverty.

An ever increasing number of claimants now benefit from increased support and incentives to move into work and earn more money. Universal Credit is already changing the way people think about work and welfare: the Claimant Commitment, motivational Work Coaches, monthly budgeting and modern digital Jobcentres all mirror the world of work and encourage greater financial responsibility and independence.

The Department continues to roll Universal Credit out safely and securely to new claimants, now including couples and families in some areas. In September 2014, the Department announced an accelerated roll out from February 2015 to include new claims from single jobseekers in all Jobcentres and Local Authorities. Across the country, 1 in 3 Jobcentres will be delivering Universal Credit by Spring 2015.

The Department has also set out updated plans to build, test and expand a 'digital' service as the future IT platform for Universal Credit. In December this reached its first key stage, with the launch of the first test in Sutton. Throughout 2015, the Department will continue the work required to scale up this digital approach, ensuring that the system is safe and secure.

The current business case, approved by Treasury in Autumn 2014, is based on taking the last new claims to legacy benefits during 2017, with the Department migrating the remaining households to Universal Credit from January 2018 onwards. Should there be no change in the labour market outlook or the pace at which claims are migrated, the current business case assumes that the bulk of this exercise will be complete by 2019.

New trials launched in June 2014 are identifying the most effective ways of helping people who are in work, but on low pay, to increase their income. These build on earlier trials and seek to identify the most cost-effective ways of incentivising those receiving support to earn more and build a career.

In October 2014 the Department published its 'Universal Credit at Work' report⁷ which shows how Universal Credit is working well for staff and

5. Social Impact Bonds are designed to help improve social outcomes of publically funded services by making funding conditional on achieving measurable social benefits.

6. Launched in 2012 to support payment by results programmes that enable disadvantaged people to participate and succeed in education and training.

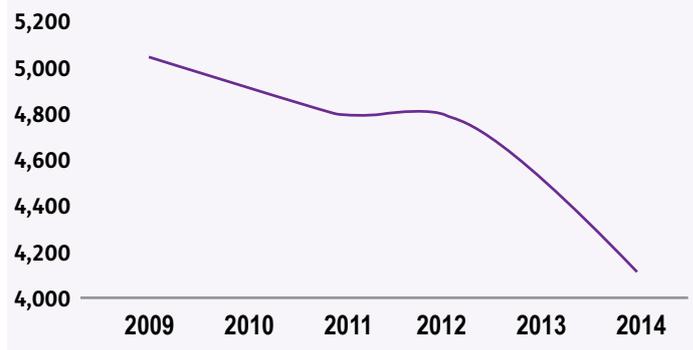
7. [Universal Credit at Work report October 2014](#)

claimants. In November 2014 the National Audit Office's 'Universal Credit – Progress Update' report⁸ recognised that the Department had put Universal Credit on a sounder footing following the reset in 2013. Nevertheless, change on this scale remains challenging and the department is continuing to work on the areas recommended by the NAO, including contingency planning.

The **benefit cap**, introduced in April 2013, has also strengthened the financial incentive to move into work. Up to August 2014, 51,200 households had their benefit capped, so they no longer receive more in benefits than the average family earns. 23,900 households are no longer subject to the cap and of these, at least 9,600 have moved into work⁹. Since the benefit cap's introduction, on average around 500 people a month have moved into work, making the same sort of financial decisions as families in work. The Department's review of the first year of the benefit cap was laid before Parliament in December 2014, alongside the publication of a suite of evaluation reports¹². This showed that capped households were 41 per cent more likely to go into work after a year than a similar uncapped group of households.

The **Spare Room Subsidy** was removed in April 2013. Before this an estimated 660,000 working age claimants in the social rented sector lived in properties with spare bedrooms, while around 1.7 million households were on a housing waiting list in England alone. The number of claimants affected by the Spare Room Subsidy Removal is falling – down 14 per cent since May 2013, including some claimants who have moved to smaller properties and others who have moved into employment. Estimates indicate that the policy is saving around £500 million a year in Housing Benefit.

Number of people on key out of work benefits - Thousands (May Quarters)



In May 2014 there were 4.11 million people aged 16 to State Pension age on a key out of work benefit down from 4.54 million in May 2013 and 4.93 million in May 2010 which represents an improvement for this indicator.

Welfare reforms which set out personal responsibility clearly

The Department has introduced the **Claimant Commitment** in every Jobcentre in Britain. It supports a more rigorous regime based on a person's circumstances, and clearly sets out what responsibilities they have while job hunting. Over 900,000 have been signed, resetting the relationship between benefit claimant and Jobcentre Plus support.

Benefit sanctions play a pivotal role in ensuring that claimants comply with the conditions of their benefit payments.

An independent review¹¹ of sanctions was published in July 2014. It recognised the important role sanctions play in the benefit system and made 17 recommendations themed around:

- Communications
- Jobcentre and provider responsibilities
- Safeguards

8. [NAO Universal Credit Progress Update report November 2014](#)

9. Work is represented as having an open Working Tax Credit claim

10. [Benefit Cap Evaluation December 2014](#)

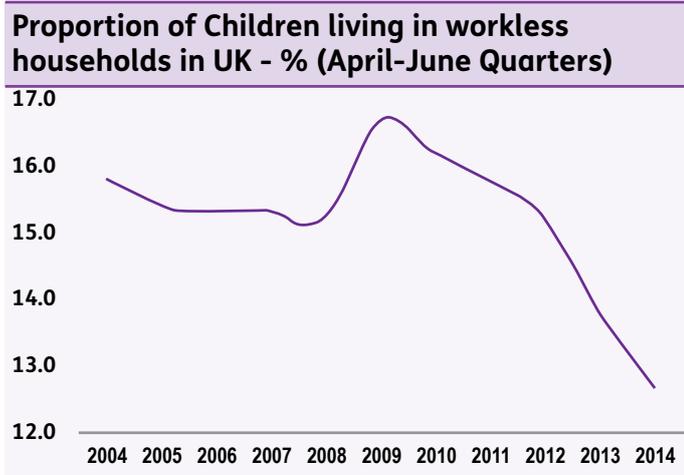
11. [Independent Review of JSA Sanctions by Matthew Oakley](#)

The Department accepted all recommendations and is now implementing them.

The Department continues to help people into work

The Department provides a wide range of support for claimants to help them prepare for, find and remain in work. This support has helped the rapid fall in the claimant count (900,100 in November 2014 down 594,700 from May 2010) and record levels of employment.

Universal Jobmatch is the Department's online job posting and matching service for jobseekers and employers – a major advance from old-fashioned job boards and vacancy printouts - and one of the most visited websites on Gov.uk. Eight million jobseekers and over 630,000 employers have registered since the service went live in November 2012. On average the service supports around 4.6 million job searches each day, with around 1 million vacancies available.



The reduction in the proportion of children in workless households in the year to April-June 2014 was a statistically significant improvement for this indicator, continuing the positive trend from 2009. Welfare reforms continue to move people from groups more likely to be living in workless households closer to the labour market.

The **Work Programme** delivered by providers, provides tailored support for claimants at risk of long-term unemployment.

Over 1.65 million people have joined the Work Programme since it started.

The proportion of Work Programme participants for whom providers received a Job Outcome payment up to 12 months after referral was 14.7 per cent for those joining in September 2013 compared to 13.8 per cent for those joining in June 2013 and 12.8 per cent for those joining in March 2013.

In December the Department published 3 Work Programme reports that evaluated:

- Participants' evidence of the Work Programme¹²
- Providers' experience of the Work Programme¹³
- Day One mandation of prison leavers to the Work Programme¹⁴

The findings will support policy, commercial and operational teams to drive continuous improvement of live running and inform future policy design including Work Programme Plus.

The **Help to Work** scheme, launched in April 2014, provides intensive support for those returning from the Work Programme:

- Community Work Placements support those whose main barrier to work is lack of experience
- Mandatory Intervention Regime ensures Work Coaches spend more time with claimants to understand the barriers and identify further support
- Daily Work Search Reviews require some claimants to attend a Jobcentre every day to discuss their progress in looking for work

The **New Enterprise Allowance** scheme offers unemployed people a route back to work through self-employment. 53,300 new businesses have so far been set up by enterprising individuals. Volunteer business mentors provide support to help them to develop their business plan and continue to provide support until their early trading days. Claimants who can demonstrate that their business idea is viable may also be entitled to financial support.

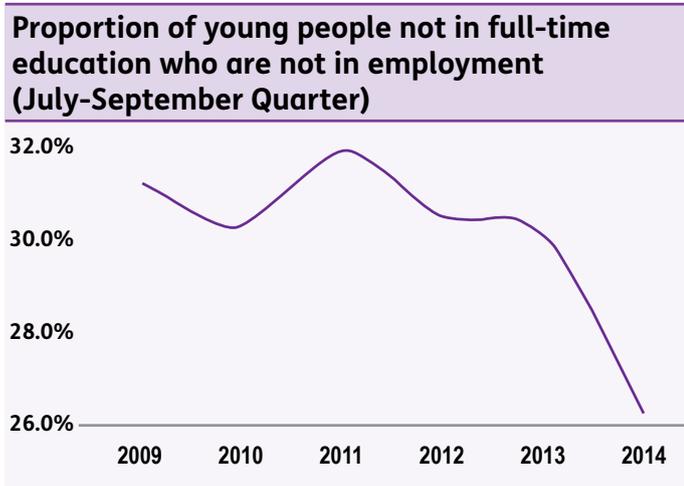
12. [Participants' evidence of the Work Programme](#)

13. [Providers' experience of the Work Programme](#)

14. [Day One mandation of prison leavers to the Work Programme](#)

The **Youth Contract** supports young people into work, building on the support that is already available through Jobcentres and the Work Programme. It includes:

- Work Experience – providing valuable work-based skills through a placement with an employer. It was accessed by 238,210 people between January 2011 and May 2014 - of which 196,600 were aged 18-24
- Sector-based Work Academies – providing pre-employment training, a work experience placement and a guaranteed job interview. They helped 128,990 people between August 2011 and May 2014 - of which 65,710 were aged 18-24



There was a statistically significant reduction (which is an improvement) in the proportion of 18-24 year olds not in full time education who are not in employment between July and September 2014 compared to the same period in the previous year.

