

Jobcentre Plus Annual Report and Accounts 2010-11

jobcentreplus

Department for
Work and Pensions

Jobcentre Plus Annual Report and Accounts 2010-11

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Chief Executive Foreword

Jobcentre Plus successfully met a number of challenges in 2010-11. Workloads remained high; meaning significant numbers of people needed our help to find work. We responded well, working hard to help people find work while maintaining high service and performance levels. We also responded quickly to support our new Ministers and deliver the policies of the new Coalition Government.

We introduced a number of measures to help 'Get Britain Working' and supported plans to revise and simplify the various existing welfare programmes and services under a single Work Programme. The Work Programme will harness the energy and ability of the private and voluntary sectors by rewarding performance and getting people back to work. We continue to have a key role in supporting people during the early stages of unemployment, and in working alongside Work Programme providers.

We also supported planning for the introduction of the Universal Credit; the biggest single welfare change in a generation. Universal Credit will create a simpler, more efficient and fairer benefits system, and most importantly, ensure that work pays.

Against this backdrop of unprecedented change we continued to deliver excellent support and service, performing well against our business delivery targets. Throughout the year, we quickly placed people into work, effectively dealt with calls to our contact centres and processed benefit claims within expected timescales. We also refocused our internal checking activity to help reduce fraud and error loss. We remain on track to meet our other 2010-11 business delivery targets¹ and have made excellent progress towards meeting our Structural Reform priorities.² We successfully managed demand on our service by extending opening hours in most of our jobcentres. Headcount levels were controlled effectively using necessary extensions to some fixed-term appointment staff to meet demand.

We successfully piloted our approach to reassessing Incapacity Benefit claims ahead of national activity which began in April 2011 and agreed improvements to the Work Capability Assessment as part of our approach. This will ensure that no one is left without support or a sense of when and how they might get back to work.

¹ Details of our confirmed and anticipated performance results are provided on pages 8-10.

² Details of our confirmed and anticipated Structural Reform priorities results are provided on pages 13-15.

We continued to modernise and transform our service to individuals and employers, making the most of new technology. We have made good progress in moving to a single telephone network for benefit enquiries, enabling us to take more calls and improve our telephony services. We also expanded our JSA online service, where during March 2011 for example, we saw around 18 per cent of new Jobseeker's Allowance claims submitted online. We increased support for employers through our Small Business Recruitment Service.

We also increased our focus on working collaboratively with local and national partners to deliver professional services. At community level we are working more closely with public, voluntary and contracted partners to deliver an improved and more localised service. Representatives from voluntary organisations are now co-located in many of our jobcentres, providing opportunities to help people develop new skills and gain experience. These partnerships will enable us to actively support the Big Society.

Our people are essential to the continuing success of Jobcentre Plus. During 2010-11 we improved line manager support for staff by introducing our 'People Promise' which commits line managers to hold regular discussions with their staff. We also increased our management capability by providing Management Trainee places for 21 participants.

We worked hard throughout 2010-11 to help people back to work quickly, giving high quality advice and tailored support, and processing benefits accurately, efficiently and on time. I am immensely proud of the hard work and dedication of the people in Jobcentre Plus and our partners. Their commitment and enthusiasm really does make a positive difference, and I would like to thank them all for their contribution.



Darra Singh
Chief Executive
6 July 2011

Our services

Jobcentre Plus is a public employment service and an executive agency of the Department for Work and Pensions. We play a key role in achieving the wider departmental and structural reform objectives published in the [Department's 2011-15 Business Plan](#).

We work with private, public and voluntary sector partners and will support the delivery of the Work Programme. We are committed to working ever more closely with employers and local and national partners to improve our services.

In delivering our services we promote equality and fairness. We aim to eliminate discrimination, supporting departmental objectives by making our services accessible to everyone.

Helping people find and stay in work

We help people find work using personal adviser support. Advisers assess and tailor the amount of support an individual needs through adviser interviews and using local provision. We engage in local partnerships enabling the private, public and voluntary sectors to bring their expertise in helping individuals find work. We tailor our services to help people gain the support and skills training they need to move from benefits into work, with careers advisers co-located in most jobcentres. We provide extra support through, for example, the 'Get Britain Working' measures and help for those engaging with us for the first time. Support is linked to a conditionality regime and we expect people to actively look for work, providing appropriate support while they do.

Supporting people

We provide advice on the range of benefits available and explain the conditions for receiving them, helping to prevent fraud and prevent people claiming more benefits than they are entitled to. We aim to pay benefits accurately and efficiently, ensuring claimants meet their responsibilities in return, enforcing a welfare system that is firm but fair. We also make payments or loans from the Social Fund when individuals need additional financial support. We exploit new technology to support our service delivery, enabling easier access to our service. People can now make and track claims online, and make changes to their personal information. The opening hours in our jobcentres and contact centres allow people to speak to us at convenient times and we increasingly deal with multiple enquiries in a single call.

Working with employers

We support employers by providing advice on the jobs market, recruitment services and training, including diversity advice. We provide extra support for small and medium sized employers through our 'Small Business Recruitment Service'. We find people with the right skills to apply for vacancies and help to prepare potential recruits through local partnerships offering flexible, tailored support. We provide support and advice on employing disabled people. We advertise jobs from across the UK and Europe for which potential applicants can search online and over the phone. We also work closely with partners to help employers manage redundancies.

Working with local partners

We play a key role working with other local partners, including colleges and adult learning providers, recruitment agencies, HM Revenue and Customs, local authorities, credit unions, customer representative organisations and community organisations. In doing so, we aim to ensure that the needs of individuals are kept at the forefront when influencing and developing partnerships such as Local Enterprise Partnerships and their delivery plans. As part of that work, we work with others to help people to find work and develop our partnerships to deliver our services better.

Our key achievements

We faced some unique challenges during 2010-11. Following the general election we responded quickly to support new Ministers and prepared to deliver the policies of the new Coalition Government. We worked successfully with private, public and voluntary sector partners to ensure individuals were helped by a series of 'Get Britain Working' measures (work clubs, work experience and a new enterprise allowance trailblazer). Additional measures (work academies and skills training) along with the New Enterprise Allowance will be available nationally, during 2011-12. We also moved quickly to prepare a smooth transition to the Work Programme and began planning for the introduction of Universal Credit.

We successfully piloted our approach to reassess Incapacity Benefit claimants ahead of national activity which began in April 2011. We also extended support for lone parents to prepare for work to those with a youngest child aged seven or over.

We increased access to our on online services by expanding the scope of our JSA online service to enable new and repeat claims to be submitted online. In March 2011, around 18 per cent of Jobseeker's Allowance claims were submitted online.

We achieved substantial savings from our internal spending reduction initiatives. Overall we reduced our spending in this area by £77m (9 per cent) compared to 2009-10, particularly on travel, office costs and conferences.

Our performance in 2010-11

Our performance remained strong throughout the year. The Minister for Employment agreed to remove three of our targets at the mid year stage in October 2010 to allow us to prepare for the introduction of our new performance framework in 2011-12.

We ceased to report on the Interventions Delivery target from the beginning of July 2010; the Employer Engagement target from the beginning of August 2010; and the Customer Service target from the beginning of October 2010.

In 2010-11 we were required to ensure that loss from fraud and error in working age Income Support and Jobseeker's Allowance claims was less than 4.2 per cent. Final performance results will not be known until November 2011. To support this activity we successfully carried out 2.2 million counter fraud and error activities, designed to reduce fraud and error in the benefits system, extending activity to Incapacity Benefit and Employment and Support Allowance claims.

Our efforts contributed to the Department for Work and Pensions strategic objective to ensure that no more than 1.8 per cent of all benefit is overpaid and no more than 0.7 per cent underpaid by March 2011³.

The table below provides a summary of our performance for 2010-11. We publish our performance target definitions and results on the DWP website. Go to www.dwp.gov.uk/jobcentreplus and follow the links to **Targets** and **Performance**.

Performance results for 2010-11

Job Outcomes		
To achieve a total points score of 11.47 million based on the job outcomes Jobcentre Plus achieves The higher the priorities of the customer, the more points are achieved. For example: <ul style="list-style-type: none"> • Helping an unemployed lone parent into work – 12 points • Helping an employed person change jobs – 1 point 	Target to October 2010	7.32 million points
	Achievement to October 2010 ⁴	8.00 million points
	Variance	+ 0.68 million points +9%
Average actual clearance times		
Income Support	Target	9 days
	Achievement	6.9 days
Jobseeker's Allowance	Target	11 days
	Achievement	9.2 days
Employment and Support Allowance	Target	14 days
	Achievement	10.7 days
Customer Service		
To achieve an 86% customer service level in the delivery of our standards	Target	86%
	Achievement to September 2010 (final reported data) ⁵	89.2%

³ Monetary Value of Fraud and Error final results for 2010-11 are expected to be reported by the Department for Work and Pensions in October 2011 on the DWP website.

⁴ Due to delays associated with employers notifying HM Revenue and Customs when an employee starts work, it usually takes about seven months before we can publish the final Job Outcome target performance. We expect to report final Job Outcome performance results in November 2011 on the DWP website.

⁵ Final Customer Service performance reporting ceased in October 2010.

Employer Engagement		
At least 91% of employers placing their vacancies with Jobcentre Plus will have a positive outcome	Target	91%
	Achievement to July 2010 (final reported data) ⁶	92.8%
Interventions Delivery		
To ensure specified Labour Market Interventions take place within set timescales in 85% of cases	Target	85%
	Achievement to June 2010 (final reported data) ⁷	93.8%
Fraud and Error		
By March 2011, to ensure that loss from fraud and error in working age Income Support and Jobseeker's Allowance amounts to less than 4.2% of overall expenditure	Target	Less than 4.2%
	Achievement to September 2010 ⁸	5.2%

Our feedback

We welcome views on our service and on how we can make improvements. Our 'Tell us what you think' leaflet gives details on how to give your views. The feedback we receive is valuable in helping us to identify examples of good service and recognise and put things right, where we have made mistakes.

Compliments

In the year 2010-11 we received 11,839 compliments. The three main features we were praised for were:

- courtesy/treatment by staff;
- information/advice provided; and
- right result/accuracy

⁶ Final Employer Engagement performance reporting ceased in August 2010.

⁷ Final Intervention Delivery performance reporting ceased in July 2010.

⁸ Final Fraud and Error results are expected to be reported in November 2011 on the DWP website.

Complaints

In the same period we received the following number of complaints:

Complaints handled at source or at District Manager Level 1 and Level 2	
Target	To clear 90% of complaints received within 10 days
Total number of complaints received in 2010-11	58,865
2010-11 performance	86.6%
Top 3 categories	<ol style="list-style-type: none"> 1. You got it wrong 2. Wrong information provided 3. Treatment by staff
Complaints handled at Chief Executive Level 3	
Target	To clear 90% of complaints received within a maximum of 20 days depending on the type of complaint
Total number of complaints received in 2010-11	4,359
2010-11 performance	94%
Top 3 categories	<ol style="list-style-type: none"> 1. You got it wrong 2. DWP policy is unfair 3. You take too long

We seek to improve handling complaints by:

- using the [DWP Customer Charter](#) to reinforce the importance of customer service in our approach;
- aiming to resolve complaints quickly, by initially contacting individuals by phone; and
- carrying out customer research to establish why people complain and what, if any, are the barriers to making a complaint.

Environmental performance

Government departments and agencies have targets to reduce their environmental impact. We contribute towards the Department for Work and Pensions targets.

	2010-11 target	2010-11 results
Business road travel – CO ₂ emissions (tonnes)	7,839	6,848
Business road travel – miles (000's)	23,845	24,525
Energy consumption of offices – CO ₂ emissions (tonnes)	118,696 ⁹	110,891
Electricity efficiency – KW/h m ²	275	215
Water consumption – m ³	723,814 ¹⁰	530,601

These Sustainable Operations on the Government Estate targets ended in March 2011 and have been replaced by new performance indicators – Greening Government Operations and Procurement.

Appendix 2 contains a separate report based on greenhouse gas emissions from all our activities.

⁹ This target was previously expressed as KgC in our 2010-11 Business Plan. It has been amended to CO₂ emissions (tonnes) to align with Department for Work and Pensions reporting.

¹⁰ The target year for water consumption reduction is 2020 rather than 2010.

Our Structural Reform priorities

Jobcentre Plus is at the heart of delivering the Coalition Government’s ambitious programme of reform intended to shift power making from Whitehall into the hands of ordinary people. Structural Reform Plans are a part of this shift of power from government to people.

We share responsibility with the Pensions, Disability and Carers Service (PDCS) for the actions within Section 6 of the Department for Work and Pensions Structural Reform Plan. The table below records progress made to 31 March 2011 on the actions for which Jobcentre Plus is directly responsible. PDCS will report progress on its actions in the PDCS Annual Report and Accounts.

Each month, the Department publishes a simple report on its progress in meeting these and the other commitments within the Structural Reform Plan. These reports are available on the [Number 10 website](#)¹¹. All legislative timings and subsequent actions are subject to Parliamentary timetable and approval.

