

The Government is increasing opportunity for those without work and tackling child and pensioner poverty. In order to achieve these objectives the Department for Work and Pensions will be spending £800 million more in 2005-06 than in 2002-03, an average increase of 1.1 per cent a year in real terms. The 2002 Spending Review advances the Government's welfare reform and modernisation programme by:

- **rolling out Jobcentre Plus nationally by 2006** to deliver an enhanced work-focused service;
- **delivering the Pension Credit through the new Pension Service raising incomes of the poorest pensioners and rewarding those on low and modest incomes for their saving;**
- **continuing to invest in new technology to provide a modern, efficient service to customers, and to begin the move to pay all benefits electronically from April 2003;**
- **continuing to tackle fraud and error by setting a new target to reduce fraud and error in Housing Benefit by 25 per cent by 2006; and**
- **extending the Employment Zone approach to lone parents and New Deal returners, and testing new approaches with multiple providers in the same area.**

In addition, the Review provides additional resources to:

- **enhance employment support for people with a disability or long standing health problem;**
- **reform the administration of Housing Benefit; and**
- **invest in developing composite pension forecasting, accessible over the internet, to help guide decisions on savings for retirement.**

## WORK FOR THOSE WHO CAN, SECURITY FOR THOSE WHO CANNOT

**18.1** The Department for Work and Pensions' key objectives are to provide employment opportunity for all, and tackle child and pensioner poverty. Reducing worklessness and poverty, and providing modern and efficient public services, will not only improve living standards but contribute to higher economic growth. Since 1997 the Government's welfare reform and modernisation policies have resulted in:

- record numbers in employment and reductions in unemployment to generational lows. Since 1997, employment has risen by 1.5 million, while both long term unemployment and long term youth unemployment have fallen by 75 per cent<sup>1</sup>. The Spending Review enhances employment opportunity through completing the national roll-out of Jobcentre Plus to provide a more enhanced work-focused service to lone parents and sick and disabled people;

<sup>1</sup> Claimant count. Long-term adult unemployment: aged 25+, over 18 months duration. Long-term youth unemployment: aged 18-24, over 6 months duration.

- 300,000 fewer children living in workless households since 1997;
- over 2 million pensioners now receiving the Minimum Income Guarantee, worth £98.15 a week for single pensioners. The Spending Review provides greater security to pensioners by introducing the Pension Credit from October 2003 to reward saving, as well as rolling out the new Pension Service to provide improved and tailored help for both today's and future pensioners;
- a major programme of ICT modernisation, including, for example, 10,000 Jobpoints that give customers instant access to job vacancies all over Britain and abroad; and
- a reduction in fraud and error in Income Support and Jobseekers' Allowance payments of 18 per cent since September 1998, well ahead of schedule to meet the current target of a 25 per cent reduction by March 2004.

**18.2** The 2002 Spending Review sets a number of new and challenging targets for the Department for Work and Pensions to achieve. These include:

- reaffirming the Government's commitment to tackle child poverty by **reducing the number of children living in low-income households by at least a quarter by 2004 as a contribution towards the broader target of having child poverty by 2010 and eradicating it by 2020;**
- **for families with an absent parent who are on Income Support, a target to double to 60 per cent by March 2006 the proportion who receive maintenance;**
- **paying Pension Credit to at least 3 million pensioner households by 2006,** by ensuring that claiming is simplified and less intrusive so that pensioners are encouraged to take-up their full entitlement;
- **reflecting the Government's commitment to improve disability rights,** by removing barriers to the participation of disabled people in society in addition to improving the employment rate of disabled people;
- for the first time, tackling fraud and error in Housing Benefit. **The new target will aim for a 25 per cent reduction in Housing Benefit fraud and error by 2006;** and
- an increase in the existing PSA target to **reduce fraud and error in payments of Income Support and Jobseekers' Allowance.** The Government is now committed to a 33 per cent reduction in fraud and error in these payments by March 2004, as a milestone towards a 50 per cent reduction by March 2006.

**Key Reforms 18.3** The 2002 Spending Review also takes forward the Government's objective of reforming and modernising welfare delivery. The key reforms this Spending Review delivers are:

- **national roll-out of Jobcentre Plus** – the Government's one stop shop for job search and receipt of working age benefits – so that by 2006 there will be an additional 2 million work focused interviews a year providing more intensive 'back to work' help;

- next steps on Employment Zones, including extension to lone parents and people returning to New Deal for the second time, and further development of the model to include testing the effect of multiple providers in a given area;
- **external scrutiny of Jobcentre Plus performance**, including publication of league tables of performance indicators, district-by-district;
- **further reforms to Housing Benefit administration supported by substantial new investment** – publication of quarterly reports on local authority performance, new streamlined inspection, and quicker and more decisive interventions with failing authorities. The current complex and unevenly administered arrangements blunt work incentives and deny people choice;
- the new Pension Service will deliver the Pension Credit raising incomes of the poorest pensioners and reward those on low and modest incomes for their saving; and
- investment to enable the development of composite pension forecasts – with the aim of bringing together information on all a person's pension entitlements, accessible over the Internet, and allowing savers to work out what saving more could mean for their income in retirement. This will be an important component of the strategy that the Government will set out in the forthcoming Green Paper.

**Further reforms and investment** 18.4 In addition, the Spending Review provides further investment in:

- additional resources to enhance employment support for those with a disability or long standing health problem, tackle worklessness among the hardest to help, and improve the basic skills of unskilled jobseekers, lone parents and sick and disabled people; and
- additional resources for the Disability Rights Commission to oversee and enforce the rights of disabled people.

**Modern service delivery** 18.5 The infrastructure that supports the social security system is antiquated, vulnerable to fraud and error and inflexible, preventing staff from delivering a modern, efficient service. This spending review continues the work begun in the last review:

- from April 2003 the change to benefits being paid into bank accounts will begin, whilst ensuring that benefit recipients continue to be able to collect their cash from post offices; and
- moving away from relying on paper-based customer services towards much greater use of the telephone and electronic information gathering, as well as investing in new systems to enable claims to be processed more accurately and quickly.

## SPENDING PLANS

**18.6** The 2002 Spending Review provides for annual average real growth of 1.1 per cent for the Department for Work and Pensions' DEL. However, including the carry over from the Windfall Tax in 2002-03, the DWP's DEL falls in real terms by an annual average of 1.3 per cent. This fall in costs will take place even as the Department is providing an additional 2 million work focused interviews, doubling the number of parents to whom it is paying maintenance and paying the new Pension Credit. Thus by bearing down on the costs of administration, and ensuring robust value for money, the Government is able to devote more resources to its key priorities of moving people into work and tackling child and pensioner poverty.

**Table 18.1: Key figures**

	£ million			
	2002-03	2003-04	2004-05	2005-06
<b>Department for Work and Pensions</b>				
Resource budget	7,000	7,633	7,743	7,843
Capital budget	117	4	161	83
<b>Total Departmental Expenditure Limit<sup>1</sup></b>	<b>7,018</b>	<b>7,531</b>	<b>7,800</b>	<b>7,817</b>
Near-cash spending in DWP DEL <sup>2</sup>	7,018	7,515	7,780	7,798

<sup>1</sup> Full resource budgeting basis, net of depreciation.

<sup>2</sup> Consistent with previous control basis.