Ensuring that workers aged over 50 have the opportunity and support to find and stay in work is also crucial. More information is included in the retirement section.

Fit for Work (previously called Health and Work Service) launched in December 2014. It will help address the 130 million working days that are lost each year through sickness absence by providing occupational health assessments and general health and work advice to employees, employers and General Practitioners. It will help people to remain in work and return to work following a

period of sickness absence lasting four weeks or more.

Helping those furthest from the labour market

Around 2.5 million people claim **Employment and Support Allowance** (ESA) and old style incapacity benefits – down by 150,000 since May 2010. Claimants on the old style incapacity benefits are being reassessed for eligibility to ESA – a process designed to identify claimants who have the potential to return to work and to support them in doing so. Around 1.5 million claimants were estimated to require reassessment. So far around 1.3 million have received an outcome decision with around 728,000 claimants now preparing or looking for work.

The Work Capability Assessment which plays a key role in determining entitlement to ESA has been subject to five independent reviews: the first 4 reviews made 75 recommendations which the Department implemented or is working to implement. The Department is now considering the recommendations from the fifth review which was published on 27 November 2014¹⁵.

Work Capability Assessments are carried out by independently approved healthcare professionals employed by Atos Healthcare.

In July last year, the Department announced that Atos would be exiting their contract early, while continuing to work closely to drive up their performance. In October, the Department announced a new provider, Maximus Health and Human Services Ltd, in order to deliver the best possible service for claimants, increase the number of assessments and reduce waiting times. Maximus has been awarded a three year contract to deliver the new Assessment Service. The Department, Atos and Maximus are now engaged jointly in detailed transitional planning to ensure a smooth transfer from March 2015. The Department has made significant progress in reducing the backlog of cases awaiting WCA assessments with Atos by 30 per cent since February 2014. Nevertheless, this remains a key area of focus for continuing improvement.

15. [Independent Review of Work Capability Assessments - Year 5 by Dr Paul Litchfield](#)

Disability: Enabling disabled people to fulfil their potential

The Government's 'Fulfilling Potential' Disability Strategy, updated in September 2014, aims to enable disabled people to play a full role in society by removing barriers which limit their choices and opportunities and restrict growth in our society and economy.

Crucially the 'Fulfilling Potential' approach works in partnership with disabled people and their representative organisations to address the challenges they face - ensuring that what Government puts in place will actually make a difference.

Breaking down barriers

In response to a Departmental Survey revealing that 42 per cent of disabled people felt one of the biggest barriers to employment was the attitude of employers, the Prime Minister launched the Department's '**Disability Confident**' campaign to challenge attitudes and build confidence in employing disabled people. The campaign used social media and communications partnerships with influential organisations to open a new debate on inclusive employment. The Department has taken the campaign out to communities across the UK through a series of regional events which target local businesses and regional influencers.

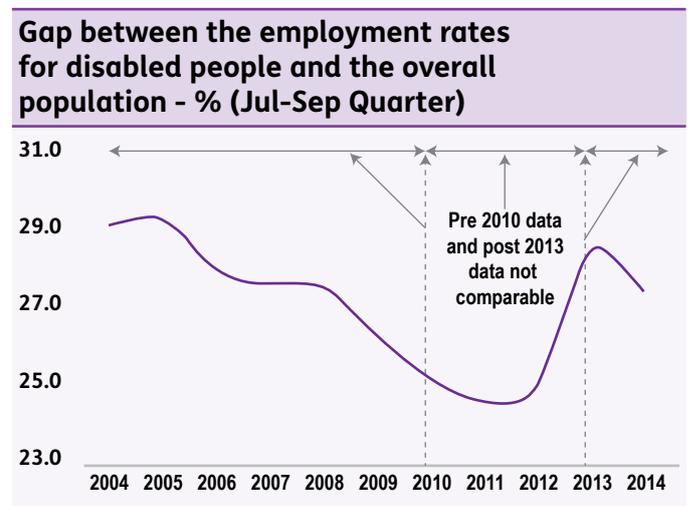
In July 2014 the Department launched an updated employer portal to support employers in employing disabled people, along with a toolkit to support MPs and organisations hold their own Disability Confident event. Over 1,000 employers have already signed up to Disability Confident with more planned over coming months. The campaign's impact was recognised by winning at both the 2014 Civil Service Diversity and Equality Awards and 2014 Civil Service Awards.

The Disabled People's User Led Organisation (DPULO) Programme was launched in July 2011 and aims to inspire individuals and organisations to think differently about disabled people. Financial support is provided through the £3 million Facilitation Fund along with expertise and practical support through a national lead and DPULO Ambassadors. As at November 2014, there are 10 DPULO Ambassadors

across the UK and 177 financial awards have been made to DPULOs. The network of DPULOs has grown from around 100 to 450.

Helping disabled people to prepare for, find and stay in work

The number of disabled people in work rose to 3.1 million in September 2014 – an increase of 259,000 from the same period in 2013. The employment rate of disabled people rose by 2.5 percentage points to 46.2 per cent in the same period – the biggest July to September year-on-year percentage point increase in the disability employment rate in the last 10 years.



The latest data, between July and September 2014, shows an improvement (though not a statistically significant one) in the gap between employment rates for disabled people and the overall population, which was 27.2 percentage points, down from 28.2 percentage points a year earlier¹⁶.

In December 2014 the Department published a high level summary¹⁷ of its achievements so far in implementing the Disability and Health Employment Strategy. It illustrates the improving performance of the Department's main programmes for disabled people, described changes that have been made to these programmes and highlighted plans for future pilots and pathfinders.

The Work Programme continues to support disabled

16. Post 2013 data is not comparable with pre 2013 data due to changes in the survey questions and who is classed as disabled.

17. [Disability and Health Employment One Year On](#)

people to move into work, complemented by more tailored support through Work Choice and Access to Work.

Work Choice provides dedicated support to disabled people facing the most complex barriers to employment. Between April and September 2014, there were 5,990¹⁸ Job Outcomes compared to 5,710 Job Outcomes for the same period in 2013.

Access to Work provides practical and financial support with the additional needs faced by people whose health or disability affects their ability to do their job. In 2013-14 Access to Work helped 35,530 disabled people to get or retain employment – up from 31,510 a year earlier. Access to Work uses feedback from users and experts to continually improve its service, ensuring it can help as many people as possible within its available budget.

Supporting disabled people to live independently

Personal Independence Payment (PIP) focuses on how a person's health condition or disability affects them in their daily life, and aims to provide financial support to help them remain independent and participate in society. It is replacing Disability Living Allowance for working age claimants aged 16-64 years.

PIP is designed to better reflect today's understanding of disability, and looks at how a person's impairment or health condition impacts their ability to live an independent life.

PIP has been introduced in stages so that the Department can be assured that the assessment providers are able to deliver both in terms of quality and time taken and ensure improvements.

There have been some delays in processing in the meantime, but the Department's work with the Assessment Providers to speed up processes and eliminate the backlog is paying off: since the beginning of 2014, both Assessment Providers (Atos and Capita) have almost quadrupled the number of health professionals they employ and the number of assessment reports they are completing. Further increases are expected. The Department has also increased its staffing resources allocated to meet the additional demand.

Significant improvements have been made in processing times for PIP claims made under the special rules for terminally ill people, with processing reducing to its expected time of around 10 days.

From November 2014, the PIP natural reassessment process was extended to include a further 4 postcodes covering Chester, Huddersfield, Liverpool and Manchester. Extending in this phased way ensures the Department maintains focus on improving the service and monitors and assesses the Assessment Providers' performance in handling increased volumes before rolling out further. The majority of reassessments will not begin until October 2015.

The first independent review of the PIP assessment¹⁹, carried out by Paul Gray, was published in December. The Government welcomes the review and will publish a detailed response in due course.

Retirement: Providing a firm foundation, promoting saving for retirement and ensuring that saving for retirement pays

The Department is reforming the State Pension and private pensions to support greater clarity and confidence in retirement planning and encourage more people to take personal responsibility for making financial arrangements for their retirement.

State Pension reform

On 14 May 2014, the Pensions Bill received Royal Assent. The Pensions Act 2014 introduces major reforms to the State Pension. As people are now living longer, State Pension age plays an important role in helping protect the pensions system by keeping it sustainable and fair between generations. The Pensions Act 2011 accelerated the timetable for equalisation: women's State Pension age will equalise with men's at 65 by 2018 and both will increase to 66 by October 2020. The Pensions Act 2014 built on this, bringing forward the increase

18. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/373185/work-choice-official-statistics-nov-2014.pdf

19. [PIP assessments and impact review](#)

in the State Pension age to 67 by eight years. This increase will be phased in between 2026 and 2028, and is forecast to generate a further £11 billion in tax and National Insurance as a result of people working longer. In addition, the Pensions Act introduced regular and structured reviews of State Pension age. The first will be published by May 2017.

The new State Pension will be introduced for those reaching State Pension age from 6 April 2016. It will provide a clearer, foundation for saving: people will know what they can expect from the state and the incentives for saving will be clearer, supporting people to plan for their retirement. The full rate payable under the new State Pension will be above the means tested Pension Credit standard minimum guarantee (currently at £148.35).

The changes to the State Pension underpin private pensions reform, notably Automatic Enrolment.

Private Pensions

The Department is promoting the value of private pension saving to build on the amount people will receive under the new State Pension and enable people to plan more effectively for their chosen lifestyle in retirement.

Automatic Enrolment began in October 2012 and places a legal duty on employers to enrol eligible²⁰ employees in a workplace pension. Instead of choosing whether to join a workplace pension scheme, individuals now have to actively decide that pension saving is not for them and opt out.