6. Improve our service to the public	<i>Continue to deliver an excellent service to the public, improving its speed, ease and efficiency</i>
Actions	
<p>6.1 – Save money by making online services our preferred channel</p> <ul style="list-style-type: none"> i. Move Jobseeker’s Allowance online ii. Move State Pension applications online (PDCS responsibility) iii. Publish the first annual data on Jobseeker’s Allowance and State Pension applications completed online iv. Put benefit advice and make common benefits enquiries available online v. To significantly improve Jobseeker’s Allowance online by fully automating at least 75 per cent of the processes, with the remainder still requiring a value-added intervention from staff vi. Increase the proportion of Jobseeker’s Allowance claims made online to 80 per cent 	

¹¹ To read the updates go to www.number10.gov.uk and follow the links **Transparency** and **Business Plans**, then click on **Department for Work and Pensions**.

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Jobcentre Plus actions	Number of actions	Number met on time	Number missed by < 1 month	Number missed by < 2 months	Number missed by > 3 months
	5	1	0	0	0
Summary of progress to 31 March 2011	<ul style="list-style-type: none"> i. Activity started on time with the JSA online service becoming available for all JSA claimants in December 2010 ii. Progress on this activity is reported separately by PDCS iii. Activity started on time. Data will be published at regular intervals iv. Activity started on time and was ongoing with the aim of delivering a single benefits enquiry service in February 2012 v. Activity started early and was progressing well. Pilots to test the new service will begin in summer 2011 vi. Activity started early and was progressing. Jobseeker's Allowance online and Automated Service Delivery are both key enablers to the planned increase in the number of Jobseeker's Allowance claims made online 				
6.2 – Improve the quality of contact with the Department and its agencies					
<ul style="list-style-type: none"> i. Introduce telephony self-service to provide automated answers to queries ii. Reduce follow-on queries from the 80 million automated letters issued each year 					
Jobcentre Plus actions	Number of actions	Number met on time	Number missed by < 1 month	Number missed by < 2 months	Number missed by > 3 months
	2	0	0	0	0
Summary of progress to 31 March 2011	<ul style="list-style-type: none"> i. Activity started on time and was ongoing with an expected completion date of September 2011 ii. Activity started on time and was progressing with an expected completion date of September 2011 				

6.3 – Simplify the transition of 200,000 people each year from working age benefits to State Pension by re-using the information we already hold and automating where possible (PDCS responsibility)					
6.4 – Create a Bereavement Service that will take information once only from next of kin in the case of over 600,000 deaths per year (PDCS responsibility)					
6.5 – Simplify the process for the 330,000 Employment and Support Allowance and Income Support customers who are found to be well enough to work each year					
Jobcentre Plus actions	Number of actions	Number met on time	Number missed by < 1 month	Number missed by < 2 months	Number missed by > 3 months
	1	1	0	0	0
Summary of progress to 31 March 2011	Activity started on time and was successfully completed in December 2010				

Appendix 1: External recruitment for 2010-11

Our external recruitment systems provide common frameworks for recruiting people to junior, middle and senior management roles.

They are designed to be inclusive and to encourage applications from all groups in society, to support our aim of having a workforce that is representative of the community it serves. Posts are filled by fair and open competition in accordance with Civil Service Commissioners' rules, with selection based on merit.

From 1 April 2010 to 31 March 2011, 28 people were recruited into Jobcentre Plus. Currently there is a recruitment freeze within the Department and this small level of recruitment reflects an agreed business need. Our workforce strategy is, where necessary, to re-deploy permanent staff and manage transfers from other government departments.

External recruitment for 2010-11 Gender	Number of people¹²	%
Female	11	39
Male	17	61
Total	28	

¹² This figure represents the number of people regardless of full or part time working patterns.

Appendix 2: Carbon report for 2010-11

This report has been prepared in accordance with the guidelines laid down by HM Treasury in “Public Sector Sustainability Reporting” published at www.financial-reporting.gov.uk This sets out minimum reporting requirements along with further aspects for voluntary reporting. At present we are reporting against the mandatory requirements only.

HM Treasury guidance introduces mandatory reporting against the Kyoto Protocol gases and this carbon account uses the Department for Environment, Food and Rural Affairs published greenhouse gas conversion factors against our recorded consumption levels.

This carbon account is mandatory from 2011-12 but it is open to volunteer departments and their agencies to use 2010-11 as a dry run. We are publishing this report (along with the Department for Work and Pensions) to establish our carbon footprint and as an opportunity to identify gaps in our management information. We will conduct a lessons learned exercise to identify areas for improvement in future reporting.

This carbon account covers all business travel undertaken by our people. Those elements of the account that relate to our estate include those buildings that form part of the PRIME contract with Telereal Trillium where Jobcentre Plus is the major occupier, as this is the estate over which we have budgetary accountability.

There are three scopes of emissions that cover an organisation’s activities or life cycle of a product or service. The definitions for each scope are set out in the HM Treasury guidance.

Scope 1 – direct greenhouse gas emissions

Scope 2 – energy indirect emissions

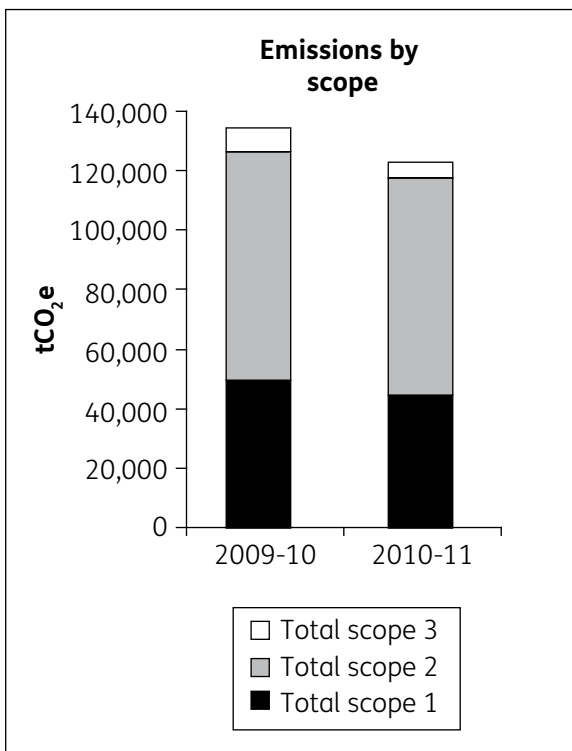
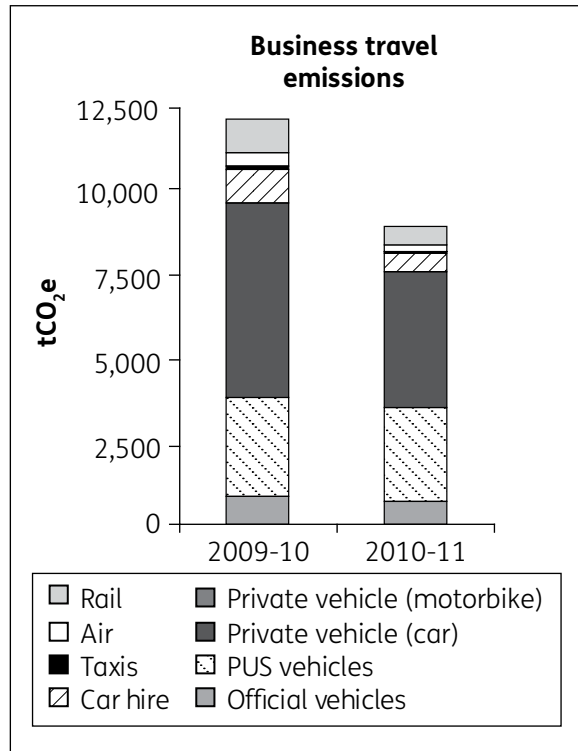
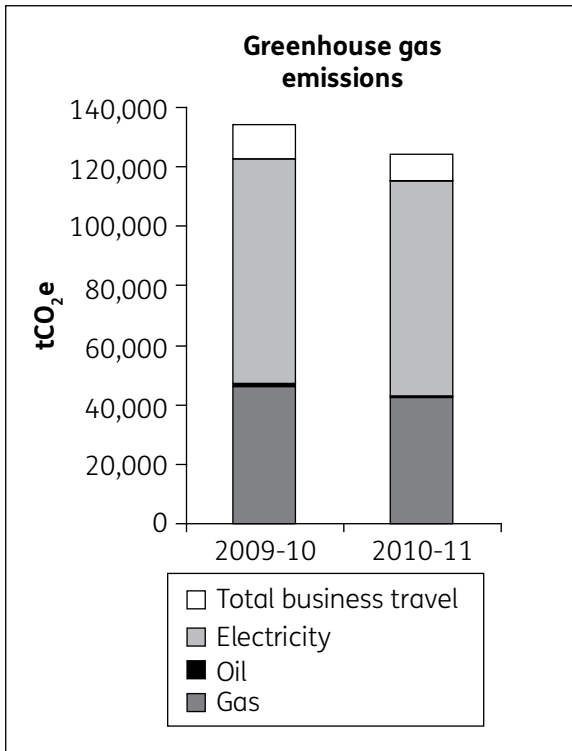
Scope 3 – other indirect emissions

Separately from the greenhouse gas emissions aspect, the carbon account shows the associated consumption levels and expenditure. The account also covers our consumption of water and our level of waste and recycling.

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Greenhouse gas emissions		2009-10	2010-11
Non-financial indicators (tCO ₂ e)	Scope 1 emissions		
	Gas	44,747	40,011
	Oil	1,372	1,389
	Fugitive emissions	205	499
	Private user scheme (PUS) vehicles	2,933	2,744
	Official vehicles	859	711
	Total scope 1	50,116	45,354
	Scope 2 emissions		
	Electricity	77,697	73,354
	Total scope 2	77,697	73,354
	Scope 3 emissions		
	Private vehicle (car)	5,712	4,026
	Private vehicle (motorbike)	6	3
	Car hire	999	535
	Taxis	98	87
	Air	393	165
	Rail	986	561
	Total scope 3	8,194	5,376
	Total business travel	11,986	8,831
	Total emissions	136,007	124,084

Graphical analysis



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Greenhouse gas emissions		2009-10	2010-11
Related consumption: Energy – KW/h Refrigerant – Kg Travel – miles	Scope 1 consumption		
	Gas	161,821,454	145,320,965
	Oil	5,149,085	5,223,605
	Fugitive emissions (refrigerant)	128	296
	PUS vehicles	9,189,018	8,671,153
	Official vehicles	2,691,588	2,245,333
	Scope 2 consumption		
	Electricity	142,778,557	134,540,505
	Scope 3 consumption		
	Private vehicle (car)	17,326,016	12,011,858
	Private vehicle (motorbike)	26,628	14,640
	Car hire	3,030,336	1,596,619
	Taxis	543,769	491,492
	Air	2,221,284	991,765
	Rail	14,794,495	9,926,595
	Total business travel	49,823,135	35,949,455
Total energy	309,749,096	285,085,075	

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Greenhouse gas emissions		2009-10	2010-11
Financial indicators (£k) The financial indicators relating to utilities in this table are calculated shown on a consumption basis. They may differ from the figures in Note 4 of the Accounts which reflect the costs incurred by Jobcentre Plus during the financial year	Scope 1 and scope 2 expenditure		
	Gas	4,731,109	4,677,464
	Oil	264,123	302,532
	PUS vehicles i-expenses	1,056,918	991,654
	Fleet vehicle leasing, etc	6,190,326	7,164,557
	Electricity	14,121,076	13,594,761
	Scope 3 expenditure		
	Private vehicle i-expenses	6,663,552	4,665,463
	Car hire	1,229,278	671,353
	Taxis	1,087,535	982,984
	Air/rail/ferry	8,123,773	4,287,913
	Total expenditure	43,467,690	37,338,681
	Performance commentary and targets		
<p>Consumption levels for electricity, gas and oil are based on bills received and can be subject to change due to the use of estimated bills where consumption data is not available.</p> <p>Total greenhouse gas emissions have reduced by 8.8 per cent compared to 2009-10; nearly 12,000 tonnes of CO₂ equivalent.</p> <p>All aspects of emissions contributed to this overall reduction except for fugitive emissions where there was not the quality of data available to us to make a full calculation and we accept that the 2009-10 total is likely to be slightly understated.</p>			
Controllable impacts commentary			
<p>Greening Government commitments will be disaggregated during 2011 to our managers.</p> <p>As an agency of the Department for Work and Pensions we will benefit from the implementation of its Carbon Management Plan which sets out steps that we can take to improve performance.</p>			

Overview of influenced impacts

Greening Government commitments will be disaggregated during 2011 to our managers.

We now have some 350 site environmental champions whom we will work with to influence and take forward some of the cultural changes required by our people to ensure the continuing improvement in our environmental performance.

We will work with the Department and its suppliers to ensure that they help us where they can for example, IT equipment and the efficiency of our estate.

Water consumption		2009-10	2010-11
Non-financial indicators (m³)	Water consumption	520,267	530,601
Financial indicators (£k)	Water supply costs	2,684,767	2,525,294

Performance commentary and targets

Total Full Time Equivalent (FTE) staff occupying our estate over the course of 2010-11 averaged at 77,735. This gives an average of 6.8m³ per FTE. Occupancy levels were not collected during 2009-10 to enable a comparison on this basis.

Greening Government commitments set us a target to reduce our total water consumption and on an FTE basis.

Controllable impacts commentary

The removal of chilled water bottles part way through the year will have had some adverse impact on reducing water consumption in our sites and the full impact will be seen in 2011-12.

Overview of influenced impacts

We will continue to work with Telereal Trillium to ensure that water waste is minimised by identifying and fixing leaks and investigating abnormal consumption patterns.

