

**DEPARTMENT OF SOCIAL SECURITY PUBLIC SERVICE AGREEMENT
2001 - 2004: TECHNICAL NOTE**

The following table sets out the full technical details of how the PSA for the Department of Social Security published in "Spending Review 2000: Public Service Agreements 2001 - 2004" (Cm 4808) will be measured. The measures described below relate to Great Britain.

PSA target	Technical note
<p>1. Make substantial progress towards eradicating child poverty by reducing the number of children in poverty by at least a quarter by 2004. JOINT TARGET WITH TREASURY</p>	<p>This target will be monitored by reference to the number of children in low income households by 2004. Low income households are defined as households with income below 60% of median, as reported in the annual Households Below Average Income (HBAI) Statistics published by the DSS. HBAI Statistics cover Great Britain. Progress will be reported against the 1998/9 baseline figures and methodology. The baseline is 4.2 million children in low income households after housing costs and 3.1 million before housing costs.</p> <p>The definition outlined above is one of a suite of indicators used when looking at low incomes. HBAI also looks at the number of children in low income households in both absolute and persistent terms.</p> <p>Reducing the number of children in low income households by 2004 is just one of the targets the Government has set to ensure it is on track to eradicate child poverty within 20 years. Further targets, including worklessness, quality of housing, education and health are set out in the Government Report "Opportunity for All - one year on, making a difference".</p>
<p>2. Introduce the reformed Child Support scheme for new cases by April 2002, so that by April 2003 for such cases:</p>	<p>The reforms to the child support scheme are contained in the Child Support, Pensions and Social Security Act 2000. The reformed scheme will replace the existing complex formula used to calculate maintenance liability with a simpler system of rates; strengthen the</p>

	<p>sanctions regime by building on existing powers contained in the current scheme, and introducing new measures, to improve compliance; reform the CSA's service to its customers by increasing the use of the telephone and face-to-face contact, directing a greater proportion of its resources to making sure maintenance is paid on time and sorting out disputes.</p> <p>A <u>new case</u>, under the new scheme, refers to an application, which is an application for maintenance received from a potential customer for a qualifying child, where the CSA does not manage an existing case for that qualifying child, or any other child(ren) linked by the same non-resident parent or parent with care.</p>
<ul style="list-style-type: none"> the accuracy rate for assessments and reviews is not less than 90%; 	<p><u>Accuracy</u> is defined as a 100% correct calculation of liability (on the basis of sufficient information having been provided to enable the assessment to be made). Accuracy is measured by an independent team within the CSA. It is determined through the examination of cases selected from a 2% random sample of maintenance calculations on the child support computer system. This produces a sample of 1,500 cases per year across the agency (statistically accurate to within 2.5 percentage points with a confidence level of 95%).</p>
<ul style="list-style-type: none"> payment arrangements will have been established on average within 6 weeks; and 	<p><u>Payment arrangements</u> are established when either money is flowing or confirmed arrangements (eg direct debit, deduction from earnings order) are in place. The 6 weeks start from the date an application is received.</p> <p>The data on payment arrangements comes from a check of the first payment received on all new or reviewed cases on the Child Support Computer System.</p>
<ul style="list-style-type: none"> the level of compliance will be at least 75%. 	<p><u>Level of compliance</u> covers both case and cash compliance, ie:</p> <ul style="list-style-type: none"> in 75% of cases some maintenance is being paid (this could mean either full or partial compliance)

	<p>- 75% of everything due being paid.</p> <p>Compliance is measured by DSS Analytical Services Division. It is determined through the examination of cases selected from a 5% random sample of cases on the child support computer system in which the non-resident parent should be paying maintenance through the CSA collection process (statistically accurate to within 0.4 percentage points with a confidence level of 95%). It does not include cases where the non-resident parent is paying the parent with care direct.</p>
<p>3. Increase employment over the economic cycle. JOINT TARGET WITH TREASURY AND DFEE</p>	<p>The target will be measured using seasonally adjusted ILO employment levels (the number of people aged 16 and over in employment). A full definition can be found on page S3 in the Labour Market Trends “pink pages”. This is a national statistic.</p> <p>The baseline will be Spring 2001 with the target monitored quarterly using Labour Force Survey quarterly data.</p> <p>We will also use supporting information on the employment rate to monitor progress.</p> <p>An assessment of progress over the economic cycle will be made in quarterly reports.</p>
<p>4. Reduce the number of children in households with no one in work over the 3 years to 2004. JOINT TARGET WITH DFEE</p>	<p>This target monitors households where at least one adult is of working age, has a child under the age of 16 and where no one in the household is in employment. A full definition is given in E.Cooper-Green (2000), “Labour Force Survey household data: Spring 1999 analysis”, p25-34, Labour Market Trends, January 2000.</p> <p>The target will be measured using seasonally unadjusted data. This is a national statistic.</p> <p>The baseline will be Spring 2001 with</p>