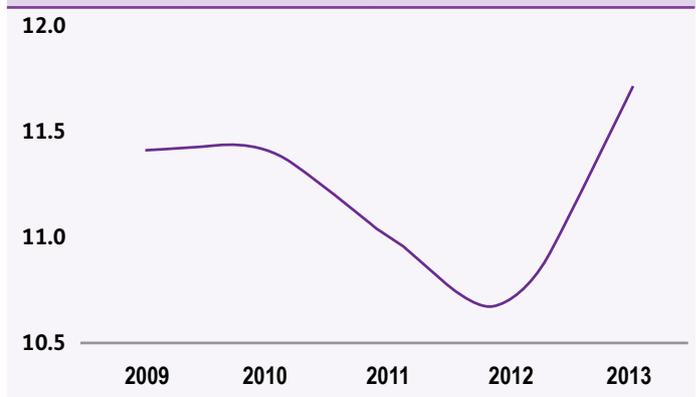
By November 2014, 5.1 million eligible employees had been enrolled into a workplace pension.

All large employers (with 250+ employees) are now part of the scheme and work is well underway with around 32,000 medium sized employers (50-249 employees) to help them meet their legal obligations under Automatic Enrolment. Small employers (fewer than 50 employees) are on track to automatically enrol their staff from June 2015.

The Department expects that small and micro employers will require additional help as they do not have the same support structures in place as larger organisations. There are around 1.3 million small

employers to help, 800,000 of which have fewer than five workers.

Number of employees in a pension scheme sponsored by their employer - millions



The number of eligible employees in a pension scheme sponsored by their employer increased to 11.7 million in 2013 from 10.7 million in 2012, which represents an improvement for this indicator and shows the positive impact of the first six months of automatic pension enrolment implementation²¹.

Building on its 'We're all in' communications campaign, which won a gold award in the Public Sector Communications Excellence Awards 2014, a national communications campaign is helping small employers understand their legal duty and the support available. The Department is also working closely with the Pension Regulator to tailor communications to small employers, developing guidance to improve understanding of the basic steps to compliance, and ensuring all small employers get support in choosing a pension scheme.

In addition to the incentives to save (employer contribution and tax relief) which Automatic Enrolment provides, the Department is encouraging people to continue to save into a pension by ensuring their pension savings increase their pension income through:

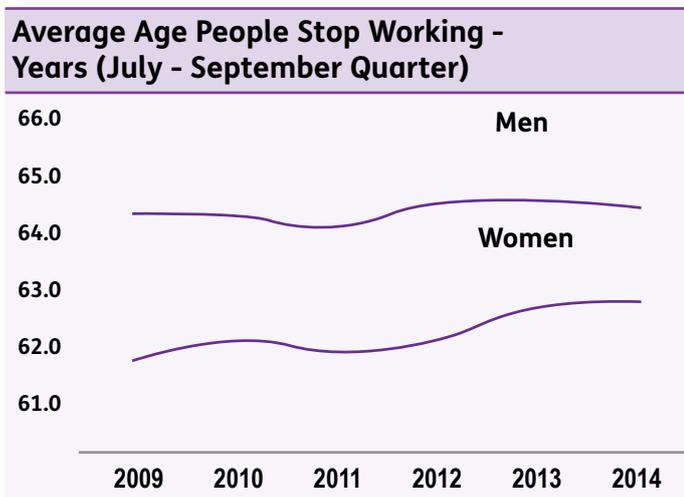
20. Eligible provided they are aged at least 22 years and under State Pension age, earn over £10,000 per annum (in 2014-15 terms) and work or usually work in the United Kingdom.

21. Estimates derived from the Office for National Statistics Annual Survey of Hours and Earnings 2013 data.

- Introducing quality standards and a charge cap
- Facilitating easier transfers of pension savings
- Exploring innovative risk sharing options
- Working to ensure consumers have appropriate options, value for money, and support, when they come to turn their pension savings into retirement income

Fuller Working Lives

Older workers make an important contribution to the economy and society as a whole. However, employment rates for older people remain lower than for younger people, highlighting the need to ensure that older people who wish to work have the opportunity to do so.



The latest data²² for Jul-Sept 2014 shows men stop working at around 64.7 years and women at around 63.3 years. Since 2010 women have been working longer in response to the gradual equalisation of their State Pension age.

To support those who want to carry on working, the Default Retirement Age has been abolished so most people can retire when they want to. From June 2014, the Government extended the 'right to request flexible working' to all workers. Jobcentre Work Coaches now have more flexibility to help older unemployed benefit claimants to find work by giving them access to the same comprehensive menu of individually tailored support available to younger claimants. The Department is working with employers to challenge outdated assumptions about older workers.

In June 2014, the Department published 'Fuller Working Lives – A Framework for Action'²³. This

makes a clear business case for maximising people's time in employment, outlining how they can ensure they have sufficient income in retirement, and creating a sufficient supply of workers in an ageing society.

Families and Children: Recognising the importance of family in providing the foundation of every child's life

Recognising the importance of sustainable and healthy parental relationships, and to help parents give their children the best start in life, the Department is introducing new measures to support family stability. They aim to support families to provide a safe, stable and nurturing environment which is underpinned by effective relationships, whether parents are together or apart.

Family Test

The Department introduced the Family Test in October 2014 to support families and the bonds on which they are built. From this date, a Family Test will be applied to all new relevant laws or government policies to assess their impact on family relationships and ensure that this impact is recognised in the process of developing new policy. The Department is also responsible for providing guidance across the Civil Service and for supporting compliance with it. The Family Test requires all government departments to consider their work through the prism of family relationships, including the impact on things like the amount of time parents spend with their children, the quality and stability of couple relationships and the role of grandparents.

Relationship Policy

In August 2014 the Prime Minister announced the main outcomes of the Department's Family Stability Review. These included:

- Perinatal Pilots which will provide supportive information to couples expecting a baby
- Guidance for Health Visitors – who are well placed to spot early signs of relationship distress and to signpost to support

22. [Fuller Working Lives – background evidence](#)

23. [Fuller Working lives – A framework for Action](#)

The Prime Minister also announced that relationship support policy has been brought into the Department for Work and Pensions - and that £30 million has been invested to deliver marriage preparation, couple counselling and relationship education.

Child Poverty

The Department supports work to reduce child poverty and ensure that children are properly supported to complete their education. Along with the Department for Education, the Department published the Child Poverty Strategy 2014 to 2017 in June 2014.

Child Maintenance Reform

The new statutory child maintenance scheme, the 2012 Scheme, delivered by the Child Maintenance Service, is designed to be more efficient, and align with the Government's welfare reform agenda which expects people to take more personal responsibility for their own and their families' financial future.

The 2012 Scheme is available for parents unable to reach a family-based arrangement, and is designed to increase the number of payments reaching children on time, and in full. It provides clients with impartial information and support to help explore whether they can make a family-based arrangement before making an application. This ensures the statutory service no longer remains the default option for parents arranging child maintenance.

After the new Scheme successfully opened in November 2013, phase 2 of the child maintenance reforms went live from 30 June 2014. These reforms include:

- Introducing a new £20 Child Maintenance Service application fee for most new applications along with a range of charges payable for new enforcement actions
- Starting to close cases assessed under previous child maintenance schemes.

In August 2014, the Child Maintenance Service introduced collection fees for 2012 Scheme clients who use the Collect and Pay service. The collection

fees encourage separated parents to work together to arrange child maintenance instead of using the Child Maintenance Service or the Courts. The collection fees also contribute to the cost of providing the service and reduce the financial burden on the taxpayer.

Where parents are unable to make a family-based arrangement and an application is made to the 2012 Scheme, collection fees can be avoided by making payments on time and in full between themselves - known as 'Direct Pay'. The percentage of 2012 Scheme clients paying by 'Direct Pay' increased to 58 per cent in August 2014, up from 30 per cent in December 2013.

Online self-service portals went live in 2014, allowing 2012 Scheme clients to see a history and schedule of their payments, make payments and view the progress of their application. Employers can also access the portals to update their accounts, submit Deduction from Earnings Order schedules and view notifications that have been issued, at a time which is convenient to them.

Following the publication of the NAO report 'Child Maintenance 2012 Scheme: Early Progress' in June 2014 the Department appeared before a Public Accounts Committee in July 2014. The Committee gave a strong vote of confidence in how the Department had introduced major changes of phase 1 of the child maintenance reforms, recommending that the Department shares the good practice from managing this programme with its other programmes and other departments.

Controlling costs: Improving services to the public and delivering value for money

The Department is committed to improving the quality and efficiency of its services, continuously driving down its administrative costs and keeping welfare spend under control.

Welfare Reforms are forecast to save nearly £50 billion by the end of this Parliament²⁴

24. Includes HMRC measures which account for more than half.

Welfare reforms introduced by the Government have helped welfare spend to fall as a share of Gross Domestic Product - from 12.0 per cent in 2010. Current forecasts show it will reduce to 11.4 per cent in 2014-15 and 11.1 per cent in 2015-16²⁵. Changes to benefit uprating (excluding State Pension), Tax Credit measures and Housing Benefit Reform are forecast to save nearly £50 billion by the end of this Parliament.

The Government has also introduced a Welfare Cap²⁶ to control welfare spend to 2018-19. At the 2014 Autumn Statement the Office for Budget Responsibility (OBR) announced that the Government is currently on track to meet the Welfare Cap.

The detail of the assessment is set out in the OBR's Economic and Fiscal Outlook December 2014²⁷ where the OBR forecasts spending to be £0.9 billion higher than the cap in 2015-16, and £0.1 billion in 2016-17, which is permitted within the forecast margin of the cap without causing a breach. The OBR forecasts spending to be £0.8 billion lower than the cap in 2017-18, and £0.1 billion lower in 2018-19.

Controlling benefit spend in 2014-15

In 2014-15 a number of measures are underway to control benefit spend including:

- Capping working-age benefit uprating to no more than one per cent in 2014-15 and 2015-16
- Extending the number of waiting days from 3 to 7 for new Jobseeker's Allowance and Employment and Support Allowance claims
- Restricting new European Migrant jobseekers' access to benefits – from November 2014 migrants are only able to claim benefits for 3 months (previously 6 months)

Reducing Fraud and Error

The Department has a challenging target to reduce the level of benefit overpayments due to fraud and error to 1.7 per cent of total benefit expenditure by March 2015. Latest statistics published in November 2014 estimate current levels of benefit overpayments due to fraud and error at 2.1 per

cent. This rate has remained stable for several years.