Waste		2009-10	2010-11
Non-financial indicators (kg)	Total waste	11,965,622	10,392,745
	Waste to landfill	4,586,201	3,950,865
	Waste recycled/reused	7,379,421	6,441,880

Performance commentary and targets

Total waste produced from our business fell by 13.1 per cent compared to the previous year while the proportion recycled increased slightly from 61.67 per cent to 61.98 per cent.

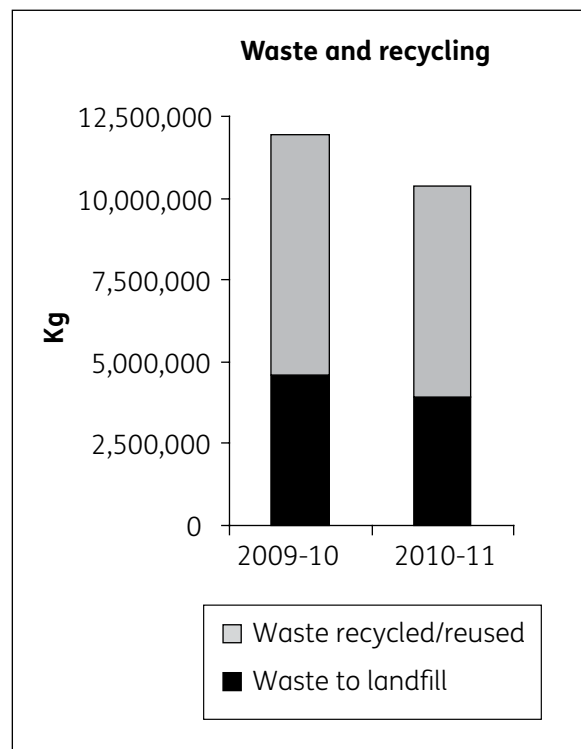
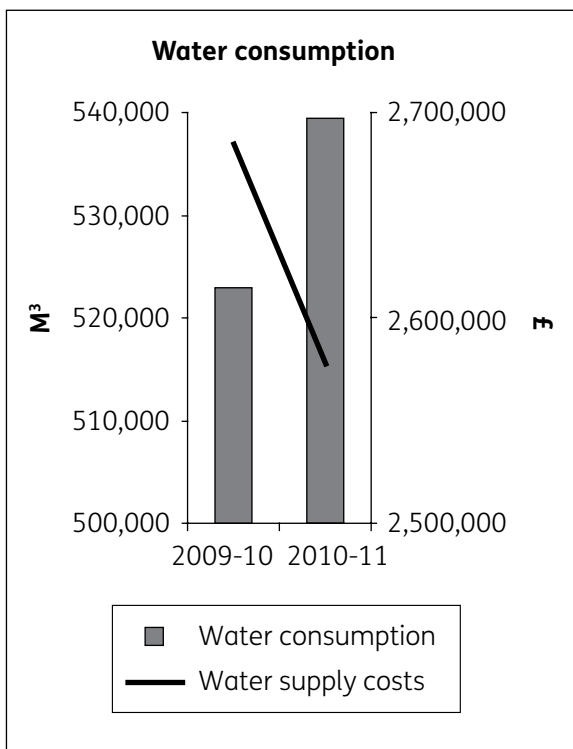
Controllable impacts commentary

The rollout of automated double sided printers will reduce the amount of paper we generate which might adversely impact the proportion of waste sent for recycling, as this is mainly paper and cardboard.

Not recorded in this report are toner and other printer consumables and other material sent for recycling, as this is contained within the Department’s reporting. Courier service envelopes are also collected and recycled by our supplier (TNT). A number of sites also have local collection facilities for items such as glass and plastics which are recycled by our people.

Overview of influenced impacts

We will look to influence Telereal Trillium to extend recycling facilities to non-paper based products while we will also continue to influence our staff to reduce the overall amount of waste generated.



Management commentary

a. Statutory background

Jobcentre Plus presents its Accounts for the year ended 31 March 2011. The Accounts have been prepared in accordance with the direction given by Her Majesty's (HM) Treasury in pursuance of Section 7 of the Government Resources and Accounts Act 2000.

Jobcentre Plus was established as an executive agency of the Department for Work and Pensions (DWP) in April 2002.

Jobcentre Plus is a supply-financed executive agency of DWP, and as such, remains subject to gross expenditure control under the Parliamentary Vote system. The net cash cost of Jobcentre Plus' operations, along with the rest of the Department, will be accounted for within the Statement of Parliamentary Supply in the DWP Annual Report and Accounts.

The National Insurance Fund is the responsibility of HM Revenue and Customs (HMRC). However, the contributory benefits funded from the National Insurance Fund are administered by the DWP on HMRC's behalf. Jobcentre Plus incurs costs associated with the administration of these benefits. Jobcentre Plus receives income from the National Insurance Fund to recover these costs and these recoveries are recorded in the General Fund as Funding from the National Insurance Fund (see Statement of Cash Flows and Statement of Changes in Taxpayers' Equity).

b. Scope of Jobcentre Plus Accounts

The Accounts relate to Jobcentre Plus administrative expenditure. Jobcentre Plus falls within the resource accounting boundary of the DWP and its Agency Accounts are consolidated within the DWP Annual Report and Accounts.

Jobcentre Plus is also responsible for the payment of various benefits including Income Support, Jobseeker's Allowance, Incapacity Benefit and Employment and Support Allowance together with a number of payments from the Social Fund. However, the overall expenditure on benefit payments is accounted for and disclosed within the DWP Annual Report and Accounts. The latest version can be found at <http://www.dwp.gov.uk/publications/corporate-publications/>

As part of DWP, Jobcentre Plus has to manage its business and meet its objectives within the resource constraints set by the Department. In 2010-11 Jobcentre Plus shared a Request for Resource with the Welfare and Wellbeing Group and the Employment Group within the DWP's estimate. It also contributes to an administration cost and net cash requirement limit with other parts of the Department.

Parliament’s primary control over Jobcentre Plus expenditure is therefore achieved through the approval of the resource estimates provision, the associated Departmental cash limit and the laying of Jobcentre Plus Accounts. Jobcentre Plus is also subject to administrative control exercised by HM Treasury.

The Spending Review in 2007 set the basis for the funding available to DWP which was then allocated internally to Jobcentre Plus in 2010-11. The Spending Review for 2010 is complete and provides funding from DWP through to 2014-15.

c. Sickness absence data

Average working days lost per staff member year in the period from 1 April 2010 to 31 March 2011 was 8.6 days (2009-10: 8.8 days) against a target of 7.7 days.

d. Personal data related incidents

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner’s Office in 2010-11

<p>Statement on information risk</p>	<p>This was previously identified as a control challenge because of the need to strengthen accountabilities, improve control and increase staff awareness of security requirements. Significant progress has been made throughout the year to improve the control environment including:</p> <ul style="list-style-type: none"> • security business partnering arrangements have been implemented, creating a network of dedicated security specialists who work with managers and process designers to raise the visibility of security and improve engagement; • continued senior involvement in key developments to improve access controls and the monitoring of multi-access controls; and • continuing work to develop risk-based solutions to identify misuse through Audit Trail Analysis System checks and email filtering while action taken to improve security awareness includes developing security e-learning and providing ‘security surgeries’. <p>Despite the significant progress made, the changing business environment continues to present challenges because of increased use of digital services and business virtuality, together with continuing staff non-compliance.</p>
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Jobcentre Plus Annual Report and Accounts 2010-11

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
December 2010	Loss of paper documents from outside secured government premises	Names, addresses and National Insurance numbers	1,627	None – no risk of harm to individuals (details on their own not sufficient to enable identity theft)
Further action on information risk	Jobcentre Plus will continue to monitor and assess its information risks, in the light of the events noted above, in order to identify and address any weaknesses and ensure continuous improvement of its systems.			

Table 2: Summary of other protected personal data related incidents in 2010-11

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner’s Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.		
Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises.	3
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	0
IV	Unauthorised disclosure.	0
V	Other.	0

e. Results for the year

The Statement of Comprehensive Net Expenditure shows the net operating cost of Jobcentre Plus.

The net operating cost amounted to £3,565.7m (2009-10 restated: £3,741.6m). Capital expenditure for the year, full details of which are given in Notes to the Accounts 7 and 8, amounted to £58.1m (2009-10: £46.2m).

During 2010-11 Jobcentre Plus conducted a business review looking at its corporate and support functions at national, regional, group, and local levels to ensure that it is structured in the most effective way, to deliver what is asked and that resources are focused on helping people. The outcome of this review was to:

- reduce the jobcentre network from eleven regions to seven, and in so doing aligning those new Customer Service Directorate structures (renamed Jobcentre Directorate) to the new groups in the Benefit Delivery (renamed Benefit Centre Directorate) and Contact Centre functions;
- reduce the number of districts from forty eight to thirty seven reducing the variation in district size as well as taking into account geography and strategic links with partners;
- consolidate most non customer facing activity out of the direct line management of each arm of the business, and into a single centralised function (Operational Performance Planning and Change). Most of the posts remain local but will be managed centrally; and
- at national level, disband the Employers and Stakeholders Directorate, with its functions shared across the new Strategy, Planning, Employers and Stakeholders Directorate, the new Change and Products Directorate and the Chief Operating Officer's Directorate.

The resulting changes from the business review have been in place since 14 February 2011.

f. Employment of disabled persons

People with disabilities are employed across all grades within Jobcentre Plus.

g. Commitment to equality and diversity

Jobcentre Plus works to improve the accessibility of its services and to better understand and meet diverse needs. During 2010-11 this included:

- involving and consulting organisations representing customer interests;
- better equipping its staff to understand and respond to individuals' needs and comply with equality legislation;
- publishing progress against its 2008-2011 race, disability and gender equality schemes;
- reviewing and improving the accessibility of its services; and
- strengthening its equality impact assessment process to ensure every assessment considers each element of the public service duties.

h. Employee involvement and engagement

Jobcentre Plus respects its people and values their contribution. Jobcentre Plus has a strong internal communications network in place. Staff are encouraged to share information and contribute news, views and feedback. Opportunities to do so include regular telephone conferences with the Executive Team, which are open to people across the organisation; 'On the road' events, where Executive Team members visit staff to invite questions and discuss how services can be improved; regular on-line web chats with the Chief Executive which are open to people across the organisation; and 'Speak Up' where staff are invited to submit views and comment on a range of issues.

Senior management address issues arising from the annual Civil Service Staff Survey by analysing and acting on the survey results through the 'Better Together' initiative. Jobcentre Plus recognises the outstanding achievements of its staff through its annual awards. Regular news and information is passed on to staff through the Jobcentre Plus and DWP communication sites on the intranet, as well as through regular bulletins and messages cascaded through team meetings.

An employee assistance programme supports staff and managers in handling difficult incidents and promotes well being in the workplace. Phase two of the 'Live Well Work Well' initiative is currently being rolled out across the organisation to improve the well being of staff and reduce absence rates.

Staff can join trade unions, and procedures are in place for consulting trade unions and supporting trade union representation in the workforce.

Jobcentre Plus is committed to ensuring that staff at all levels can contribute towards decisions affecting the day-to-day business of the Agency.

i. Pension liabilities

The employees of Jobcentre Plus are civil servants to whom the conditions of the Superannuation Acts 1965; 1972; 2010; and subsequent amendments apply. The Principal Civil Service Pension Scheme (PCSPS) is the main pension scheme for all civil servants including Jobcentre Plus employees. It is a defined benefit scheme, with benefit expenditure borne on the Civil Superannuation Vote. Details of the Pension Scheme are disclosed in Notes to the Accounts 3c.

j. Payments to suppliers

Jobcentre Plus is committed to the prompt payment of bills for goods and services received. Payments are normally made as specified in the supplier's contract. If there is no contractual provision or other understanding, in accordance with the Budget 2010 announcement, 80 per cent of bills are expected to be paid within five days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. A review of all supplier payments made during the 12 month period was conducted to measure how promptly Jobcentre Plus pays its bills. It found that Jobcentre Plus had exceeded this standard by paying 93.7 per cent within the agreed period.

In 2009-10, if there was no contractual provision or other understanding, bills should have been paid within 10 days. In 2010-11 the 10 day achievement was 96.4 per cent of bills paid within this standard (2009-10: 89.1 per cent).

k. External auditors

The Accounts have been audited by the Comptroller and Auditor General whose certificate and report appear on *pages 48 to 50*.

l. Board of Management

Jobcentre Plus Board members during the year were:

Darra Singh	Chief Executive
David Chapman	Director, Information Technology (until 13 March 2011)
Mike Driver	Director, Finance (from 4 January 2011)
Roland Ginn	Director, Finance (until 28 November 2010)
Jeremy Groombridge CB*	Director, Change and Products (from 14 February 2011) Director, Transformation and Product Management (until 13 February 2011)

Jobcentre Plus Annual Report and Accounts 2010-11

Gary Hartley	Acting Director, Human Resources (from 15 November to 5 December 2010)
Jacinda Humphry*	Joint Director, Strategy, Planning, Employers and Stakeholders (from 14 February 2011) Joint Director, Business Strategy and Planning (until 13 February 2011)
Matthew Nicholas*	Director, Business Transformation Projects (from 14 February 2011) Director, Employers and Stakeholders (until 13 February 2011)
Ruth Owen CBE	Chief Operating Officer
Steve Riley	Director, Information Technology (from 14 March 2011)
Siobhan Sheridan	Director, Human Resources (from 6 December 2010)
Isobel Stephen*	Joint Director, Strategy, Planning, Employers and Stakeholders (from 14 February 2011) Joint Director, Business Strategy and Planning (until 13 February 2011)
Hilary Stewart	Acting Director, Finance (from 29 November 2010 to 3 January 2011)
Doug Watkins	Director, Human Resources (until 14 November 2010)
Mark Fisher CBE	Advisory Director, Welfare to Work (until 23 May 2010)
Jeremy Moore	Advisory Director, Labour Market Strategy (from 24 May 2010)
John Clare CBE	Non-executive Chair
Sarah Anderson CBE	Non-executive Director
Kenneth Ludlam	Non-executive Director

* The changes in the Directorate responsibilities on 14 February 2011 are as a result of the business review as detailed in paragraph e.

m. Board of Management responsibilities

The Jobcentre Plus Board members have approved the Accounts for the year ended 31 March 2011 and have confirmed that they give a true and fair view of the state of affairs and the results of Jobcentre Plus for the year. In the preparation of the Accounts, the Board members have selected suitable accounting policies and applied them consistently; made judgements and estimates that are reasonable and prudent; and have prepared the Accounts on a going concern basis.