	the target monitored every six months, using Spring and Autumn data.
<p>5. Over the 3 years to 2004 increase the employment rates of disadvantaged areas and groups, taking account of the economic cycle - people with disabilities, lone parents, ethnic minorities and the over 50s, the 30 local authority districts with the poorest initial labour market position - and reduce the difference between their employment rates and the overall rate. JOINT TARGET WITH DFEE</p>	<p>The target will separately monitor the employment rate (a full definition can be found on page S3 in the Labour Market Trends “pink pages”) for each of the following groups:</p> <p><i>Lone parents:</i> People who are not married or cohabiting but have a dependent child. Obtained from the workless household dataset twice a year. Non-seasonally adjusted.</p> <p>Baseline will be spring 2001 data.</p> <p><i>Ethnic minorities-</i> Aggregated data for all respondents to the Labour Force Survey who classify themselves to an ethnic minority background.</p> <p>Baseline will be an average of the four quarterly LFS’s to Spring 2001 and an average of the four quarters to Spring 2004 as the end point comparator. The baseline will therefore relate to the average of the year up to Spring 2001. Data available quarterly.</p> <p><i>Over 50’s</i> This group includes those aged between 50 and state pension age (50-59 for women and 50-64 for men). Data are available quarterly seasonally adjusted</p> <p>Baseline will be Spring 2001 quarterly data. Data available quarterly.</p> <p><i>People with disabilities</i> The definition is consistent with that being proposed for the Working Age Agency target. The definition of disability will as set out in the Disability Discrimination Act. This includes people who have a long term disability which substantially limits their day to day activities.</p> <p>Baseline - Spring 2001 data to be monitored quarterly – non-seasonally</p>

	<p>adjusted. Data available quarterly</p> <p><i>30 areas with poorest initial labour market position.</i> These areas have been identified using both the working age employment rate and the proportion of the working age population on benefits as the selection criteria. The list of areas and details on the selection criteria are at Annex A.</p>
6. Reform second tier pension provision, working with pension providers and employers, so that by 2004:	
<ul style="list-style-type: none"> stakeholder pensions have given more people access to good value funded second pensions; 	<p><u>Stakeholder pension</u> (SHP) is defined in the Welfare Reform and Pensions Act 1999.</p> <p><u>Access</u> is about the extent to which SHPs are available. This will be measured by reference to survey data (such as the Employers' Pensions Provision survey) and from information supplied by providers.</p> <p>In particular, information from the Employer Pension Provision survey should indicate how many employers are providing access to a scheme for their employees to join if they want to. And information from providers will show how many SHP schemes are registered.</p>
<ul style="list-style-type: none"> 2 million carers and 2 million disabled people with broken work records have, for the first time, started to build up a second pension; and 	<p><u>Carers</u> are defined as people earning less than the Lower Earnings Limit, who for a full year: receive Child Benefit in respect of a child under age 6; or are entitled to Invalid Care Allowance; or are entitled to Home Responsibilities Protection because they are looking after a sick or disabled person.</p> <p>A person is defined as <u>disabled</u> for state second pension (S2P) purposes if for a full year he or she is entitled to long term Incapacity Benefit or Severe Disablement Allowance. Disabled people must have worked and paid (or be treated as having paid) Class 1 NI contributions for at least 1 tenth of their working life between 1978 and their state retirement age – this is known as the labour market attachment test.</p>