A number of targeted initiatives are being introduced to tackle benefit fraud and error. These include:

- The Single Fraud Investigation Service bringing together staff from the Department, Local Authorities and HM Revenue and Customs to enable single fraud investigations covering all welfare payments, including tax credits
- Matching claimant details with HM Revenue and Customs real time data to identify undeclared earnings and income. Real Time Information Bulk Data Matching went live in August 2014 for the Department and national roll out for the Local Authorities commenced on 6 October. To date, significant savings have been achieved
- Initiatives to prevent, detect and correct official error
- Targeting claimants with the highest risk of error on their claims to encourage them to report changes
- Exploring options to support Local Authorities in identifying and tackling Housing Benefit fraud and error including launching the Fraud and Error Reduction Incentive Scheme in November 2014

Recovering record levels of debt

In 2013-14, the Department recovered a record £1.327 billion of debt. As at 30 September 2014, £660.93 million has been recovered since the start of the financial year.

25. Early GB estimates based on Autumn Statement 2014 forecasts and new GDP (European System of National and Regional Accounts (ESA 2010) basis). Excludes NI.

26. The Cap excludes State Pension, Jobseeker's Allowance, Jobseeker's Allowance passported Housing Benefit and TV licences for over 75s but includes all other benefits including those administered by other government departments.

27. [OBR Economic and Fiscal Outlook December 2014](#)

The Department is:

- Ensuring debt deductions from benefits are maintained when transferring cases to Universal Credit
- Introducing an online payment portal for debtors – on track for early 2015
- Bringing forward regulations to increase the rate of fraud debt recovery from benefit payments from 25 per cent to 40 per cent from April 2015
- Creating a single debtor view: the Department intends to merge its debt management solution with the online payment portal to ultimately enable online self-service

Reducing annual running costs by around £2 billion since 2009-10

Careful financial management and improvements in the quality and efficiency of departmental services (while implementing major reform) mean the baseline spend in 2013-14 was £5.4 billion - £2 billion lower than in 2009-10.

The Department has reduced costs by:

- Significantly reducing staff numbers (see Directors' Report)
- Improving the delivery of services and increasing digital services
- Improving contract management

Improving existing services

In 2014-15 the Department continues to focus on improving customer and claimant journeys by identifying and stripping out inefficiency, and joining up activity across operational arms to improve service delivery and reduce costs. This includes activities such as:

- Reducing performance variation – understanding why differences occur in different offices and supporting lower performing areas to improve
- Ensuring the Department's providers deliver health assessments to time, cost and quality
- Reducing avoidable contact by ensuring that claims and changes are dealt with fully at each stage to provide a 'once and done' and 'real time' approach

- Shortening turnaround times on claims and changes
- Ensuring quality in everything the Department does by introducing the Adviser Development, Achievement and Performance Tool Guidance quality framework

Increasing digital services

Today's citizens have ever increasing expectations of accessing services quickly, easily and cheaply online. To meet its financial challenges over the next few years, the Department too must continue to develop high quality digital services.

The Department awarded a new connectivity services contract in June 2014 that will greatly enhance existing services and increase capacity to accommodate future digital technology. Transition to the new contract began in September 2014, and will save £236 million over 5 years.

Claimants can already submit new claims for Jobseeker's Allowance, State Pension and Carer's Allowance online. Take up of Jobseeker's Allowance claims online continues to improve – up from 84.2 per cent in October 2013 to 87.1 per cent in October 2014.

People can trace a pension online, use the State Pension calculator or request a pension forecast. In 2014-15 the Department also launched the Child Maintenance client and employer online payment service to add efficiency and increase compliance.

The Carer's Allowance online claim tool launched in October 2013 is, to date, the Department's digital exemplar. Take up continues to rise steadily – up from 46.9 per cent in April 2014 to 57.3 per cent in August 2014²⁸.

The Department is securing greater value for money from its contracts, and spending has reduced by around £1.5 billion since 2009-10

28. [Performance Dashboard Carer's Allowance](#)

In 2013-14 the Department spent £3.01 billion with suppliers – down from the 2009-10 equivalent spend of £4.6 billion.

Current forecasts indicate the Department's expenditure with suppliers will increase by approximately £133m (4.5 per cent) in 2014-15 to reflect new demands.

Suppliers are crucial to the delivery of the Department's business and effective contract management is essential to ensure suppliers and providers fulfil contractual obligations and provide value for money to the taxpayer. The Department continues to improve supplier management in 2014-15 through measures such as:

- Strengthening the Department's commercial capability through targeted recruitment and exit schemes
- Introducing end-to-end category management across all the Departmental key areas of spend
- Transitioning specific common goods and service provision to the Crown Commercial Service

The Department is already preparing for the commercial challenges it will face in the future such as:

- The expiry of its estates contract in 2018
- The development of a more competitive health and disability assessment market
- The development and implementation of an IT commercial strategy to facilitate a move to smaller, shorter contracts, and digital or GCloud alternatives
- The need to attract high quality commercial and market expertise from a small competitive pool – recognised as a cross-government challenge by the Public Accounts Committee and the National Audit Office

The final Departmental productivity figure for 2013-14 published in October 2014²⁹ shows that productivity levels from 2012-13 have been maintained by the Department, even with the rapid reduction in unemployment (and necessarily slower adjustment to staffing levels). Since its formation, the Department has a strong track record of productivity increases through successive Spending Round periods – the total increase so far across Spending Round 2010 is 14 per cent.

29. This is unchanged from the Annual Report and Accounts 2013-14 which published the provisional figure

Financial Performance

The Department's financial settlement at Main Estimate 2014-15 was **£178.0 billion**³⁰. The majority of the financial settlement covers Annually Managed Expenditure (AME) - essentially benefit spend - which totals **£170.0 billion**³¹. The Departmental Expenditure Limit (DEL) covers administration costs such as staff and estates costs for the Department and its Arm's Length Bodies, and totals **£8.0 billion**.

The Departmental Annual Plan 2014-15 (see table below) published in the 2013-14 Annual Report and Accounts does not include non-budget AME of £2.4 billion and depreciation of £203 million which are included in the settlement at Main Estimate so sets out total Departmental spend at £175.4 billion (figures differ slightly due to rounding).

Department for Work and Pensions Financial Table³²:

	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 annual plan	April to Sept Actuals
Totals	£m	£m	£m	£m	£m	£m	£m
Total Resource DEL	9,041	9,133	7,603	7,440	7,448	7,727	3,464
Total Resource AME	141,668	146,259	154,363	160,686	163,232	167,592	82,697
Total Resource budget (AME & DEL)	150,709	155,392	161,966	168,126	170,680	175,319	86,161
Total Capital DEL	320	368	327	419	233	286	113
Total Capital AME	123	132	-12	-17	-134	0	-80
Total Capital budget (AME & DEL)	443	500	315	402	99	286	33
Total Departmental spending	151,050	155,290	162,155	168,277	170,591	175,402	86,011

Total Departmental spending is resource and capital less depreciation

30. Includes voted and non voted expenditure (DEL and AME), depreciation and non-budget expenditure (AME only)

31. The Department is not responsible for Child Benefit or tax credits

32. Sources of data:

- 2010-11 to 2013-14 outturn – Annual Report and Accounts 2013-14 Annex 7 Table 1: 2014-15 Annual Plan – Central Government Supply Estimates 2014-15 – Main Supply Estimate
- 2014-15 April to September Actuals – OSCAR Upload (12 November 2014)

Spend by benefit

Spending on a number of benefits is declining as legacy benefits are replaced by new benefits – Employment and Support Allowance, Universal Credit and Personal Independence Payment³³ – which in turn are growing. In general, spending on legacy benefits is therefore expected to be higher in the first half of 2014-15 than in the second half, while spending on the benefits replacing them will be higher in the second half of the year.

Budget 2014 plans for 2014-15 showed only the marginal cost of Universal Credit compared with the legacy system, while 2013-14 outturn and April-September figures in the table show actual spending. Based on Budget 2014 figures, the Department expects actual spending on Universal Credit to be £240 million over the whole of 2014-15.

Department for Work and Pensions AME Financial Planning Table³⁴							
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 annual plan	April to Sept Actuals
Core Department	£m	£m	£m	£m	£m	£m	£m
Severe Disablement Allowance	907	888	881	887	860	537	398
Industrial Injuries Benefit Scheme	845	888	888	905	901	909	472
Universal Credit	0	0	0	0	6	3	11
Jobseeker's Allowance	3,589	3,668	4,173	4,507	3,812	3,175	1,499
Employment and Support Allowance	689	1,282	2,168	4,475	6,898	8,306	4,177
Income Support	8,369	7,872	6,997	5,254	3,583	2,823	1,580
Pension Credit	8,133	8,242	8,037	7,566	7,042	6,704	3,366
Financial Assistance Scheme	-71	-1,481	1,171	93	284	442	249
TV Licences over 75s	555	578	587	596	606	631	180
Attendance Allowance	5,107	5,228	5,339	5,476	5,360	5,522	2,720
Personal Independence Payment	0	0	0	0	165	1,426	553

33. Employment and Support Allowance is replacing Incapacity Benefit, Severe Disablement Allowance and incapacity-related Income Support; Universal Credit is replacing Jobseeker's Allowance, Income Support, Employment and Support Allowance, Housing Benefit and tax credits; and Personal Independence Payment is replacing Disability Living Allowance for working age people.

34. Sources of data:

- 2010-11 to 2013-14 outturn – Annual Report and Accounts 2013-14 Annex 7 Table 1
- 2014-15 Annual Plan – Central Government Supply Estimates 2014-15 – Main Supply Estimate

- 2014-15 April to September Actuals – OSCAR Upload (12 November 2014)
- There may be small differences between figures quoted in these tables and those given in Department for Work and Pensions benefit expenditure tables at <https://www.gov.uk/government/statistics/benefit-expenditure-and-caseload-tables-2014>. Some figures for past years may have changed since previous publications and from other sources owing to the incorporation of more up-to-date information or minor definitional differences.