As far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

n. Details of company directorships and other significant interests held by Board members

A register of Board members' business interests is held by the Jobcentre Plus Finance Directorate at the following address:

Financial Reporting and Control Team
Jobcentre Plus
Room GN35
Quarry House
Leeds
LS2 7UA

o. Compliance with HM Treasury and Public Sector Information guidance

Jobcentre Plus has complied with the cost allocation and charging requirements set out in the HM Treasury guidance and Public Sector Information guidance.



Darra Singh
Jobcentre Plus Accounting Officer
6 July 2011

Remuneration report

a. Remuneration policy

The remuneration of Jobcentre Plus Board members who are senior civil servants is determined by the DWP Senior Civil Service Pay Committee chaired by the Department's Permanent Secretary, and also comprising the Department's Human Resources Director, the Chief Executive of Jobcentre Plus, and Non-executive Directors of the Department. The Committee follows independent advice from the Review Body on Senior Salaries.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's Departmental Expenditure Limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com

b. Service contracts

The Constitutional Reform and Governance Act 2010 requires civil service appointments to be made on merit on the basis of fair and open competition. The Civil Service Commission Recruitment Principles specify the circumstances when appointments may be made otherwise. Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Unless otherwise stated below, the officials covered by this report hold appointments which are open ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme, details of which can be found at www.civilservice.gov.uk/my-civil-service/pensions/compensation-scheme.aspx

c. Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Jobcentre Plus Board members.

d. Remuneration (audited)

Officials	2010-11			2009-10		
	Salary	Bonus payments	Benefits in kind (to nearest £100)	Salary	Bonus payments	Benefits in kind (to nearest £100)
	£'000s	£'000s	£	£'000s	£'000s	£
Darra Singh	190-195	-	-	60-65	-	-
Mel Groves CBE	-	-	-	125-130	10-15	1,700
David Chapman* (until 13 March 2011)	100-105	5-10	-	105-110	10-15	-
Mike Driver (from 4 January 2011)	25-30	-	-	-	-	-
Roland Ginn (until 28 November 2010)	75-80	5-10	-	115-120	5-10	-
Jeremy Groombridge CB	100-105	5-10	1,700	100-105	10-15	2,700
Gary Hartley** (from 15 November 2010 to 5 December 2010)	0-5	-	-	-	-	-
Jacinda Humphry	80-85	0-5	-	45-50	-	-
Matthew Nicholas	100-105	-	-	100-105	5-10	-
Ruth Owen CBE	120-125	5-10	200	120-125	10-15	300
Steve Riley* (from 14 March 2011)	0-5	-	100	-	-	-

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Officials	2010-11			2009-10		
	Salary	Bonus payments	Benefits in kind (to nearest £100)	Salary	Bonus payments	Benefits in kind (to nearest £100)
	£'000s	£'000s	£	£'000s	£'000s	£
Pete Searle	-	-	-	35-40	5-10	-
Siobhan Sheridan** (from 6 December 2010)	30-35	-	-	-	-	-
Isobel Stephen	35-40	-	-	30-35	-	-
Hilary Stewart (from 29 November 2010 to 3 January 2011)	5-10	-	-	-	-	-
Doug Watkins** (until 14 November 2010)	60-65	5-10	-	100-105	10-15	-
Mark Fisher CBE*** (until 23 May 2010)	-	-	-	-	-	-
Jeremy Moore*** (from 24 May 2010)	-	-	-	-	-	-

* DWP Corporate IT employed David Chapman and Steve Riley and met their salary costs which were recharged, as part of the intra departmental charges, for the time they worked full time for Jobcentre Plus.

** DWP Corporate HR employed Gary Hartley, Siobhan Sheridan and Doug Watkins and met their salary costs which were recharged, as part of the intra departmental charges, for the time they worked full time for Jobcentre Plus.

*** DWP Employment Group employed Mark Fisher and Jeremy Moore and met their salary costs. They do not work full time for Jobcentre Plus and thus the Agency does not incur any element of the cost of their salary.

e. Salary

Salaries quoted relate solely to the period during the year when the individuals concerned served on the Jobcentre Plus Board of Management.

'Salary' includes: gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; and any other allowance to the extent that it is subject to UK taxation.

f. Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses are paid in July following the financial year to which they relate i.e. bonuses included in 2010-11 salaries relate to 2009-10 performance and the comparative bonuses reported for 2009-10 relate to performance in 2008-09.

The July 2010 bonus payments are included where they relate to performance as a Board Director of Jobcentre Plus.

g. Benefits in kind

The estimated monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The reported benefits in kind relate to the private use of allocated cars provided under the Department's Private User Scheme and the provision of a house purchase loan to Ruth Owen.

h. Pension benefits (audited)

Name	Real increase in pension at pension age	Real increase in lump sum at pension age	Accrued pension at pension age at 31 March 2011	Accrued lump sum at pension age at 31 March 2011	CETV at 31 March 2010 restated	CETV at 31 March 2011	Real increase in CETV
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Darra Singh	2.5-5	-	5-10	-	19	67	41
David Chapman	0-2.5	-	5-10	-	66	84	9
Mike Driver	0-2.5	2.5-5	35-40	110-115	589	606	15
Roland Ginn	0-2.5	-	10-15	-	160	190	18
Jeremy Groombridge CB	No increase	No increase	45-50	135-140	857	919	(4)
Gary Hartley	0-2.5	0-2.5	35-40	105-110	667	666	-
Jacinda Humphry	0-2.5	2.5-5	15-20	55-60	221	260	18
Matthew Nicholas	0-2.5	-	60-65	-	989	1,080	(3)
Ruth Owen CBE	0-2.5	0-2.5	30-35	90-95	336	370	5
Steve Riley	No increase	No increase	40-45	120-125	801	802	-
Siobhan Sheridan	0-2.5	-	0-5	-	-	4	3
Isobel Stephen	0-2.5	2.5-5	10-15	40-45	123	143	9
Hilary Stewart	0-2.5	-	5-10	-	95	98	2
Doug Watkins	0-2.5	0-2.5	30-35	100-105	448	482	2

The actuarial factors used to calculate Cash Equivalent Transfer Values (CETVs) were changed in 2010-11. The CETVs at 31 March 2010 and 31 March 2011 have both been calculated using the new factors, for consistency. The CETVs at 31 March 2010 therefore differs from the corresponding figure in the 2009-10 Annual Report and Accounts which was calculated using the previous factors.

None of the directors contribute to a Partnership Pension.

i. Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (Classic, Premium or Classic Plus) or a 'whole career' scheme (Nuvos). These schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with Pensions Increase legislation. New entrants after 1 October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for Classic and 3.5 per cent for Premium, Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in Classic and benefits for service from October 2002 calculated as in Premium. In Nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum to the limits set by the Finance Act 2004.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx>

j. Cash Equivalent Transfer Value (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with the guidance and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

k. Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

l. Non-executive Board members (audited)

Fees and expenses were paid to the following Non-executive Board members:

	2010-11 Total fees and expenses £'000s	2009-10 Total fees and expenses £'000s
John Clare CBE	31	21
Sarah Anderson CBE	23	23
Kenneth Ludlam	21	21



Darra Singh
Jobcentre Plus Accounting Officer
6 July 2011

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Statement of Jobcentre Plus and Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, Jobcentre Plus is required to prepare resource based accounts for each financial year, in conformity with HM Treasury direction, detailing the resources acquired, held, or disposed of during the year and its use of resources during the year.

The Accounts are prepared on an accruals basis and must give a true and fair view of the income and expenditure, changes in taxpayers' equity and cash flow for the financial year and of the state of affairs as at 31 March 2011.

In preparing the Accounts, the Accounting Officer is required to comply with the Government *Financial Reporting Manual (FReM)* prepared by HM Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the *FReM*, have been followed, and disclose and explain any material departures in the Accounts; and
- prepare the Accounts on a going concern basis.

The Principal Accounting Officer of DWP has appointed the Chief Executive of Jobcentre Plus as the Accounting Officer for Jobcentre Plus. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding Jobcentre Plus assets, are set out in '*Managing Public Money*', published by HM Treasury.

Jobcentre Plus Statement on Internal Control

Scope of responsibility

1. As Accounting Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of Jobcentre Plus policies, aims and objectives while safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.
2. Jobcentre Plus is an executive agency of DWP. I am accountable to the DWP Permanent Secretary. I am a member of the Department's Executive Team.
3. I am accountable for the delivery of Jobcentre Plus objectives. I deliver these objectives within a framework of policies developed by Ministers and policy groups as outlined in the Department's Structural Reform Plan. I am responsible for developing business strategies and plans to deliver the objectives set for Jobcentre Plus by Ministers and the Permanent Secretary within the resource allocated to the Agency. I have established links between Jobcentre Plus and other parts of DWP to ensure that our respective customers receive the help and support that they require.
4. Significant elements of Jobcentre Plus services are provided by external partners, so it is important that robust contract management arrangements are in place. The Department's Commercial Directorate manages these contracts, ensuring that all commercial activity is carried out legally and provides best value for money. My Employers and Stakeholders Directorate oversees and advises my Board on Jobcentre Plus' role in Employment Programme delivery and partnership activities. This Directorate was re-structured in February 2011 to incorporate Strategy and Planning.
5. Significant elements of Jobcentre Plus infrastructure are provided by the Department and managed on my behalf, through contractual arrangements, for example with Telereal Trillium for estates and with HP Enterprise Services Ltd for IT services. The Department also provides a Shared Services function for some finance and human resource activity. Where appropriate, the relationship between Jobcentre Plus and the Department is managed through a service level agreement.

The purpose of the system of internal control

6. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the risks to the achievement of Jobcentre Plus policies, aims and objectives, to evaluate the likelihood and impact of the risks being realised, and to manage them effectively, efficiently and economically. The system of internal control has been in place in Jobcentre Plus for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

Capacity to handle risk

7. I am accountable for managing risk in Jobcentre Plus supported by my Executive Team. Each Executive Director is responsible for identifying the key risks and longer-term threats in their business area in the context of the Strategic Plan. There is a clear accountability framework to ensure Directors have systems in place to effectively manage their risks. They are also required to provide an assurance on the effectiveness of their risk management arrangements through the Letter of Assurance (LoA) process.
8. I have a dedicated team of specialists, acting as the focal point for risk management and risk reporting in Jobcentre Plus, supporting the business and promoting good practice. Risk contacts across the business communicate key messages and report on lower level risks. A Risk Forum brings risk contacts together to share good practice and promote a consistent approach to risk management. Risk management learning is available to all staff.

The risk and control framework

9. Jobcentre Plus uses the Department's Risk Management Framework to ensure consistency and best practice. In September 2010, I commissioned an independent review of Jobcentre Plus' risk management arrangements against an established enterprise risk model. The review informed an improvement action plan, which has been endorsed by Board Directors.
10. The key risks to Jobcentre Plus achieving its objectives are captured on the High-Level Risk Register, which is supported by individual Risk Information Reports providing key risk indicator information to facilitate debate and challenge. The Jobcentre Plus Executive Team reviews the High-Level Risk Register quarterly. The Board and the Corporate Governance Committee (CGC) provides challenge six-monthly. Non-executive members of the CGC take the lead for specific areas of risk to enable a more informed and robust

challenge. This oversight process ensures that management focuses on the most significant risks facing the business and ensures mitigation activities are being actively managed.

11. The Department's Risk Assurance Division (RAD), which provides Jobcentre Plus' internal audit function, also provides independent assurance on how Jobcentre Plus manages its key risks. RAD's work programme is aligned with the high-level risks and the Jobcentre Plus Account Manager meets regularly with Directors to understand emerging risks and control challenges and to inform their future work programme.
12. Lower-level risks are managed by appropriate forums as part of the Jobcentre Plus governance structure. These forums are usually chaired by a member of the Jobcentre Plus Executive Team. There are clear escalation routes in place to ensure that risks are managed at the appropriate level.
13. Information Security risks are identified and managed using the Departmental risk management arrangements. An overarching Information Security risk is captured within the Jobcentre Plus High-Level Risk Register. The DWP Information Security Committee, chaired by the Department's Senior Information Risk Owner, sets policy and oversees the major information security issues facing the Department. Comprehensive Information System Security Standards are in place and new information systems are subject to security accreditation in accordance with Cabinet Office Standards.