	Data will be collected from a scan of NIRS2.
<ul style="list-style-type: none"> 14 million low and moderate earners have started to build up a better second pension than would be possible under SERPS. 	<p>In 1999/00 terms, <u>low earners</u> are defined as employees earning between the Lower Earnings Limit (£3,432 in 1999/00) and the Low Earnings Threshold (£9,500 in 1999/00). <u>Moderate earners</u> are defined as employees earning between the Low Earnings Threshold (£9,501) and the Upper Earnings Threshold (£21,600). The Lower Earnings Limit is increased each year in line with prices, whilst the Low and Upper Earnings Thresholds will go up in line with increases in average earnings.</p> <p>The numbers of people building entitlement to S2P are based on the caseloads of the qualifying benefits (for carers or disabled people who are not working or who earn less than the Lower Earnings Limit), and on the numbers of employees earning within specific earnings brackets (low and moderate earners). The caseload figures are held by the DSS computer systems, and the figures for employees within specific earnings brackets are held by the NIRS system.</p> <p><u>Better second pension</u> The formulas for calculating SERPS and S2P mean that everyone earning less than £21,600 (in 1999/00 terms) who builds one or more years worth of entitlement to Additional Pension will be automatically better off under S2P. For employees earning over £21,600 the position is neutral. Low and moderate earners who are contracted out of the state scheme also gain, through a combination of increased National Insurance rebates and S2P top-ups.</p> <p>All 99/00 figures are annual limits. Data will be collected from a scan of NIRS2.</p>
7. Introduce an improved, integrated modern service for delivering benefits and information to pensioners. This service will by 2004:	

<ul style="list-style-type: none"> • reduce the average cost of processing Retirement Pension claims and maintaining the caseload by 20%; 	<p>The total direct staff cost for 1999/2000 was £54m and the caseload was 10.1m, so the average “cost” per beneficiary was £5.40. The target is to reduce this to £4.30 in 1999/2000 prices by 31 March 2004 as a result of service delivery efficiencies, processing improvements and modernisation.</p>
<ul style="list-style-type: none"> • reduce the average cost of processing Minimum Income Guarantee (MIG) claims and maintaining the caseload by 15%; 	<p>The only cost data available relates to IS claims and maintenance as a whole, separate figures are not available for pensioners/MIG. The total direct staff cost for 1999/2000 was £206m. The caseload was 3.8m, so the average “cost” per beneficiary was £53.70. The target is to reduce this to £45.60 in 1999/2000 prices by 31 March 2004 as a result of service delivery and payment modernisation.</p>
<ul style="list-style-type: none"> • ensure that 90% of MIG claims are processed within 13 days once evidence requirements are met; and 	<p><u>13 days</u> means 13 working days from the date the claimant provides all the information and evidence necessary to allow their claim to be processed, up to the date a decision on entitlement is made.</p>
<ul style="list-style-type: none"> • reduce by 20% the amount of MIG that is incorrectly paid. 	<p>The baseline for this target is the proportion of programme spend that is incorrectly paid through fraud or customer error, as reported in the Area Benefit Review (ABR). For illustration, the ABR, which is based on a random sample, shows that the total amount incorrectly paid to pensioners on MIG in 1998/99 was 4.1% of programme spend. A reduction of 20% would reduce the amount of programme spend incorrectly paid to 3.3%. Due to the small size of the sample, we will not be able to precisely estimate the size of the reduction. However, the available data suggests that an estimated reduction of at least this size would be required to allow us to be 95% confident that a real reduction had occurred. The baseline will be revisited once the 1999/2000 ABR is published in early 2001 and we will be looking at ways to improve the ABR for the pensioner client group.</p>
<p>8. Make significant progress towards</p>	

modernising welfare delivery so that:	
<ul style="list-style-type: none"> by 2005, 85% of our customers have their benefits paid into their bank account; 	<p>Starting in 2003, there will be an extended payment system for handling ACT payments into individuals bank accounts, as well as a system for processing payments for those people for whom payment into a bank accounts is not (yet) appropriate. A comparison of the management information from the two systems will indicate the percentage of customers in GB receiving payment into bank accounts. About a third of our customers are currently (as at October 2000) paid into a bank account.</p>
<ul style="list-style-type: none"> by 2004 60% of the computer systems which support the delivery of pensions and Income Support have been replaced; 	<p>The processing of Income Support and Pensions relies on the Income Support Computer System (ISCS), Pensions Computer System (PSCS) and Personal Details Computer System (PDCS). The Department plans to develop a new enhanced PDCS and implement a new Payment Computer System (PCS) before 2004. This together with specific changes to ISCS and PSCS functionality will allow the DSS to reach the 60% replacement mark.</p>
<ul style="list-style-type: none"> by 2004 to have made available an electronic claims facility, for Income Support, Jobseeker's Allowance and Incapacity Benefit; and 	<p>This target will be achieved when all staff processing IS, JSA & IB benefits have available to them a system which allows customer claim details to be captured over the phone or in person and produces a completed claim form which the customer will be asked to sign.</p>
<ul style="list-style-type: none"> from 2001, to commence the rollout of new IT equipment to all staff dealing with customers so as to improve the services provided. 	<p>We will have achieved this target when the roll out of new PCs (supported by up to date system functionality) incorporating common office applications such as intranet and email starts.</p>
<p>9. Reduce by 50% losses from fraud and error in Income Support and Jobseeker's Allowance by March 2006, with a 25% reduction by March 2004.</p>	<p>The fraud and error target relates to the estimated percentage of benefit overpaid due to fraud, customer error and official error, in Income Support and Jobseeker's Allowance. It excludes underpayments, instrument of payment (girocheque and order book) fraud and takes no account of overpayment recovery.</p>