Department for Work and Pensions AME Financial Planning Table (continued)							
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 annual plan	April to Sept Actuals
Core Department	£m	£m	£m	£m	£m	£m	£m
Disability Living Allowance	11,503	11,877	12,566	13,430	13,763	13,389	6,976
Carer's Allowance	1,497	1,572	1,733	1,927	2,088	2,267	1,137
Rent Allowance ³⁵	14,279	15,736	16,941	17,686	17,883	18,258	9,070
Rent Rebates	5,324	5,279	5,447	5,748	5,817	5,863	2,935
Statutory Sick Pay/ Maternity Pay	1,713	2,460	2,548	2,443	2,258	2,400	1,188
Other benefits	327	344	326	360	419	142	62
Other Expenditure	-29	-4	-34	-142	11	-6	-15
Incapacity Benefit	6,109	5,562	4,939	3,276	1,187	154	173
Jobseeker's Allowance (contributory)	1,089	788	735	662	527	487	198
Employment and Support Allowance (contributory)	582	963	1,414	2,305	3,539	4,350	1,995
Maternity Allowance	345	343	366	395	400	400	206
State Pension	66,969	69,884	74,219	79,858	83,137	86,560	43,274
Bereavement Benefits	649	614	594	593	582	574	287
Expenditure incurred by Social Fund	3,186	3,681	2,328	2,390	2,106	2,274	8
Arm's Length Bodies	£m	£m	£m	£m	£m	£m	£m
Other expenditure ENDPBs (Net)	1	-5	1	-4	-2	0	-0
Totals	£m	£m	£m	£m	£m	£m	£m
Total Resource AME	141,668	146,259	154,363	160,686	163,232	167,592	82,697
Total Capital AME	123	132	-12	-17	-134	0	-80
Total AME (Resource and Capital)	141,791	146,391	154,351	160,669	163,098	167,592	82,617

The Department has reduced its annual running costs by around £2 billion since 2009-10 through significant efficiencies and careful financial management.

The Department's administrative spend (total DEL) from 2009-10 to 2013-14 has continued to reduce from £9.4 billion in 2009-10 to £7.7 billion in 2013-14, even after taking into account the costs of investment in the Department's significant change programme. The Department's baseline DEL spend (which excludes non-recurrent costs to make fair comparisons over time) has reduced from £7.4 billion in 2009-10 to £5.4 billion in 2013-14.

35. Housing Benefit is Rent Allowance plus Rent Rebate

Administrative spend

Department for Work and Pensions DEL Financial Planning Table ³⁶							
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 annual plan	April to Sept Actuals
Core Department	£m	£m	£m	£m	£m	£m	£m
Operational Delivery	1,399	1,294	2,487	2,535	2,404	2,098	790
Child Maintenance Group	0	0	0	330	463	447	167
Financial Assistance Scheme	33	45	73	109	153	0	0
European Social Fund	0	0	15	122	-3	0	0
Employment Programmes	1,313	1,814	876	802	1,037	906	476
Support for local authorities	614	585	546	529	644	656	258
Other Programmes	276	352	252	125	114	109	117
Departmental operating costs	3,100	2,835	1,453	1,460	1,478	972	1,097
Unallocated provision	0	0	0	0	0	1,413 ³⁷	0
National Insurance Fund	1,056	1,093	821	706	611	600	300
Expenditure incurred by the Social Fund	139	131	46	39	37	40	17
Consolidated Fund Extra Receipts	0	0	0	0	0	0	0
Arm's Length Bodies	£m	£m	£m	£m	£m	£m	£m
Child Maintenance and Enforcement Commission (net)	448	391	484	155	0	0	0
Executive non- departmental public bodies	431	391	375	366	354	344	171
Health and Safety Executive (net)	231	203	175	162	155	142	70
Totals	£m	£m	£m	£m	£m	£m	£m
Total Resource DEL	9,041	9,133	7,603	7,440	7,448	7,727	3,464
Total Capital DEL	320	368	327	419	233	286	113
Total DEL (Resource and Capital)	9,361	9,501	7,930	7,859	7,681	8,013	3,577

36. Sources of data:

- 2010-11 to 2013-14 outturn – Annual Report and Accounts 2013-14 Annex 7 Table 12014-15 Annual Plan – Central Government Supply Estimates 2014-15 – Main Supply Estimate

- 2014-15 April to September Actuals – OSCAR Upload (12 November 2014)

37. Ring fenced funding that the Department cannot draw down until Supplementary Estimate. This will be reassigned to other areas such as departmental operating costs after the Supplementary Estimate.

Supplementary Estimate 2014-15

The Supplementary Estimate will not be finalised until 2015 when it is published and laid before Parliament. In summary, the present status³⁸ is as follows:

The Department's funding settlement in the Spending Review 2010 included a significant amount of ring fenced administrative (DEL) funding which limits spend to specific activities. For 2014-15, £2.5 billion (31 per cent) of the £8.0 billion provided to the Department is ring fenced funding. At the Supplementary Estimate 2014-15 this ring fenced funding will either be made available to the Department or returned to Treasury where plans to spend within 2014-15 are not in place.

The Department expects either to return or exchange into the budget for next year £688 million of ring fenced funds (£608 million Resource, £80 million Capital). The values for each have still to be agreed. However the Department is seeking to carry forward into 2015-16 by budget exchange amounts to meet the 2015-16 needs of Universal Credit plans, Youth Employment pilots and a New Enterprise Allowance transfer.

The Department also expects to be allowed to retain £40 million of ring fenced funding to fund Discretionary Housing Payments in 2014-15. Funding that the Department anticipates receiving as part of the Estimate includes £50 million as part of the agreement on Social Fund debt recoveries, £52 million of DEL funding linked to benefit (AME) savings relating to the Work Programme and £2 million rebate due to the accuracy of cash forecasting in the previous year.

38. Remains subject to change and agreement with Treasury

Directors' Report

Key priorities for the Department are engagement, leadership, capability and diversity.

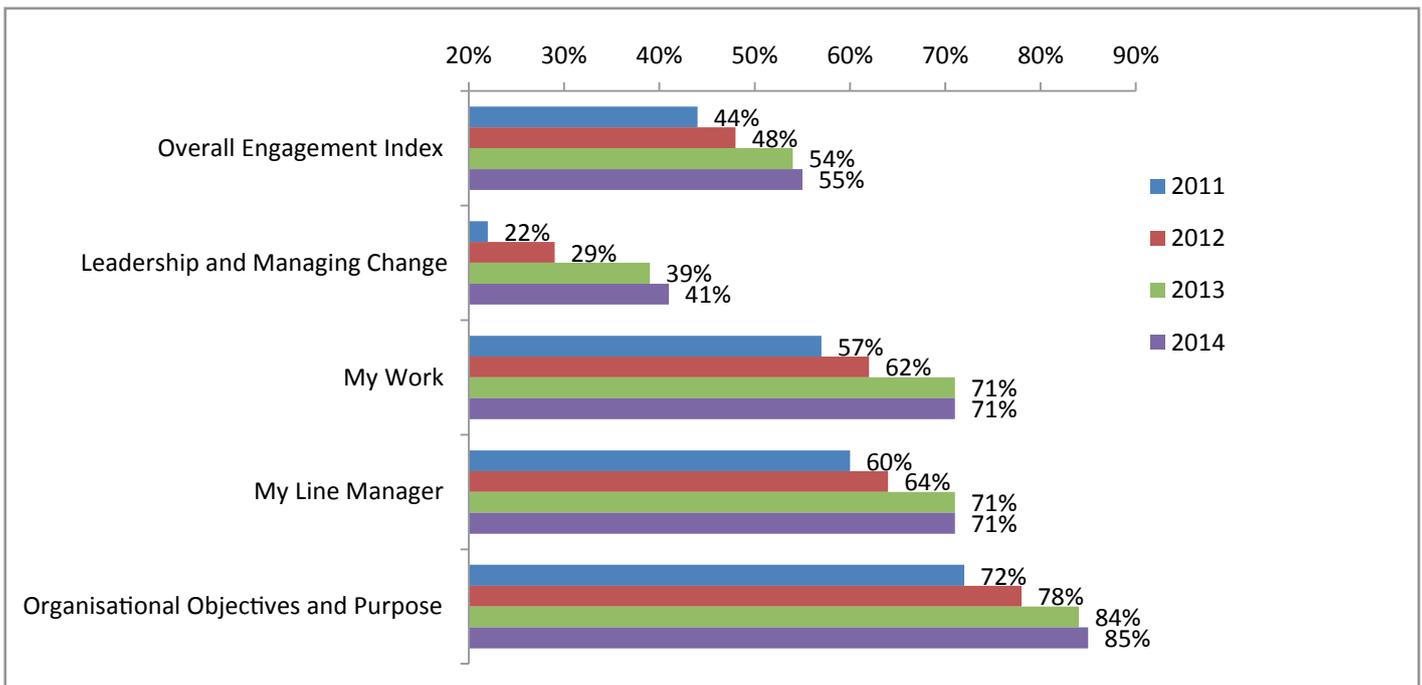
Employee Engagement up by 11 percentage points since 2011

Departmental performance is underpinned by the Department's employee engagement approach which is designed to ensure that its people are committed to its goals and values, are motivated to contribute to successful outcomes, and are able, at the same time, to enhance their own sense of well-being.

The DWP Story, launched in 2011, is the main tool through which the Department's senior leaders continue to connect with employees to share their experiences and communicate the key messages, with each DWP Story event focused on a key issue or theme.

Departmental employee engagement in the 2014 People Survey was 55 per cent - up 1 percentage point from 2013 and 11 percentage points from 2011 against a backdrop of pay constraints and staffing efficiencies - and the Department is now ranked 2nd amongst the big 5 Departments. Across all 9 of the theme scores, the Department scored the highest amongst the big 5 Departments in 7 of them - the Department is becoming an exemplar to other departments.