Review of effectiveness

14. As Agency Accounting Officer, I am responsible for reviewing the effectiveness of the system of internal control. My review is informed by the executive managers within Jobcentre Plus, who are responsible for the development and maintenance of the internal control framework, the work of internal audit and comments made by external audit in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the CGC, and plans to address weaknesses and ensure continuous improvement of the system are in place.
15. The CGC incorporates the functions and responsibilities of an audit committee for the Agency and works with RAD to focus on those areas of the business at greatest risk. The Committee conforms to HM Treasury best practice by comprising of non-executive members. It is chaired by Kenneth Ludlam, a Non-executive Director of the Board. The CGC receives regular updates on action to address identified weaknesses within the Jobcentre Plus system of internal control. This allows them to assess the effectiveness of mitigation action and where appropriate, request further work to be undertaken to strengthen the control environment.

16. Jobcentre Plus Executive Team members are required to confirm the effectiveness of their internal control systems and risk management procedures through the LoA process. My Finance Directorate is responsible for analysing and reporting on Agency compliance data produced by the RAD Corporate Compliance Team, and for the development of the Jobcentre Plus Dashboard which aggregates information from various sources to determine the effectiveness of Jobcentre Plus internal controls and levels of compliance. The Jobcentre Plus Dashboard is presented to the CGC on a quarterly basis.
17. Going into 2011-12, an ambitious programme of welfare reforms, a significant efficiency challenge and the impact of the DWP Business Review, has heightened risk in the areas of staff capability and capacity to deliver Jobcentre Plus transformation plans.
18. Transitional arrangements for Jobcentre Plus claimants participating on the Work Programme and the required changes to external provision will be challenging, primarily due to the scale of change. In order to provide oversight control over potential risks posed by the Work Programme, CGC will be provided with regular updates.
19. RAD provides an annual independent assessment on the level of assurance provided by Jobcentre Plus' governance, risk and control framework. Based on the scope and outcomes of RAD's assurance work programme in 2010-11, the assessment remains at 'Reasonable Assurance' with the exception of the following matters: Social Fund; Information Security; and Resource Management (RM) Manual Payments.

Significant control challenges

20. Within the 2009-10 Statement on Internal Control (SIC), Jobcentre Plus reported significant control challenges in relation to document storage and retrieval and non-compliance with the completion and recording of mandatory checks. Over the course of the year, these matters have been mitigated to within Jobcentre Plus' risk appetite, and therefore no longer present a significant control challenge:
 - a. **Document storage and retrieval:** The 2009-10 SIC highlighted a need to increase storage capacity and improve efficiency in document management. Significant action has been taken to increase storage capacity through the more effective application of retention policies to enable the destruction of dormant documents. Progress is overseen by the Paper Reduction Programme. In addition, funding has been secured to support further initiatives to release capacity within the existing storage facilities and to move towards realising the DWP objective of a single storage facility by 2014. Document management remains a Social Fund control challenge as referenced at Paragraph 21f.

- b. **Non-compliance with mandatory checks:** The 2009-10 SIC reported high levels of non-compliance in relation to the completion and recording of mandatory checks. Improvement work has been undertaken throughout the year, including the introduction of Audit Trail Analysis System (ATAS) checks from May 2010, the formation of a dedicated team to improve the checking regime and strengthen system access and replacing randomly selected Security Assurance Checks with targeted ATAS checks. Although work continues to further strengthen the post-payment control environment, data now shows that non-compliance with mandatory checks no longer represents a significant control challenge for Jobcentre Plus.

21. The CGC has identified the following areas where further improvement action is required:

- a. **Information Security:** This was previously identified as a control challenge because of the need to strengthen accountabilities, improve control and increase staff awareness of security requirements. Significant progress has been made throughout the year to improve the control environment. Security business partnering arrangements have been implemented, creating a network of dedicated security specialists who work with managers and process designers to raise the visibility of security and improve engagement. There has also been continued senior involvement in key developments to improve access controls and the monitoring of multi-access controls. Work is continuing to develop risk-based solutions to identify misuse through ATAS checks and email filtering, while action taken to improve security awareness includes developing security e-learning and providing 'security surgeries'. Action has been taken to strengthen guidance and support for managers to ensure that correct and consistent disciplinary action is taken in the event of security breaches.

Despite the significant progress made, the changing business environment continues to present challenges because of increased use of digital services and business virtuality, together with continuing staff non-compliance.

- b. **Accuracy of benefit payments:** The estimated monetary value of fraud and error in Jobcentre Plus benefits is a contributory factor to qualification of the DWP Accounts. For Jobcentre Plus, the estimated value of overpayments in 2010-11 totalled £770m and the value of underpayments totalled £140m.

The Jobcentre Plus Error Reduction Programme is continuing to support Departmental objectives and the Corporate Fraud and Error Strategy of reducing the level of losses. Systems are being developed to improve the analysis of the cause of error and new system checks have been introduced to help prevent avoidable overpayments. Work is also

progressing to introduce an independent national checking tier to undertake a continual analysis of performance and identify those sites suitable for performance improvement activity.

Although work is progressing to improve management information and enable performance and improvement activity to be evaluated, this remains a significant challenge to improving control and reducing the levels of losses through fraud and error.

- c. **Incapacity Benefit (IB) Income Support (IS) Reassessment:** The backlog of Work Capability Assessments and appeals is a significant capacity challenge for Jobcentre Plus, ATOS Healthcare and the Tribunal Service. A programme of action is in place to mitigate these risks, including: working with the Ministry of Justice to increase processing capacity in the Tribunal Service; engagement with ATOS Healthcare to manage volumes; the introduction of a Quality Assurance Framework to improve the quality of decisions and the development of comprehensive contingency plans.
- d. **Validation of variable charges for medical services supplied by ATOS:** An emerging control issue has been identified in respect of the validation process for checking ATOS invoices to ensure that invoiced services can be matched to independent verifiable referral volumes before payment is made. Work is ongoing within this area to further strengthen the invoice approval control environment.
- e. **RM Manual Payments:** A weakness was identified in the end-to-end process for making RM manual payments through the Department's Shared Services. A cross-DWP Task Force was established to oversee control activity to address concerns and a comprehensive review of controls resulted in improved audit trails to support payments made. Work continues to improve compliance with payment route-way approvals and with Business Controls System check requirements.
- f. **Social Fund:** I am responsible for the provision of the annual Social Fund White Paper Account. This is provided by the Department's Accounting Shared Services Organisation with assurance and scrutiny undertaken by Jobcentre Plus Finance. The Account has been qualified for a number of years, primarily due to errors identified in the decision making process and issues relating to document management.

Within the 2009-10 SIC, I reported the Social Fund Account's production process as a significant control challenge. Over the course of the year, the Social Fund Task Force, led by myself as Chief Executive, has overseen control improvement activity in this area and following a fundamental overhaul of the Accounts production methodology, it no longer presents a significant control challenge.

The following areas have been identified as Social Fund control challenges for 2010-11:

- **Document management:** The storage, retention, retrieval and disposal of customer documentation remains a significant control issue. Failure to locate documentation during the NAO and RAD regularity sample request has contributed to the Social Fund Account qualification. The introduction of scanning facilities has resulted in all new Social Fund cases being scanned within five days of payment, improving security, reducing staff time and storage costs.

Despite progress made to date, a number of case papers could not be sourced. A detailed action plan has been put in place to address this issue.

- **Quality of decision making:** Although the Account qualification relating to Sure Start Maternity Grants has been removed as a result of improvements made to both the decision making process and document control, errors identified in relation to manual Cold Weather Payments has subsequently led to an extension of the regularity qualification being required. Jobcentre Plus will continue to focus control improvement activity on the decision making process, utilising the Quality Assurance Framework to provide a consistent approach and aid improvement activity.
- **Debt issues:** There remains concern over the completeness and accuracy of the debt balance and the associated system reconciliation. Analysis indicates large volumes of unmatched items between the Social Fund Computer System and the Programme Accounting Computer System. This issue remains a significant control challenge as the detailed investigation and resolution work is not yet complete. A timeline is in place to address the outstanding issues in readiness for the 2011-12 interim Accounts stage.

Processes are being developed to provide assurance on the control and management of passported Debt, Clerical Cases and Debt Relief Orders. Work remains ongoing to further strengthen the control environment within this area.



Darra Singh
Jobcentre Plus Accounting Officer
6 July 2011

The certificate and report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of Jobcentre Plus for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Jobcentre Plus and Accounting Officer's Responsibilities, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Agency's affairs as at 31 March 2011, and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Chief Executive Foreword, Our services, Our key achievements, Our Structural Reform priorities, Appendix 2: Carbon report for 2010-11 and the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or

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- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

15 July 2011

Jobcentre Plus Statement of Comprehensive Net Expenditure

For the year ended 31 March 2011

	Note	2010-11 £'000s	Restated 2009-10 £'000s
Administration costs			
Staff costs	3a	2,138,347	2,163,213
Other administration costs	4	1,443,567	1,597,088
Gross administration costs		3,581,914	3,760,301
Operating income	6	(16,218)	(18,728)
Net administration costs		3,565,696	3,741,573
Net operating cost		3,565,696	3,741,573
Other comprehensive expenditure			
Net loss/(gain) on revaluation of intangible assets		5,246	(8,301)
Total comprehensive expenditure for the year ended 31 March 2011		3,570,942	3,733,272

All income and expenditure is derived from continuing operations.

The notes on pages 56 to 104 form part of these Accounts.

Jobcentre Plus Statement of Financial Position

As at 31 March 2011

	Note	31 March 2011 £'000s	Restated 31 March 2010 £'000s	Restated 1 April 2009 £'000s
Non-current assets				
Property, plant and equipment	7	5,273	22,493	17,380
Intangible assets	8	166,502	153,582	144,872
Trade and other receivables falling due after one year	11a	135	154	188
Total non-current assets		171,910	176,229	162,440
Current assets				
Trade and other receivables falling due within one year	11a	13,977	17,628	19,183
Cash and cash equivalents	12	469	477	383
Total current assets		14,446	18,105	19,566
Total assets		186,356	194,334	182,006
Current liabilities				
Trade and other payables falling due within one year	13a	(216,021)	(227,633)	(208,089)
Total current liabilities		(216,021)	(227,633)	(208,089)
Non-current assets less net current liabilities		(29,665)	(33,299)	(26,083)
Non-current liabilities				
Provisions	14	(2,686)	(3,408)	(5,927)
Total non-current liabilities		(2,686)	(3,408)	(5,927)
Assets less liabilities		(32,351)	(36,707)	(32,010)
Taxpayers' equity				
General Fund		(33,064)	(43,459)	(32,627)
Revaluation Reserve		713	6,752	617
Total taxpayers' equity		(32,351)	(36,707)	(32,010)



Darra Singh
Jobcentre Plus Accounting Officer
6 July 2011

The notes on pages 56 to 104 form part of these Accounts.

Jobcentre Plus Statement of Cash Flows

For the year ended 31 March 2011

	Note	2010-11 £'000s	Restated 2009-10 £'000s
Cash flows from operating activities			
Net operating cost		(3,565,696)	(3,741,573)
Adjustments for non-cash transactions	4	647,586	756,325
Decrease in trade and other receivables excluding provision for impairment	11a	4,300	1,555
<i>Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	4	-	(947)
(Decrease)/Increase in trade and other payables	13a	(11,612)	19,544
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		(20,897)	2,937
Use of provisions	14	(1,116)	(3,400)
Net cash outflow from operating activities		(2,947,435)	(2,965,559)
Cash flows from investing activities			
Purchase of property, plant and equipment	7e	(173)	(11,176)
Purchase of intangible assets	8g	(36,447)	(36,205)
Net cash outflow from investing activities		(36,620)	(47,381)
Cash flows from financing activities			
Funding from DWP		2,448,379	2,539,185
Funding from National Insurance Fund		536,296	476,194
Payments of amounts to the Consolidated Fund		(628)	(2,345)
Net financing		2,984,047	3,013,034
Net (decrease)/increase in cash and cash equivalents in the year	12	(8)	94
Cash and cash equivalents at the beginning of the year	12	477	383
Cash and cash equivalents at the end of the year		469	477

The notes on pages 56 to 104 form part of these Accounts.

Jobcentre Plus Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2011

	Note	General Fund £'000s	Revaluation Reserve £'000s	Total £'000s
Balance at 31 March 2009		(32,287)	296	(31,991)
Restatements	21	(340)	321	(19)
Restated balance at 1 April 2009		(32,627)	617	(32,010)
Funding from DWP		2,539,185	-	2,539,185
Funding from National Insurance Fund		476,194	-	476,194
CFER income	6	(586)	-	(586)
Net operating cost		(3,741,573)	-	(3,741,573)
Non-cash adjustments:				
Auditor's remuneration	4	412	-	412
Intangible assets transfers	8	358	-	358
Intra departmental charges	5	713,012	-	713,012
Movements in reserves:				
Transfer between reserves		2,166	(2,166)	-
Recognised in Statement of Comprehensive Net Expenditure:				
Net gain on revaluation of intangible assets		-	8,301	8,301
Restated balance at 31 March 2010	21	(43,459)	6,752	(36,707)

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	Note	General Fund £'000s	Revaluation Reserve £'000s	Total £'000s
Restated balance at 31 March 2010	21	(43,459)	6,752	(36,707)
Funding from DWP		2,448,379	-	2,448,379
Funding from National Insurance Fund		536,296	-	536,296
CFER income	6	(38)	-	(38)
Net operating cost		(3,565,696)	-	(3,565,696)
Non-cash adjustments:				
Auditor's remuneration	4	403	-	403
Property, plant and equipment transfers	7	(8,082)	-	(8,082)
Intangible assets transfers	8	680	-	680
Intra departmental charges	5	597,660	-	597,660
Movements in reserves:				
Transfer between reserves		793	(793)	-
Recognised in Statement of Comprehensive Net Expenditure:				
Net (loss) on revaluation of intangible assets		-	(5,246)	(5,246)
Balance at 31 March 2011		(33,064)	713	(32,351)

The General Fund represents the total assets less liabilities of Jobcentre Plus to the extent that the total is not represented by other reserves and financing items.