	<p>Fraud is defined as a deliberate misrepresentation of circumstances, or a failure to notify changes in circumstances, with the intention of obtaining benefit to which the customer is not entitled. Customer error is defined as a discrepancy in the claim leading to a change in benefit entitlement but there is no suspicion of fraud or any fraudulent intent on the customer's part. Official error is defined as incorrect assessment of entitlement by Departmental staff resulting in an over or underpayment or correct assessment but incorrect payment.</p> <p>The baseline figure is 9.0% of benefit spend which represents £1.38billion of programme expenditure in the year to September 1998. It is derived from the results of Area Benefit Reviews (ABRs) and Quality Support, which together provide a continuous rolling programme of measurement. ABRs measure customer fraud and error through investigations of regular samples of IS and JSA cases, and involve visiting claimants and conducting an in-depth review of their claim. QS measure official error in Income Support and Jobseeker's Allowance through the review of regular samples of IS and JSA cases.</p>
<p>10. Increase the efficiency of social security administration through:</p> <ul style="list-style-type: none"> • improving the performance of the Child Support Agency in line with target 2; • improving the efficiency of services to pensioners in line with target 7; • improving the efficiency of services to working age claimants in line with target 8 and through the new working age agency; and • reducing error and fraud in line with target 9. 	

PSA Target 5 - Selection of 30 most disadvantaged Local Authority Districts.

Two pieces of information have been used to assess the Local Authority Districts with the worst starting position: the working age employment rate and the proportion of the working age population on benefits.

The employment rate data comes from the Labour Force Survey for 1998 and 1999. The data for 1998 is from the LFS Local Authority Database published by the Office for National Statistics. The data for 1999 is from DfEE-estimates based on the Labour Force Survey. These are mainly averages over the four quarters of the year as published by ONS. However, for a few authorities some imputation was necessary. This was done by subtraction from County/regional totals.

The working age employment level and the working age population were averaged for 1998 and 1999 and the employment rate was calculated for each Local Authority District. This represents the period March 1998 to February 2000. A long average is needed to overcome the high degree of sampling variability caused by small sample sizes at Local Authority District level.

The Cross-Benefit Analysis is from the Department of Social Security data for February 2000 and shows the proportion of the working age population on key benefits. Key benefits are: Jobseekers Allowance; Incapacity Benefit or Severe Disability Allowance; Disability Living Allowance; Income Support; National Insurance Credits.

The data were ranked on both these measures and the average of the ranks was calculated. The worst 30 were those with the lowest average rank. This method ensures that areas must be disadvantaged on both measures. As there is a high level of correlation between the two rankings (areas with low employment rates tend to also to have a high proportion of the working age population on key benefits), the selection ensures that no authority is lower than 44th on either scale.

The 30 areas by ascending average rank are:

Local Authority District	Employment Rate	Proportion claiming out of work benefit
Tower Hamlets	55	33
Merthyr Tydfil	56	34
Knowsley	55	31
City of Glasgow	57	30
Easington	58	31
Hackney	58	31
Blaenau Gwent	57	30
Liverpool	59	33
Manchester	59	29
Newham	57	25
Middlesbrough	59	26

Neath Port Talbot	62	27
South Tyneside	63	25
Islington	65	29
Sunderland	62	23
Halton	64	25
East Ayrshire	61	22
Redcar and Cleveland	63	23
Southwark	64	24
Rhondda, Cynon, Taff	65	25
Kingston upon Hull, City	64	23
Hartlepool	66	25
Caerphilly	67	26
Newcastle upon Tyne	62	21
North Lanarkshire	66	24
Nottingham	64	22
West Dunbartonshire	66	24
Pembrokeshire	63	21
Salford	65	22
Dundee	66	23