People Survey Measures (Core Department Only)



The overall engagement score increased at every grade with the exception of the Administrative Officer grade – with some really significant increases at the Higher and Senior Executive Officer grades, the target population for the DWP Story.

Investing in leadership and talent management

The Department continues to identify its most talented people to invest in them as its future leaders, giving them opportunities to stretch themselves and expand their experience to prepare for more senior management roles.

The Department has a number of schemes for developing talent such as the Emerging Talent scheme for Grades 6 and 7 along with the cross Government Future Leaders Scheme, the Senior Leaders Scheme (for Senior Civil (SCS) level 1) and the High Potential Development Scheme (for SCS2). 45 per cent of the Emerging Talent Scheme were promoted as were 20 per cent of the Future Leaders Scheme (with others securing Temporary Promotion and secondments to other government departments).

Actively managing succession planning to ensure that all business critical roles are filled by the Department's very best people is key and the Department's Talent Strategy plays a vital role in identifying current and future leadership requirements and informing strategic decisions about the development, deployment and retention of high potential employees. The Department's Executive Team review critical roles and succession plans in depth on a monthly basis.

Building capability

The Department recognises the need to continue to build its capability amongst all of its people and not just across those with the highest potential if it is to develop a skilled and flexible workforce capable of meeting tomorrow's challenges. The Department's Capability Plan published in June 2014 sets out and tracks progress against activities to close skills gaps across the Department which mirror the 4 key priority skills within the wider Civil Service Capability Plan – commercial, digital, change management and project management skills – early results from the Civil Service Skills Audit 2014 indicate the Department has made good progress across all 4 areas. In addition the Department has identified a fifth key priority skill for its people of customer service as the majority work on frontline operations at grades Administrative and Executive Officer.

All staff are encouraged to take up the Civil Service Reform commitment of 5 learning days per year. The 2014 People Survey shows 33 per cent of staff have used 5 days or more, 45 per cent used fewer than 5 days. Overall, 78 per cent have had some learning input during the year. The Learning and Development people survey score in 2014 was 53 per cent, up 4 percentage points from 2013 and 21 percentage points from 2011.

The DWP Digital Academy, set up to grow internal digital expertise, is now recognised as an exemplar across Government and will have around 180

graduates by the end of 2014 and a further 1000 individuals who have been through an insight day – reducing the Department’s reliance upon external digital support in the future.

The Department has been embedding its new Commercial category management approach and is building specific market knowledge and capability through cross government and external recruitment to key senior positions. The Capability Review completed this summer sets out key recommendations and action to further build commercial and leadership capability and capacity. This includes a programme of identifying key roles in strategy and operations with significant commercial exposure, who will be identified, current skill levels assessed and development programmes put in place with them in early 2015.

The Department’s flagship development programme for grades Administrative Officer to middle management grades – the DWP Summer School – remains ever popular and continues to inspire participants to learn from senior leaders and develop their potential.

The Department is also embracing the functional leadership agenda – playing a key role in Government Communications work, actively influencing Finance and Commercial activities and supplying Employee Policy, Case Work and Diversity and Inclusion to the wider Civil Service Human Resources team.

Embracing diversity and equality

The Department is committed to providing services which embrace diversity and which promote equality of opportunity. As an employer, the Department is also committed to equality and valuing diversity within its workforce. The Department is actively implementing the Civil Service Talent Action Plan recommendations to ensure that its talented people are able to succeed irrespective of their background and to ensure that inclusive best practice is embedded in its day to day interactions with its people.

Staff Diversity (Core Department only)		March 2012	March 2013	March 2014	September 2014
Workforce Diversity	Ethnic minority %	11.4	11.2	11.4	11.4
	Women %	68.3	68.3	68.9	68.9
	Disabled %	6.5	6.5	6.8	6.9
Diversity of Senior Civil Servants only	Ethnic minority %	3.7	5.2	6.8	6.1
	Women %	40.2	39.6	39.5	35.7*
	Disabled %	3.6	4.2	4.1	4.2

*The position is affected by transfers to Treasury Solicitors.

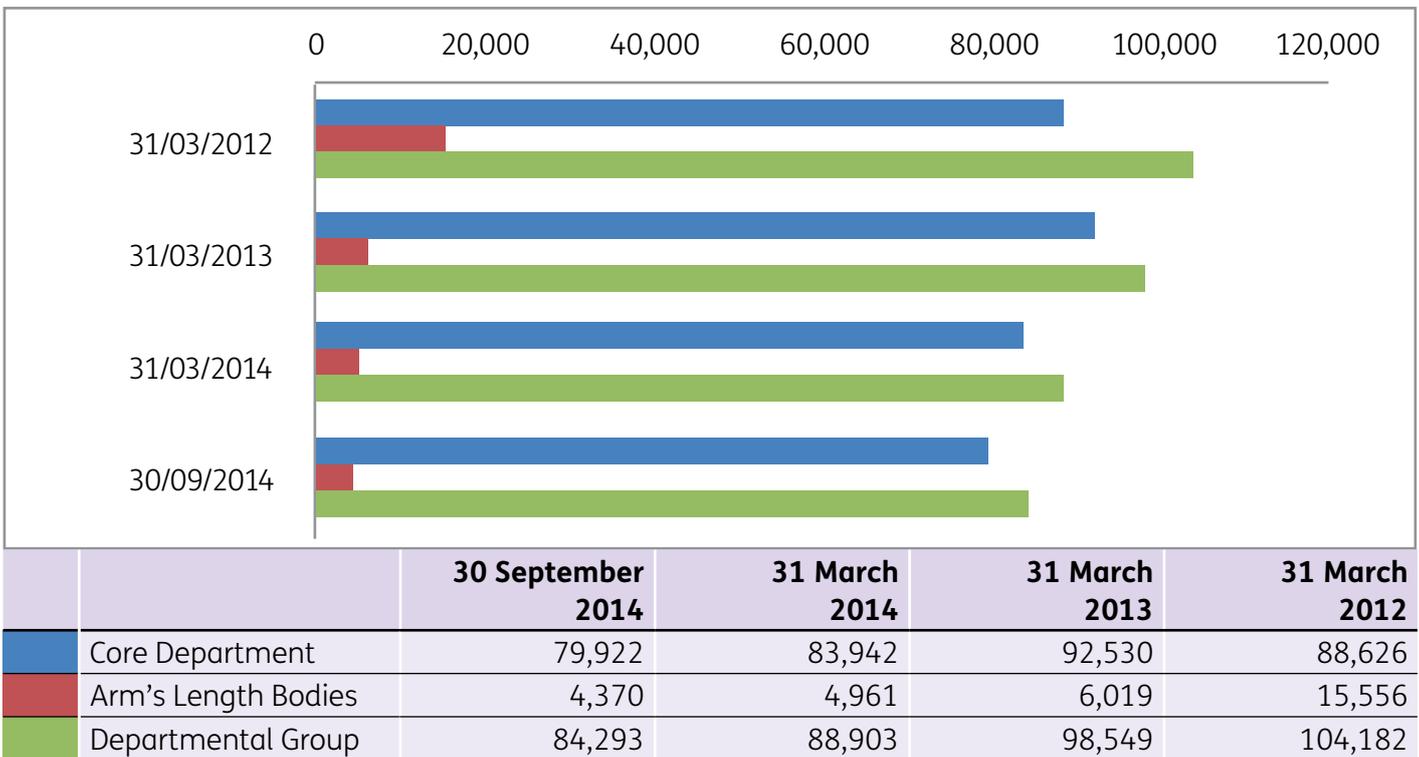
Staff information

The Department’s effective workforce management system monitors workforce requirements and is supported by detailed planning arrangements to ensure that the right number and grade of skilled staff are in the right place at the right time. Between March and September 2014 the Departmental Group staffing

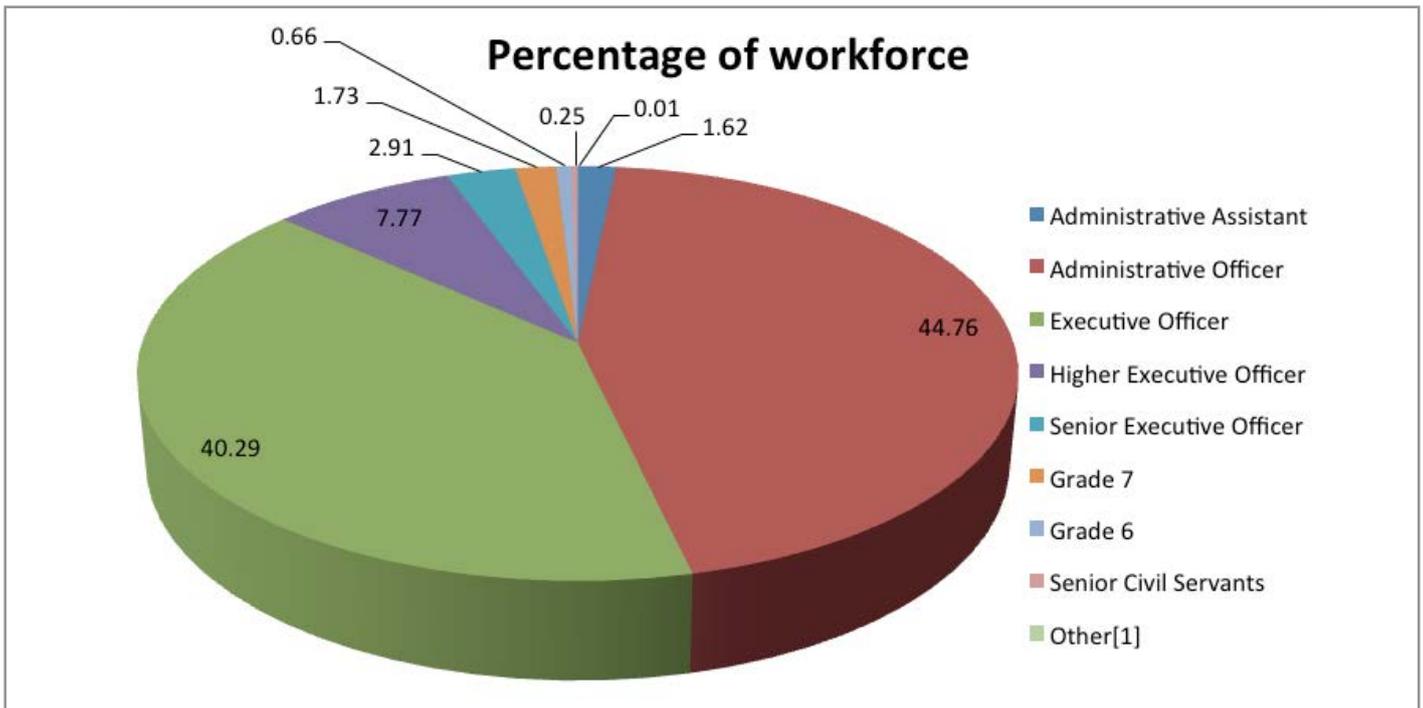
has reduced by a further 4,610 Whole Time Equivalents – an overall reduction of 19,889 Whole Time Equivalents since March 2012 - through natural turnover, targeted Voluntary Exit Schemes and strict controls on recruitment. Around 1,870 people left the core Department on Voluntary Exit schemes between April and September 2014 – the majority of these related to schemes in Operations launched in December 2013. As a result of the staffing efficiencies the monthly salary cost of the core Department’s payroll staff has fallen by £9.3 million per calendar month since March 2014 – from £169.0 million to £159.7 million – and by £18.5 million per calendar month since March 2013. Looking ahead:

- A targeted Voluntary Exit Scheme was launched in October 2014. Employees accepted on the Scheme will leave the Department in June 2015.
- The Department recruited 563 Whole Time Equivalents between April and September 2014 to fill specific geographical vacancies and skills gaps. Over 400 were recruited on fixed term or temporary contracts and included over 300 apprenticeships.

Staff in Post (Whole Time Equivalents)

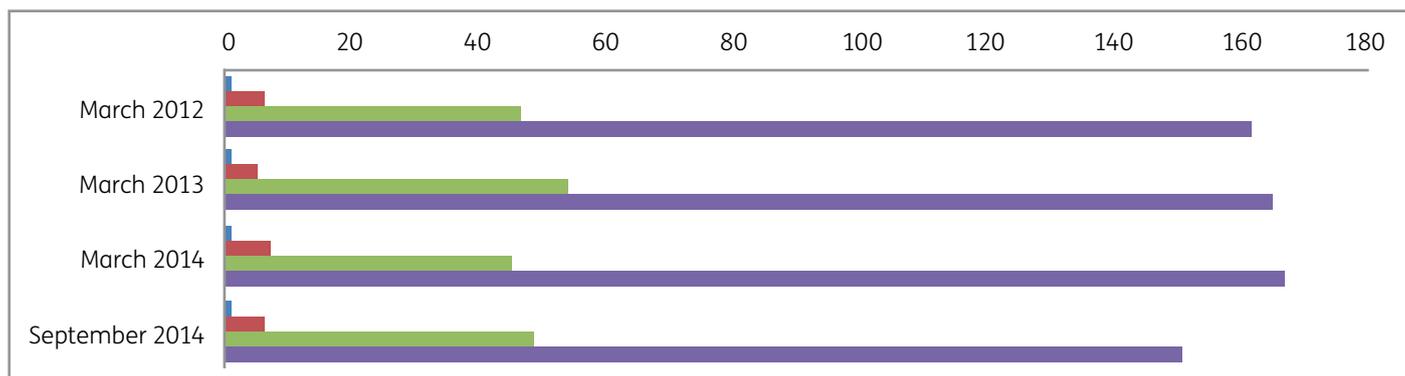


Percentage of Workforce (by grade)



In line with overall staff reductions in the Core Department the number of Senior Civil Servants has also reduced between 31 March and 30 September 2014 by 13 people.

Senior Civil Servants (Core Department)



		September 2014	March 2014	March 2013	March 2012
	Permanent Secretary	1	1	1	1
	SCS 3	6	5	7	6
	SCS2	47	54	45	49
	SCS1	162	165	167	151

The Department's robust attendance management policies and compliance with them have continued to drive down the number of days lost to sickness – from 7.4 days in March 2013 to 6.9 days in March 2014 – with a further reduction to 6.7 days in September 2014.

Tax Arrangements of off-payroll staff

On 31 March 2014 there were 85 off payroll engagements in the Departmental Group costing more than £220 per day and lasting more than 6 months. Between 1 April 2013 and 31 March 2014 there were 83 off payroll engagements in the Departmental Group which cost more than £220 per day and had reached 6 months in duration. The Department requested tax assurance for all 83 engagements and received assurance back for 56 engagements. Assurance was not received for 27 off payroll engagements. The Department did not terminate these engagements as the contracts in 2013-14 had already ended. No requested tax assurances are outstanding for 2013-14. The Department has restated these figures from the Annual Report and Accounts. See Annex C for further information.

Major Projects

The Department is implementing the Government's plan to build a stronger, more competitive economy, create a fairer society, through fundamental reforms to welfare, employment, pensions and provision for disabled people.

The Department is managing and implementing a number of exceptionally large and complex reform programmes – 12 of which are classed as major projects to be overseen by the Major Projects Authority.

The following 6 projects are still in operation and continue to be overseen by the Major Projects Authority:

- Automatic Enrolment
- Child Maintenance Reforms
- Fraud, Error and Debt
- New State Pension
- Personal Independence Payment
- Universal Credit

The following 6 projects have now been closed after completion:

- Benefit Cap – closed December 2013
- Central Payment System – closed June 2012
- Incapacity Benefit Reassessment – closed March 2012 (This was handed over to live running in March 2012. The reassessment of Incapacity Benefit cases is continuing as part of established business as usual processes.)
- Specialist Disability Employment – closed in December 2013
- Work Programme – closed October 2011
- Youth Contract – closed June 2012

The Government's Transparency policy, agreed by Cabinet Office, governs the publication of data relating to the delivery performance of major programmes. Detailed information about the Department's delivery performance for major programmes for the period July – September 2013 is available in the Major Project Authority's Annual Report published in May 2014³⁹. The Department is not permitted to publish more recent information on delivery performance however more recent general performance information is contained with the Strategic Report.

39. [Major Projects Authority Annual Report 2013-14](#)

Annex A - Business Plan Indicators

Input Indicators	Data published 2014-15	Data published 2013-14
Overall Department for Work and Pensions productivity measure (% increase compared with previous year)	0 (final figure for 2013-14)	1 (final figure for 2012-13)
Impact Indicators⁴⁰	Data published 2014-15	Data published 2013-14
Rate of people moving from Key out of work benefits ⁴¹ (1) JSA, (2) ESA (%)	(1) 92.4 (Apr-Jun 14) (2) 46.2 (Apr-Jun 14)	(1) 89.5 (Apr-Jun 13) (2) 51.6 (Apr-Jun 13)
Number of people on key out of work benefits ⁴² (millions)	4.11 (May 14) 4.26 (Feb 14)	4.3 (Nov 13) 4.4 (Aug 13) 4.5 (May 13) 4.7 (Feb 13)
Proportion of children living in workless households ⁴³ (%)	12.7 (Apr-Jun 14)	13.8 (Apr-Jun 13)
Proportion of young people not in full time education who are not in employment (%)	26.3 (Jul-Sep 14) 26.6 (Apr-Jun 14)	27.9 (Jan-Mar 14) 27.8 (Oct-Dec 13) 30.1 (Jul-Sep 13) 30.9 (Apr-Jun 13)
Proportion of the lowest earning 25-30 year olds that experience wage progression 10 years later (%)	12.1 (2004-13)	12.1 (2003-13)
Rate of disability poverty ⁴⁴ (%)	19.0 (2012-13)	18.0 (2012-13)

40. Technical notes for the Business Plan Indicators are provided at Annex 2. Further information is available on <https://www.gov.uk/government/publications/dwp-business-plan-transparency-measures>

41. The data are the percentage moving from Jobseeker's Allowance by 52 weeks and from Employment and Support Allowance by 65 weeks. Data are not seasonally adjusted so year on year comparison only.

42. Data are not seasonally adjusted so year on year comparison only

43. Data are not seasonally adjusted so year on year comparison only

44. Disability Poverty Rate: 2012/13 data uses new grossing factors based on population counts from the 2011 Census. Use of these new 2011 factors resulted in small changes to earlier published estimates which were based on the previous (2001) Census. From 2012-13 the means of identifying people with a disability was also changed. Revised questions in the Family Resources Survey now therefore reflect the new core disability definition, and comparisons over time should be made with caution.

Gap between the employment rates for disabled people and the overall population ⁴⁵ (%)	27.2 (Jul-Sept 14) 27.4 (Apr-Jun 14)	27.8 (Jan-Mar 14) 27.8 (Oct-Dec 13) 28.2 (Jul-Sep 13) 27.2 (Apr-Jun 13)
Fraud and Error in the benefit system as a % of expenditure (%) (1) Overpayments (2) Underpayments	(1) 2.1 (2013-14 final) (2) 0.9 (2013-14 final)	(1) 2.1 (2012-13 final) (2) 0.9 (2012-13 final)
Rate of pensioner poverty ⁴⁶	13.0 (2012-13)	13.0 (2011-12)
Number of employees in a pension scheme sponsored by their employer (millions)	11.7 (2013)	10.7 (2012)
Average age people stop working ⁴⁷ (years) (men/women)	64.7/63.3 (Jul to Sep 14) 64.7/63.1 (Apr-Jun 14)	64.8/63.2 (Jan-Mar 14) 64.9/63.3 (Oct-Dec 13) 64.8/63.2 (Jul-Sep 13) 64.8/63.1 (Apr-Jun 13)
Customer and claimant opinion of departmental service levels ⁴⁸ (%)	81.0 (2013)	83.0 (2012)
Other data sets	Data published 2014-15	Data published 2013-14
Proportion of customers for whom providers have achieved a Job Outcome payment at 12 months on the Work Programme (%)	14.7 (Sep 13 cohort)	12.8 (Mar 13 cohort)
Number of Incapacity Benefit recipients reassessed and those moving from Incapacity Benefit to Employment and Support Allowance nationally	1,372,600/1,018,700 (to Dec 13)	1,224,300/888,300 (to Jun 13)
Proportion of new Jobseeker's Allowance claims submitted online (%)	87.1 (Oct 14)	84.2 (Oct 13)

45. Data are not seasonally adjusted so year on year comparison only

46. Pensioner Poverty Rate: 2012/13 data uses new grossing factors based on population counts from the 2011 Census. Use of these new 2011 factors resulted in small changes to earlier published estimates which were based on the previous (2001) Census.