The Revaluation Reserve reflects the revaluation surplus as a result of increases to asset values above their historic book value following indexation. The full revaluation reserve balance relates to intangible assets, £0.7m (1 April 2010: £6.8m).

The transfer between reserves represents the in year reduction of the revaluation surplus over the life of the asset.

The notes on pages 56 to 104 form part of these Accounts.

Notes to the Accounts

Note 1 Statement of accounting policies

1.1 Basis of preparation and statement of compliance

The Accounts have been prepared in accordance with the 2010-11 Government *Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to Jobcentre Plus for the purpose of giving a true and fair view has been selected. The accounting policies adopted by Jobcentre Plus are set out below. They have been applied consistently in dealing with items that are considered material in relation to the Accounts.

All amounts included in the Accounts have been rounded to the nearest thousand pounds unless stated otherwise.

a. Going concern

Jobcentre Plus has prepared these Accounts on a going concern basis. As a direct result of adjustments to the Accounts required on transition to IFRS in 2009-10, the Jobcentre Plus Statement of Financial Position at 31 March 2010 and at 31 March 2011 indicates more liabilities than assets.

Jobcentre Plus receives its funding from DWP, as part of the Government's Spending Review 2010. The funding settlement allocated internally from DWP to Jobcentre Plus provides funding through to 2014-15.

Jobcentre Plus continues to be financed via the DWP, by drawing down funds from the UK Consolidated Fund. The application for future financing of the DWP will be approved annually by Parliament. As there is no reason to believe that future approvals will not be forthcoming, it has been considered appropriate to adopt the going concern basis for the preparation of these Accounts.

1.2 Accounting standards, interpretations and amendments

a. Effective in these Accounts

All IFRS, interpretations and amendments to published standards, effective at 31 March 2011, have been adopted in these Accounts, taking the specific interpretations and adaptations included within the *FReM*.

Jobcentre Plus has adopted the following new and amended IFRS as of 1 April 2010:

IAS 7 Statement of Cash Flows (effective for periods beginning on or after 1 January 2010). This requires that only expenditure which results in a recognised asset in the Statement of Financial Position can be classified within investing activities. Jobcentre Plus is compliant with IAS 7 in that the only recognised investing activities are the purchase of property, plant and equipment and intangible assets within the Statement of Financial Position.

IAS 17 Leases (effective for periods beginning on or after 1 January 2010). Prior to this amendment, land leases were generally classified as operating leases. The amendment requires that land leases are classified as either finance leases or operating leases in accordance with the principles of IAS 17. This is significant where property is held under long term leases which are, in effect, little different to property purchase. Jobcentre Plus has undertaken a review of its land leases and has determined that there is no impact. Land leases held by Jobcentre Plus remain to be classified as operating leases.

The following amendments to the *FReM* have been made and are effective from 1 April 2010. The effects of these changes on the prior year are disclosed in Note 21.

The HM Treasury Clear Line of Sight Project aims to align budgets, estimates and accounts. As a result of amendments to the budgetary regime, cost of capital charges have been removed from financial statements with effect from 1 April 2010 in line with corresponding changes to budgets and estimates.

Additional amendments to the *FReM*, effective from 1 April 2010, have been made in respect of the amendment to terminology from the Operating Cost Statement to the Statement of Comprehensive Net Expenditure, the addition of Other Comprehensive Expenditure and the adaptation of IAS 36 *Impairment of Assets*. The latter requires impairments of non-current assets that arise from a clear consumption of economic benefits to be taken direct to the Statement of Comprehensive Net Expenditure rather than to the Revaluation Reserve.

b. Effective for future financial years

The following IFRS, International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments applicable to Jobcentre Plus, have been issued but are not yet effective and have not been adopted early by Jobcentre Plus:

IFRS 7 Financial Instruments: Disclosures (effective for periods beginning on or after 1 January 2011). The amendment clarifies requirements in respect of quantitative disclosures and exposure to credit risk. Jobcentre Plus will undertake an assessment in respect of the amendments in order to provide those additional disclosures required for the 2011-12 Accounts.

IFRS 7 Financial Instruments: Disclosures (effective for periods beginning on or after 1 July 2011). Detailed disclosures are required for financial assets transferred to another entity but not derecognised in their entirety, and financial assets derecognised in their entirety but in which the reporting entity has an involvement. Jobcentre Plus does not expect there to be any transactions requiring disclosure but will assess further as appropriate for the 2012-13 Accounts.

IFRS 9 Financial Instruments: Classification and Measurement (effective for periods beginning on or after 1 January 2013). IFRS 9 is a replacement for IAS 39 and introduced new requirements for the classification and measurement of financial assets, together with the elimination of two categories. Further proposals were introduced in October 2010 in respect of derecognising financial assets and liabilities. IFRS 9 is due to be expanded further in June 2011 with regard to the impairment of financial assets measured at amortised cost. Jobcentre Plus will undertake an assessment of the impact of IFRS 9 once the full requirements are known.

IAS 24 Related Party Transactions (effective for periods beginning on or after 1 January 2011). The amendment provides exemption for full disclosure of transactions with state-controlled entities and does not impact the current exemption allowed within the *FReM*. IAS 24 also clarifies the definition of a related party.

1.3 Accounting convention

These Accounts have been prepared under the historical cost accounting convention modified for the revaluation of non-current assets at fair value, as determined by the relevant International Accounting Standard.

1.4 Accounting estimates and judgements

The preparation of the Accounts in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying DWP accounting policies. Estimates are continually evaluated and are based on historical experience and other factors that are believed to be reasonable.

The policies below highlight those areas involving a higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the financial statements.

a. Impairment of trade and other receivables

Jobcentre Plus reviews its receivables for impairment each year. For the purposes of assessing the impairment of receivables, balances are analysed by category type and aged profile as this is considered to be the most reliable predictor of future payment performance. Impairment loss is measured as the difference between the carrying amount of trade and other receivables and the present value of estimated future cash flows, the calculation of which differs depending on the type of receivable.

The impairment percentage is calculated using the prevailing recovery rates exhibited by the respective receivable profile for Jobcentre Plus by receivable category type, by age profile and by calculating the actual recovery rates from a recent preceding 12 month period. The calculation includes instalment payments but excludes other government department receivables due within one year as these are expected to be fully recovered.

The respective impairment percentage calculations are applied to the appropriate receivables falling due within one year. This ensures that assets are carried at no more than their fair value, i.e. their expected recoverable amount.

Receivables greater than one year old are subject to 100 per cent impairment as it is considered unlikely that debts of this age will be recovered.

b. Employee leave accrual

IAS 19 *Employee Benefits* requires Jobcentre Plus to determine the employee benefit liability for employee leave as at the end of the financial year. Jobcentre Plus had originally been relying on a planned Resource Management system upgrade to collect data for each employee that would calculate the respective employee leave accrual figures at a specific point in time. Delays to the implementation of the upgrade have resulted in Jobcentre Plus developing an interim proxy measure using a sampling approach for calculating the accrual at 31 March 2011. In 2009-10, the Department (including its statisticians) and Jobcentre Plus worked to develop and implement an appropriate methodology to provide a statistically valid sample for Jobcentre Plus. For 2010-11, the sampling exercise has been repeated using this same methodology and the sample results have been extrapolated across the population to establish a reliable estimate of the employee benefit liability.

c. Revaluation of intangible assets

The *FReM* interpretation of IAS 38 requires Jobcentre Plus to revalue its intangible assets to depreciated replacement cost as a proxy for fair value. As suggested in the *FReM*, Jobcentre Plus has applied appropriate indices to revalue internally developed software and software licence assets to 31 March 2011.

Jobcentre Plus, in line with the Department, have opted to use the final February 2011 restated indices which is a change in the estimation technique in 2010-11 as prior year indexation was based on the latest available indices. Due to the publication timetable for indices, this change ensures that revaluation is based on final published indices instead of provisional indices which can be unreliable. The change also ensures that developed software asset values are not distorted by material bonus payments that are typically reflected in the March Average Weekly Earnings index. The 2010-11 impact of changing the estimation technique is to decrease the developed software net book value by £2.7m, increase the loss on devaluation through the Statement of Comprehensive Net Expenditure by £0.1m, decrease in year depreciation by £1.1m, and decrease reserves by £3.7m. The impact on software licences is negligible.

- **Internally developed software**

Following extensive consideration which included a review of alternative indices and consultation with the Office of National Statistics (ONS), Jobcentre Plus, in line with the Department, has continued to use the Average Weekly Earnings (AWE) Private Sector index to revalue its internally developed software assets. Management consider this to be the most suitable proxy to fair value for internally developed software given the labour intensive nature of software development. The main assumption held in coming to this conclusion is that the costs incurred to replace such assets are correlated to movements in the cost of labour within the private sector. Application of this index has resulted in a devaluation in 2010-11. Management believe this is appropriate and brings down the valuation from the peak at the end 31 March 2010 where the index was impacted by high bonus payments and pay advances.

- **Software licences**

Experts across the Department have liaised extensively to establish a considered and informed view of the most appropriate basis on which to perform the revaluation. There is a consensus of opinion that there is no index currently available that provides a flawless result. No trend information is held by DWP on the specific licences used by Jobcentre Plus. Due to the range of software in the market, it is not practical for DWP Corporate IT to maintain an up to date price list for all suppliers. As the next best alternative, the index viewed by management as most appropriate in achieving the requirement of IAS 38 and the *FReM* to establish a suitable proxy for fair value is MM17: Computers and peripheral equipment JV5(a). The main assumption being that although this includes movements in IT hardware as well as licence prices it adequately reflects the movements in the costs of licences during the changing market conditions experienced over this period. This index replaces MM17: Computers and other information processing equipment PQEK which was used to revalue software licences to 31 March 2010 and was discontinued by the ONS in October 2010.

1.5 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition set out in the *FReM*.

Administration costs reflect the costs of running Jobcentre Plus. These include both administrative costs and associated income.

Accountability for the Employment Programme income and expenditure transferred from Jobcentre Plus to the Welfare and Wellbeing Group and Employment Group, the majority on 1 April 2007. In 2010-11 there was no programme income and expenditure reported in the Accounts.

1.6 Northern Ireland Social Security Agency

The Northern Ireland Social Security Agency (NISSA) delivers specified Social Security services on behalf of Jobcentre Plus. All people working in the Belfast Benefits Processing Centre and Lisahally site are employees of the Department for Social Development Northern Ireland, which initially bears the cost of running the centres. All of these costs are reimbursed by Jobcentre Plus and are included in the Statement of Comprehensive Net Expenditure.

1.7 Employee benefits

Short term employee benefits, such as salaries and paid absences, are accounted for on an accruals basis over the period for which employees have provided services in the year. General staff bonuses are recognised to the extent that Jobcentre Plus has a present obligation to pay this amount as a result of past service and the obligation can be measured reliably. Bonuses in relation to Senior Civil Service employees are not recognised until payments to individuals have been determined.

1.8 Value Added Tax (VAT)

Most of the activities of Jobcentre Plus are outside the scope of VAT and in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT. As the Department is treated as a single entity for VAT purposes, the recoverable VAT balance is shown in the DWP Annual Report and Accounts.

1.9 Insurance

Jobcentre Plus does not purchase commercial insurance unless it is required under the standard terms of a service contract. Losses arising from damage to or loss of assets, employer's liability and claims from third parties are charged directly to the Statement of Comprehensive Net Expenditure.

1.10 Operating income

Operating income relates directly to the operating activities of Jobcentre Plus. It comprises fees and charges for services provided on a full cost basis to external customers, as well as public repayment work. Operating income is retained as Appropriations-in-Aid and is stated net of VAT. Where income is received over and above the budgeted Appropriations-in-Aid, this income is surrendered back to the Consolidated Fund in the form of a Consolidated Fund Extra Receipt (CFER).

1.11 Revenue recognition

Jobcentre Plus complies with IAS 18 in respect of its income streams and recognises revenue when earned.

1.12 Operating segments

IFRS 8 *Operating Segments* requires segmental reporting to be based on the internal financial information provided to the chief operating decision maker. Jobcentre Plus' chief operating decision maker is deemed to be the Jobcentre Plus Board of Management who are responsible for allocating resources and assessing the performance of the Agency.

1.13 Property, plant and equipment

Property, plant and equipment are stated at fair value. However as permitted by the *FReM* Jobcentre Plus has elected to adopt a depreciated historical cost basis as a proxy for fair value for non-property assets that have a short useful life or are of relatively low value. This therefore applies to IT hardware, plant and machinery, and furniture and fittings. The treatment of property assets is disclosed in Note 1.14.

