

2007 Pre-Budget Report and Comprehensive Spending Review

Department for Work and Pensions

Providing employment opportunity for all and tackling child and pensioner poverty

Over the past decade, investment in modernisation of the welfare system has contributed to a buoyant labour market while providing support for those who are unable to work. There are now 2.7 million more people in work, 600,000 fewer children in relative poverty and 2.4 million fewer pensioners in absolute poverty.

As announced at Budget 2006, over the Comprehensive Spending Review period, the Department for Work and Pensions (DWP) will be given access to a £550m Modernisation Fund to support an ambitious value for money and service transformation programme that will generate annual net cash-releasing savings of £1,225m by 2010-11. This will allow the DWP to continue to deliver its priorities within a budget that falls by over 5 per cent per year on average over the CSR07 period, including:

- Green Paper *In work, better off* invites views on proposals to reform support for the unemployed and lone parents, including launch of the flexible New Deal;
- introduction of the Employment and Support Allowance to replace incapacity benefits for new claimants and national rollout of the Pathways to Work programme to help people with a health condition or disability to get into work;
- a proposed new Child Maintenance and Enforcement Commission to improve financial support for children with non-resident parents;
- reform state pensions from 2010 and take steps to reform private pensions, including introducing auto-enrolment, and a new low cost scheme of personal accounts from 2012, delivered at arms length from Government by the new Personal Accounts Delivery Authority;
- play a key role in taking forward Sir David Varney's recommendations on Service Transformation.

Peter Hain, the Secretary of State for Work and Pensions, said:

“We will be taking forward a radical programme that will fundamentally change the lives of British citizens for the better: thousands of people given the chance to work and develop a career, creating a new Child Maintenance and Enforcement Commission to ensure that children get the money they need and the setting up of the Personal Accounts Delivery Authority so that workers across the country have the chance to save for their retirement.

"This settlement will enable us to take the important next steps to delivering full employment within a generation. We can continue to build a welfare state that is flexible enough to meet the needs of all the people across all ages and generations. It also allows us to provide help and support to the most vulnerable as well as delivering the day-to-day services that are essential to the lives of millions. I am confident we will continue to meet their rising expectations whilst providing value for money for the taxpayer. It is a challenge I am looking forward to”.

NOTES FOR EDITORS

1. DWP's ambitious value for money reform programme will generate annual net cash releasing savings of £1,225 million by 2010-11 including £455 million through its change programme and £500 million on procurement of goods and services.
2. The Green Paper *In work better off: next steps for full employment*, DWP July 2007 sets out detailed proposals for reforming active labour market support. The consultation period on this document ends 31 October 2007.
3. DWP will play a key role in taking forward the recommendations of the Varney Review on Service Transformation including taking responsibility for Directgov from April 2008 and its development as the Government's primary web portal for citizen focused e-services and leading development work on the 'Tell Us Once' change of circumstance project.

Table

Work and Pensions baseline and additions				
	£ million			
	Baseline	Additions		
	2007-08	2008-09	2009-10	2010-11
Resource DEL	7,781	-199	-382	-699
of which near-cash	7,615	-195	-373	-687
of which administration	5,803	-141	-279	-414
Capital DEL	67	-2	-3	-4
Total DEL¹	7,695	-197	-378	-693

¹ Full resource budgeting basis, net of depreciation.

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For further details on DWP's settlement and their Departmental Strategic Objectives over the CSR07 period, please see *The 2007 Pre-Budget Report and Comprehensive Spending Review: Meeting the aspirations of the British people* www.hm-treasury.gov.uk/pbr_csr/pbr_csr07_index.cfm

The Government today announced 30 cross-departmental Public Service Agreements, setting out the top priorities for the CSR07 period. For further details on these please see: www.hm-treasury.gov.uk/pbr_csr/pbr_csr07_index.cfm

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