47. Data are rounded to the nearest 0.1 year; and is subject to sampling variation and is not seasonally adjusted so year on year comparison only

48. Indicator title amend in 2013 refresh of the Departmental Business Plan to align it more closely to what is measured

Annex B - Business Plan Actions

Total number of actions completed in this Parliament to date	47
Total number of actions outstanding in this Parliament	5
Remaining actions beyond this Parliament	17

The Business Plan was refreshed in August 2014 to ensure all actions were still relevant and to include additional actions where necessary.

Business Plan actions completed in 2014-15 at time of publication⁴⁹
1.5ii Deliver 40,000 business start-ups through the New Enterprise Allowance
4.1i Secure legislation to bring forward announced changes to state and private pensions, including introducing the single tier State Pension and Bereavement Support Payment, bringing forward the increase in State Pension age to 67 by 8 years (to be phased in between 2026 and 2028) and introducing a framework for periodic reviews of the State pension age subject to Parliamentary approval
1.1iii Develop ideas and begin to test approaches for in-work conditionality under Universal Credit
3.2i Publish the strategy document 'Fulfilling Potential - Making it Happen'. Work with stakeholders (including disabled peoples' organisations and other government departments) to implement the strategy and deliver its outcomes.
3.2ii Review progress and publish periodic updates on 'Fulfilling Potential - Making it Happen', which will measure progress against key outcomes.
1.5x Introduce the Friends and Family test in Jobcentre services
1.7i Agree and implement employment element of the cities agenda with the core English cities
4.3ii Raise awareness about automatic enrolment via a communications campaign to help people make proper provision for their retirement
5.4i Implement Family Impact Assessments by means of publication and dissemination of guidance to all government departments
1.2i Undertake procurement process to seek a provider to deliver the Work Capability Assessment
1.5vii Develop and implement 'Help to Work' scheme (prev action 1.8iv)
5.2i Implement a programme of support aimed at helping separated parents work together in the best interests of their children
6.2i Take forward plans to remove or improve around 84% of health and safety regulations
1.4i Develop and implement the accepted recommendations from the Sickness Absence Review, including the new health and work assessment and advisory service
2.1i Publish the 2nd Social Justice progress report
1.5iii Evaluate the delivery of the young person day-one support pilot in London and publish results
1.5viii Develop and launch pilot for 18-24 year old Jobseeker's Allowance claimants without Level 2 English and Maths to make training mandatory from day 1 of their claim
1.5ix Develop and launch pilot for 18-21s on Jobseeker's Allowance to participate in work experience or skills related activity after 6 months of claiming

49. For full details of business plan actions completed this Parliament see <http://transparency.number10.gov.uk/business-plan/16>

1.3ii Review and publish evaluation of the benefit cap
2.6i Evaluate the national 'Day One' initiative to mandate prison leavers to the Work Programme and use this to inform the Ministry of Justice evaluation of the pilots to test the commissioning of employment and reduced re-offending
3.1iv Undertake an independent review of the PIP assessment and publish findings
3.3i Develop and deliver cross-government initiatives on improving disability employment, ensuring a clear fit with mainstream employment programmes
1.8iii Publish independent evaluation of the Work Programme by assessing participants' experiences and outcomes, how the programme was commissioned and how the employment service provider market responds to the Department's commissioning approach

Remaining Business Plan actions for completion in this Parliament

1.5v Extend the New Enterprise Allowance for a further year and deliver 25,000 business start ups
1.5vi Develop feasibility pilots aimed at developing better mental health and employment outcomes for people with common mental health problems, both in and out of work. Findings will inform decisions about next steps for the most promising interventions.
3.4ii Administer the Facilitation Fund, working with DPULO ambassadors to build the sustainability of local organisations
6.3iii Working with HMRC, conduct a data matching exercise on the benefit caseload to improve identification of fraud and error and correct where necessary
6.3iv Recover an additional £50 million in overpaid benefit recovering £440 million in total

Annex C - Off Payroll engagements

Off payroll engagements on 31 March 2014 lasting longer than 6 months costing more than £220 per day

On 31 March 2014 there were 85 off payroll engagements in the Departmental Group, costing more than £220 per day and lasting more than 6 months.

Table 1: Off-payroll engagements as of 31 March 2014, for more than £220 per day and lasting longer than 6 months

	Core Department	Arm's Length Bodies ⁵⁰
Number in place as of 31 March 2014	80	5 ⁵¹
Of which:		
Number existed for less than one year	55	5
Number existed between one year and two years	24	
Number existed between two years and three years	0	
Number existed between three years and four years	1	
Number existed for four years or more	0	

New off payroll engagements / engagements reaching 6 months in duration costing more than £220 per day between 1 April 2013 and 31 March 2014

In the 2013-14 Annual Report and Accounts the Department reported that there were 84 off payroll engagements in the Departmental Group costing £220 per day which were new or reached 6 months in duration in this period. Following the reclassification of one core Department contract which lasted less than 6 months the number for 2013-14 should be 83⁵².

The 2013-14 Annual Report and Accounts also reported that tax assurance had only been received for 13 off payroll engagements in the Departmental Group – when this figure was actually 45 at the time of publication (40 for the core Department, 5 for the Pension Regulator).

50. Excludes Remploy, Pension Protection Fund and National Employment Savings Trust as they are not consolidated into the Department's accounts

51. All 5 are within the Pensions Regulator

52. Please note table 1 and 2 measure different things. Table 1 measures number engaged on the 31 March 2014 whereas table 2 measures the number reaching 6 months in duration in the financial year.

These were inaccurately labelled as no tax assurance received in the 2013-14 Annual Report and Accounts. Taking into account these issues the correct position for 2013-14 is:

- the Departmental Group requested tax assurance for all 83 off payroll engagements which were new/reached 6 months in duration and cost more than £220 per day
- the Departmental Group received tax assurance for 56 of these off payroll engagements (the 11 awaited responses at the time of the Annual Report and Accounts publication in June 2013 have subsequently been received)
- the Departmental Group requested, but did not receive, tax assurance for 27 off payroll engagements. The Department did not terminate these off payroll engagements as the contracts in 2013-14 had already ended

Table 2: New off payroll engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014, for more than £220 per day and lasting longer than 6 months

	Core Department	Arm's Length Bodies ⁵³
New engagements, or those that reached six months in duration	78	5 ⁵⁴
Right to request assurance about income tax and National Insurance Contributions	78	5
Requests for tax assurance made	78	5
Of which:		
Tax assurance has been received	51 ⁵⁵	5
Number for whom assurance not received before individual left the Department ⁵⁶	27	
Number of contracts terminated as a result of tax assurance not being received	0	0

Senior officials with significant financial responsibility

Board members, and/or senior officials with significant financial responsibility at 30 November 2014

	Core Department	Arm's Length Bodies
Number of individuals who are 'board members and/or senior officials with significant financial responsibility'		
Off payroll	0	0
Payroll	95 ⁵⁷	5

53. Excludes Remploy, Pension Protection Fund and National Employment Savings Trust as they are not consolidated into the Department's accounts.

54. All 5 are within the Pensions Regulator.

55. At the time of the ARA publication in June 2014 information had yet to be received for 11 of the 51 contractors. Since publication tax information has been received for all engagements.

56. The Department referred all instances where tax information was requested but not received to HMRC

57. 95 is the figure at 30 November

Annex D - Departmental Improvement Plan

In March 2014 the Department published its Department Improvement Plan. A brief update on progress against specific themes is set out below:

Efficiency and Innovation

The Department:

- Successfully developed and implemented governance arrangements to support the implementation of the Welfare Cap
- Continued to strengthen its digital capabilities by:
 - building on the successful launch of the Digital Academy; over 1000 of our people have now benefitted from digital academy related activities
 - increasing the availability of our services online – both in reliability and breadth. Carer’s Allowance online claim tools went live 2013
 - the Workplace Transformation Programme, which will deliver new IT equipment to our people, remains on track for full rollout by the end of 2014-15 with 101,601 users having now been migrated across 922 sites

Performance

The Department:

- Introduced wide ranging changes to its products and services, delivering real improvements for our customers
- Drove up provider performance through a series of measures such as by co-locating account managers with providers to help improve performance and obtain maximum value for money
- Started a development programme to build commercial capability alongside recruitment of more specialists
- Continued to strengthen the way the Department works with external partners to address poverty, for example by paying £3.1 million to 177 Disabled People’s User Led Organisations to support disabled people to live independently; and by leading work on reducing child poverty through the Child Poverty Unit

Strategic risk and leadership of change

The Department continued to build its capability in managing projects and expects that over 90 per cent of the Government Major Projects Portfolio DWP Senior Responsible Officers will have attended, or be enrolled on the Major Projects Leadership Academy by February 2015.

Capability

The Department's first capability action plan has been in place since June 2014. It includes a programme of work to improve DWP's people skills across four priority areas defined by the Civil Service Reform agenda – Leading and Managing Change, Digital Services, Commercial and Project and Programme Management. The Department is on target to deliver the planned activities, with a strong focus on providing the learning and development required to support improvement, as well as external recruitment for some key specialist positions.

The Department expects to refresh the DWP capability improvement plan in spring 2015, responding to findings from a recent annual skills review across the Department and incorporating activities underway to improve professional capability.