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the capitalisation threshold of £1,000 for IT hardware and £5,000 for plant and machinery and furniture and fittings. Where an item costs less than the capitalisation threshold but forms an integral part of a package whose total value exceeds the threshold, the item is treated as a capital asset. For furniture and fittings, the total cost of maintaining a record of relatively low value individual items is considered prohibitive and therefore the majority of these items are recorded on a pooled basis. On initial recognition,

assets include any costs, such as installation, which are directly attributable to bringing them into working condition. All expenditure on repairs and maintenance is charged to the Statement of Comprehensive Net Expenditure during the financial year in which it is incurred.

Depreciation is calculated using the straight line method to write assets down to their estimated residual value over the expected useful lives as follows:

IT hardware	three to seven years
Plant and machinery	five to ten years
Furniture and fittings	two to fifteen years

Depreciation is calculated from the month following acquisition.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each financial year. All items of property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds the higher of the asset's value in use or its fair value less costs to sell.

Gains and losses on disposal of property, plant and equipment are determined by comparing any proceeds with the carrying amount of the asset and are recognised within the administration costs of the Statement of Comprehensive Net Expenditure.

1.14 Land and buildings

Jobcentre Plus does not include land and buildings that it occupies in its Statement of Financial Position. Most properties are leased under a DWP Departmental Private Finance Initiative (PFI) with Telereal Trillium. These assets are included on the DWP Annual Report and Accounts and there is an operating lease arrangement with DWP for the buildings occupied by Jobcentre Plus. For the remainder, Jobcentre Plus has mainly minority occupancy in other government organisation buildings, these operating lease arrangements are provided by means of a Memorandum of Terms of Occupation (MOTO).

1.15 Intangible assets

Purchased software licences and applications with a licence period of more than one year and exceeding the capitalisation threshold of £1,000 are capitalised at cost and subsequently reported at depreciated replacement cost as a proxy for fair value.

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Internally developed software is capitalised in line with IAS 38 *Intangible Assets* on the basis of the costs incurred to acquire or develop the specific software and bring it into use. Directly attributable costs associated with the development of software that will generate future economic benefits are capitalised as part of the software intangible asset.

Website development costs are capitalised in line with the requirements of SIC 32 *Website Costs* and the specific criteria as determined by IAS 38 on the basis of the costs incurred to acquire or develop the specific website and bring it into use.

Expenditure on research activities which does not meet the criteria of IAS 38 is recognised as an expense in the period in which it is incurred.

Assets are subsequently revalued to fair value. Where an active market exists for the asset, it is carried at a revalued amount based on market value at the end of the reporting period. Where no active market exists, assets are revalued using appropriate indices to indicate depreciated replacement cost as a proxy for fair value.

Amortisation is calculated using the straight-line method to write assets down to their estimated residual value over the expected useful lives as follows:

Purchased software licences	five years or period remaining on licence if shorter
Internally developed software	five years or the life of the software if shorter
Websites	five years

Amortisation is calculated from the month following acquisition. Assets under construction are not amortised but are subject to impairment reviews until the asset is available for use.

The residual values and useful lives of assets are reviewed and adjusted if appropriate, at the end of each financial year. All items of intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds the higher of the asset's value in use or its fair value less costs to sell. Impairment losses on revalued assets are taken to the revaluation reserve to the extent that there is a balance in the reserve except where the loss arises from a clear consumption of economic benefit where it is taken to the Statement of Comprehensive Net Expenditure.

1.16 Leases

Leases are classified as finance leases if the terms of the lease involve the transfer of substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases and the rentals paid are charged to the Statement of Comprehensive Net Expenditure as incurred.

1.17 Financial assets and liabilities

Financial assets and liabilities are recognised when Jobcentre Plus becomes party to the contracts that give rise to them. Jobcentre Plus determines the classification of financial assets and liabilities at initial recognition in line with the categories designated by IAS 39 *Financial Instruments: Recognition and Measurement* as appropriate. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between informed and willing parties.

Financial assets are derecognised when the right to receive cash flows has expired or Jobcentre Plus has transferred substantially all the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligations under the liability is discharged, cancelled or expire. It is, and has been, Jobcentre Plus' policy that no trading in financial instruments is undertaken.

Financial liabilities within trade and other payables and accruals are non-interest bearing and are recognised at fair value, which is usually the original invoiced amount.

Cash and cash equivalents comprise cash in hand.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Loans and receivables are initially recognised at fair value which is usually the original invoiced amount and subsequently net of any impairment.

Jobcentre Plus assesses, at the end of the financial year, whether there is objective evidence that financial assets are impaired as a result of events that occurred after the initial recognition of the asset and prior to the end of the reporting period. If such events have had an adverse impact on the estimated future cash flows of the financial instrument they are impaired and the value within the Statement of Financial Position is reduced by the amount of any impairment. For the purposes of a collective evaluation of impairment, financial assets are grouped, where they are not individually significant, on the basis of similar risk characteristics, taking into account the type of instrument and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the terms of the asset being evaluated.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows and is recognised in the Statement of Comprehensive Net Expenditure. Future cash flows for a group of financial instruments that are collectively evaluated for impairment are estimated on the basis of expected cash flows for the assets and historical loss experience for assets with credit risk characteristics similar to those in the group.

1.18 Inventories

Jobcentre Plus holds inventories of stationery, computer spares and similar consumable materials for its own use. Due to the nature of these items Jobcentre Plus does not consider it appropriate to reflect their value in the Statement of Financial Position. Accordingly, Jobcentre Plus charges all expenditure on consumable items to the Statement of Comprehensive Net Expenditure.

1.19 Provisions

Provisions are liabilities of uncertain timing or amount and are recognised when Jobcentre Plus has a present legal or constructive obligation as a result of a past event, it is reliably measurable and it is probable that the Agency will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, and are discounted to the present value using the real rate set by HM Treasury where the effect is material, 2.2 per cent (2009-10: 2.2 per cent) for all provisions other than early departure costs and Industrial Injuries Benefit payment provisions where the rate is 2.9 per cent (2009-10: 1.8 per cent).

1.20 Pensions

The provisions of the Principal Civil Service Pension Scheme (PCSPS), details of which are described in Note 3c, cover past and present employees. The defined benefit schemes are unfunded and are non-contributory except in respect of dependents' benefits. Jobcentre Plus recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, Jobcentre Plus recognises the contributions payable for the year. There is a separate scheme statement for the PCSPS as a whole. Details can be found in the Resource Accounts of the Cabinet Office; Civil Superannuation (www.civilservice-pensions.gov.uk).

1.21 Early departure costs

For past early departure schemes, Jobcentre Plus meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. Jobcentre Plus provides for this cost in full when the early retirement programme becomes binding by establishing a provision for the estimated payments, discounted by the HM Treasury discount rate of 2.9 per cent (2009-10: 1.8 per cent) in real terms. Where the DWP funds early release schemes centrally then a provision is created in the DWP Annual Report and Accounts with costs of lump sum and annual compensation payments recharged to Jobcentre Plus.

From 22 December 2010, new Civil Service compensation terms have been introduced for early departure schemes and under the new terms, all exit costs to be paid by Jobcentre Plus consist of lump sum payments only, which are recognised in these Accounts.

1.22 Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed, unless the likelihood of a transfer of economic benefits is remote.

In addition to contingent liabilities disclosed in accordance with IAS 37, Jobcentre Plus discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

These comprise:

- items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by Departmental Minute prior to Jobcentre Plus entering into the agreement; and
- all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of the Accounts) which are required by the *FReM* to be noted in the Accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.23 Funding from the Department for Work and Pensions

The DWP's main source of funding is the annual Parliamentary Grant. This was held in the Consolidated Fund by the Office of the Paymaster General until 1 July 2010 and by the Government Banking Service (GBS Citibank account) ever since. This account is drawn down as required to cover payments made. The Department uses its account with the GBS Citibank to fund three sub accounts, each used by different business areas. All bank accounts are held centrally by the Department and cash balances are reported in the DWP Annual Report and Accounts.

The forecast cash requirement is transferred from the Department's Vote account to the sub accounts at the start of each month. Towards the end of each month the sub account balance is reviewed, and additional funds requested where cash expenditure exceeds forecast. However, the Department will only draw down additional funds from the Consolidated Fund where the net position of all sub accounts indicates a deficit.

1.24 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the Department or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled. Further information can be found at www.hm-treasury.gov.uk. Losses and special payments are disclosed in Note 19.

Note 2 Analysis of net operating cost by segment

IFRS 8 *Operating Segments* requires Jobcentre Plus to disclose costs by operational directorate as reported to the Jobcentre Plus Board of Management.

The four separately identified Directorates reported as operating segments are all areas under the control of the Chief Operating Officer. Together these Directorates make up 95 per cent in 2010-11 (2009-10: 93 per cent) of the total Jobcentre Plus net operating costs. Following the Jobcentre Plus business review on 14 February 2011, the Directorates have been renamed as shown below*.

- The Customer Services Directorate (Jobcentre Directorate*) is the customer facing arm of the organisation with the main purpose of helping people find employment.
- The Benefit and Fraud Directorate (Benefit Centre Directorate*) is responsible for processing and maintaining accurate payment of benefits and for the investigation of benefit fraud across DWP.
- The Contact Centre Directorate handles calls relating to new and existing benefit claims and job vacancies.
- The Operational Delivery Support Directorate (Operational Performance Planning and Change*) assists the Operational Delivery Executive Team to support performance improvement across Jobcentre Plus, to provide operational engagement across all Jobcentre Plus Directorates and to manage risks to the business.

The Directorates aggregated in 'Other' are:

- Business Strategy and Planning Directorate (Strategy, Planning, Employers and Stakeholders Directorate*);
- Employers and Stakeholders Directorate (Strategy, Planning, Employers and Stakeholders Directorate*);
- Finance Directorate;
- Information Technology Directorate; and
- Transformation and Product Management Directorate (Change and Products Directorate*).

a. Net operating cost by segment 2010-11

	Customer Services Directorate £'000s	Benefit and Fraud Directorate £'000s	Contact Centre Directorate £'000s	Operational Delivery Support Directorate £'000s	Other £'000s	2010-11 Total £'000s
Administration costs	1,244,290	620,229	268,881	637,267	163,661	2,934,328
Non-cash charges:						
Depreciation and amortisation	19,124	10,008	4,508	871	11,722	46,233
Intra departmental charges	337,577	172,799	80,049	(4,883)	12,118	597,660
Impairment/ Revaluation of non-current assets	1,371	708	325	5	1,117	3,526
Other	126	(17)	(21)	83	(4)	167
Gross administration costs	1,602,488	803,727	353,742	633,343	188,614	3,581,914
Operating income	(7,790)	(1,751)	(109)	(2,413)	(4,155)	(16,218)
Net operating cost	1,594,698	801,976	353,633	630,930	184,459	3,565,696

b. Net operating cost by segment 2009-10

	Customer Services Directorate £'000s	Benefit and Fraud Directorate £'000s	Contact Centre Directorate £'000s	Operational Delivery Support Directorate £'000s	Other £'000s	Restated 2009-10 Total £'000s
Administration costs	1,280,230	774,719	186,386	535,920	226,721	3,003,976
Non-cash charges:						
Depreciation and amortisation	17,567	8,487	4,396	322	14,409	45,181
Intra departmental charges	400,087	198,475	101,358	(5,772)	18,864	713,012
Impairment/ Revaluation of non-current assets	(2,330)	(1,131)	(586)	(4)	(91)	(4,142)
Other	(264)	(62)	(111)	411	2,300	2,274
Gross administration costs	1,695,290	980,488	291,443	530,877	262,203	3,760,301
Operating income	(5,947)	(2,758)	(402)	(2,320)	(7,301)	(18,728)
Net operating cost	1,689,343	977,730	291,041	528,557	254,902	3,741,573

Note 3 Staff numbers and related costs

a. Staff costs

		2010-11 Staff with a permanent UK employment contract	Others	2009-10 Total
	Total £'000s	£'000s	£'000s	£'000s
Wages and salaries	1,720,309	1,713,684	6,625	1,762,038
Employer's National Insurance	111,877	111,802	75	114,121
Superannuation and pension costs	288,952	288,937	15	286,933
Lump sum early departure costs	17,209	17,209	-	121
Total staff costs	2,138,347	2,131,632	6,715	2,163,213
Less recoveries in respect of outward secondments	(2,640)	(2,640)	-	(2,649)
Less other recoveries of staff costs	(3,362)	(3,362)	-	(415)
Total net staff costs	2,132,345	2,125,630	6,715	2,160,149

In 2009-10 amounts recharged in relation to lump sum early departure costs funded by DWP were not separately disclosed. These have been separately disclosed in the 2010-11 Accounts to aid comparison.

No Jobcentre Plus staff costs are deemed to be directly attributable to the development of assets and therefore have not been capitalised.

b. Average number of persons employed

The average number of full time equivalent persons paid on Jobcentre Plus payroll (excluding staff on secondment to other organisations, agency staff and staff on loan to Jobcentre Plus) during the year was as follows:

	2010-11		2009-10
	Total	Staff with a permanent UK employment contract	Others
Average number of persons employed	<u>77,722</u>	<u>76,471</u>	<u>1,251</u>
			<u>78,626</u>

The average staff figure excludes full time equivalent staff on loan to Jobcentre Plus. This declined from 290 at 31 March 2010 to 9 at 31 March 2011. A total of £1.5m (2009-10: £6.1m) has been included in Note 3a for the cost of these staff to Jobcentre Plus.

The average staff figure also excludes contractors, agency staff and staff substitutes. There was an average of 35 full time equivalent staff in 2010-11 (2009-10: 34), 24 of these were in relation to Corporate IT work for Jobcentre Plus projects. A total of £3.3m (2009-10: £3.0m) has been included in Note 3a for the cost of these staff to Jobcentre Plus.

c. Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, which prepares its own scheme statements, for which Jobcentre Plus is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the Scheme as at 31 March 2007. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/my-civil-service/pensions).

For 2010-11, employer's pension contributions of £287.3m (2009-10: £286.9m) were payable to the PCSPS, at one of four rates in the range 16.7 per cent to 24.3 per cent (2009-10: 16.7 per cent to 24.3 per cent) of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Outstanding contributions amounting to £26.1m (2009-10: £28.2m) were payable to the Civil Superannuation Vote at 31 March 2011 and are included in trade and other payables (see Note 13).

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £1.7m (2009-10: £1.3m) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer's contributions are age related and range from 3 per cent to 12.5 per cent (2009-10: 3 per cent to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer's contributions of £114,847 (2009-10: £88,944), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill-health retirement of these employees. Contributions due to the partnership pension providers were £126,186 (2009-10: £181,184). Contributions prepaid were £nil at 31 March 2011 and 31 March 2010.

In 2010-11: 83 (2009-10: 87) persons retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £135,026 (2009-10: £132,084). These liabilities are not the responsibility of Jobcentre Plus but are met by the pension scheme.

d. Early departure scheme packages

Departure package cost band £'000s	2010-11 Number of other departures agreed*	2009-10 Number of other departures agreed*
0 - 10	330	240
10 - 25	310	120
25 - 50	210	80
50 - 100	110	20
100 - 150	20	-
150 - 200	10	-
Total number of packages	990	460
Total cost £'000s	23,914	6,483

* Numbers are rounded to the nearest ten, and numbers less than five are represented by "-".

There are no early departure scheme packages categorised as compulsory redundancies.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Early departure scheme costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Note 4 Other administration costs

		2010-11		Restated 2009-10	
	Note	£'000s	£'000s	£'000s	£'000s
Goods and services:					
IT services		37,732		41,266	
Medical services		100,363		95,913	
Contracted out services		79,201		78,666	
Telephone and postage		26,160		19,778	
Office supplies		2,087		2,782	
Printing and stationery		8,680		20,754	
Publicity		389		(767)	
Consultancy and professional fees		7,251		22,318	
Project recharge		(28)		(4,254)	
Other	4a	22,204		11,739	
			284,039		288,195
Service charges	4b		266,352		237,857
Accommodation costs	4c		76,383		139,743
Rentals under operating leases:					
Hire of plant and machinery			3,910		2,813
Other operating leases	4d		130,683		115,403
Compensation payments to claimants	4e		2,876		2,095
Staff related:					
Travel, subsistence and hospitality		17,368		33,371	
Other	4f	14,370		21,286	
			31,738		54,657

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	Note	2010-11		Restated 2009-10	
		£'000s	£'000s	£'000s	£'000s
Non-cash charges:					
Intra departmental charges	5	597,660		713,012	
Depreciation	7	3,663		4,885	
Amortisation	8	42,570		40,296	
Impairment of non-current assets	4g	2,715		-	
Revaluation loss/(gain) on intangible assets	4h	811		(4,142)	
Provisions:					
Movement in year	14	565		814	
Unwinding of discount	14	(171)		67	
Movement in provision for impairment of receivables	11a	(630)		34	
Receivables provision utilised		-		947	
Auditor's remuneration – statutory audit	4i	403		412	
			647,586		756,325
Total			<u>1,443,567</u>		<u>1,597,088</u>

a. Other goods and services

Other goods and services include costs of services provided by other government departments in particular the Tribunal Service for benefit appeals work £16.9m (2009-10: £5.0m).

b. Service charges

The cost of £266.4m for 2010-11 (2009-10: £237.9m) is for the facilities price charged in respect of the accommodation occupied by Jobcentre Plus.

c. Accommodation costs

Total accommodation costs include property maintenance costs paid directly by Jobcentre Plus and property rates and utilities in respect of accommodation occupied by Jobcentre Plus.

d. Other operating leases

Jobcentre Plus has operating leases in respect of PRIME, Non PRIME and Northern Ireland Social Security Agency accommodation, fleet vehicles, photocopiers and multi-function devices (see also Note 16).

e. Compensation payments to claimants

Jobcentre Plus compensates individuals whose cases have been badly handled. The scheme aims to restore a person who has been affected by maladministration to the position they would have been in had the error not occurred. Where the maladministration has had an adverse effect on a person's life or well being 'consolatory' payments may be awarded regardless of whether there has been any financial loss.

f. Other staff related costs

This includes costs of staff training, staff leaving on health grounds, membership fees to professional bodies and permanent transfer expenses in respect of employees posted to a new location at Jobcentre Plus expense.

g. Impairment of non-current assets

The major impairments relate to CURAM licences for which no use could be found following the closure of the Benefit Processing Replacement Programme (BPRP) project, and the closure of the Jobpoint Replacement project following the Cabinet Office review of Information and Communications Technology (ICT) initiatives. These are further disclosed in Notes 9 and 19a.

h. Revaluation loss/(gain) on intangible assets

The 2010-11 revaluation of intangible assets resulted in a loss as a result of the downwards movement of the indices used to revalue both internally developed software and software licences. In 2009-10, a revaluation gain was recognised as a result of rising indices offsetting falls in prior years.

i. Auditor's remuneration

The National Audit Office's fees reflect the cost of undertaking the audit of the Statutory Accounts. These Accounts have been audited by the Comptroller and Auditor General.

Note 5 Intra departmental charges

The DWP is regarded as a related party. During the year, Jobcentre Plus has had a significant number of material transactions with the Department, the nature and value of which is summarised in the following table. The most significant transactions with the Department occur with Corporate and Shared Services and Information Technology Divisions and these are detailed separately.

	Note	2010-11 £'000s	2009-10 £'000s
Charges received			
Corporate and Shared Services	5a	248,380	306,683
Information technology	5b	355,030	404,964
Early departure scheme	5c	105	825
Office services support		-	29
Other business units		298	3,999
		603,813	716,500
Services provided			
Accommodation for other parts of DWP		(6,148)	(6,458)
Other business units		(5)	2,970
		(6,153)	(3,488)
Total		597,660	713,012

a. Corporate and Shared Services

The charge of £248.4m (2009-10: £306.7m) covers services provided by other DWP Business Units. The main elements are:

- Employee Services, Financial Services and Debt Recovery Services supplied by DWP Shared Services of £65.2m (2009-10: £66.3m);
- Encashment services provided by Post Office Counters Limited and Santander bank via a Departmental arrangement of £24.4m (2009-10: £73.0m). The reduction in charge is a result of the introduction of a new contract and a change in allocation percentage applied to Jobcentre Plus;
- Corporate IT charges of £59.0m (2009-10: £67.5m); and
- Commercial Directorate and Head Office Estates £39.2m (2009-10: £21.0m).

b. Information technology

DWP has a central contract with Hewlett Packard Enterprise Services for the provision of a wide range of IT hardware, software and associated maintenance services. Jobcentre Plus receives its share of these services via a rental arrangement in place with the Department, which is charged on a notional basis.

The Department has a contract with BT Syntegra for a fully serviced IT and telephony network. The assets used to provide the service are an integral part of a network serving DWP sites across the country and are recognised at Departmental level. Jobcentre Plus pays a service charge for its use of these assets.

The 2010-11 expenditure is £355.0m, a 12.3 per cent decrease on the £405.0m charged in 2009-10. This decrease is caused by headcount reductions, costs relating to the economic downturn estate expansion not reoccurring and the removal of historic premiums.

c. Early departure scheme

Provisions in respect of the Departmental early departure scheme have been created within the DWP Annual Report and Accounts. The costs of lump sum payments and Annual Compensation Payments (ACPs) have been recharged to Jobcentre Plus on a notional basis, pro-rata to the number of surpluses declared by each Agency. Where departures are funded by Jobcentre Plus they are provided for within the Jobcentre Plus Accounts and shown in Note 14.

Note 6 Operating income

	Note	2010-11 £'000s	Restated 2009-10 £'000s
Income from external customers			
Recovery of costs		5,361	4,940
Fees and charges	6a	<u>571</u>	<u>714</u>
		5,932	5,654
Income from other government departments			
Recovery of costs		10,200	12,488
Fees and charges	6b	<u>48</u>	<u>-</u>
		10,248	12,488
Consolidated Funds Extra Receipts (CFERs)			
Recovery of costs		38	586
Total		<u>16,218</u>	<u>18,728</u>

Parliament requires Jobcentre Plus to charge for any services provided to other government departments or commercial enterprises, or where it is the requirement by statute to recover a fee for a statutory service. The financial objective is to recover the full cost of the service.

Where income from external customers and other government departments is separately identified it matches the costs incurred within Jobcentre Plus.

Fees and charges information disclosed below is produced for fees and charges purposes and not for IFRS 8 *Operating Segments* purposes.

The 2009-10 restatement followed a review of the classification of Jobcentre Plus income received in 2009-10 which concluded that the value of fees and charges should be reduced with a balancing increase in cost recoveries. The adjustments are not material to the accounts.

a. Fees and charges to external customers

	Cost £'000s	Income £'000s	2010-11 surplus/ deficit £'000s	Cost £'000s	Income £'000s	Restated 2009-10 surplus/ deficit £'000s
Direct payments of benefits to mortgage lenders	571	571	-	714	714	-
Total	571	571	-	714	714	-

Jobcentre Plus is a participant in an agreement between the DWP and the Council of Mortgage Lenders to pay the mortgage interest element of claimants benefit direct to the lender.

b. Fees and charges to other government departments

	Cost £'000s	Income £'000s	2010-11 surplus/ deficit £'000s	Cost £'000s	Income £'000s	Restated 2009-10 surplus/ deficit £'000s
UK Border Agency	48	48	-	-	-	-
Total	48	48	-	-	-	-

Jobcentre Plus commenced supplying contact centre services for the UK Border Agency in 2010-11.

Note 7 Property, plant and equipment

	Note	IT hardware £'000s	Plant and machinery £'000s	Furniture and fittings £'000s	Total £'000s
Cost					
At 1 April 2010		69,388	8,276	12,581	90,245
Additions		(4)	-	257	253
Transfers	7a	(69)	-	(9,175)	(9,244)
Disposals	7b	(48,648)	(7,463)	(2,015)	(58,126)
Impairments	7c	(49)	(129)	(6)	(184)
Reclassifications	7d	(7,795)	-	-	(7,795)
At 31 March 2011		12,823	684	1,642	15,149
Depreciation					
At 1 April 2010		56,045	8,028	3,679	67,752
Charged in year		2,624	69	970	3,663
Transfers	7a	(69)	-	(1,093)	(1,162)
Disposals	7b	(48,648)	(7,463)	(2,015)	(58,126)
Impairments	7c	(40)	(121)	(3)	(164)
Reclassifications	7d	(2,087)	-	-	(2,087)
At 31 March 2011		7,825	513	1,538	9,876
Net book value at 31 March 2011		4,998	171	104	5,273
Net book value at 31 March 2010		13,343	248	8,902	22,493

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	IT hardware £'000s	Plant and machinery £'000s	Furniture and fittings £'000s	Total £'000s
Cost				
At 1 April 2009	68,594	8,069	3,664	80,327
Additions	874	207	8,917	9,998
Transfers	(80)	-	-	(80)
At 31 March 2010	<u>69,388</u>	<u>8,276</u>	<u>12,581</u>	<u>90,245</u>
Depreciation				
At 1 April 2009	51,864	7,969	3,114	62,947
Charged in year	4,261	59	565	4,885
Transfers	(80)	-	-	(80)
At 31 March 2010	<u>56,045</u>	<u>8,028</u>	<u>3,679</u>	<u>67,752</u>
Net book value at 31 March 2010	<u>13,343</u>	<u>248</u>	<u>8,902</u>	<u>22,493</u>
Net book value at 31 March 2009	<u>16,730</u>	<u>100</u>	<u>550</u>	<u>17,380</u>

All property, plant and equipment are owned by Jobcentre Plus.

No land and buildings that Jobcentre Plus occupies are recognised in the Statement of Financial Position. Properties are leased, the majority under a DWP held PFI contract with Telereal Trillium, and these assets are included in the DWP Annual Report and Accounts. The remaining occupancy is in Non PRIME buildings, mainly as a minor occupier of other government departments' accommodation.

All property, plant and equipment assets are stated at depreciated historical cost as a proxy for fair value, as permitted by the *FReM* where assets have a short useful life or are of relatively low value.

- a. Furniture funded by Jobcentre Plus for the purposes of the economic downturn estate expansion has been transferred to the DWP Corporate Accounts and then derecognised following the resolution of a dispute with Telereal Trillium and the subsequent transfer of asset ownership to Telereal Trillium. The furniture transferred was at £9.2m cost, £8.1m net book value.

- b. During the year Jobcentre Plus participated in a cross departmental review of the fixed asset register. This review removed a number of fully depreciated assets from the register which were no longer in use at £58.1m cost, £nil net book value.
- c. Jobcentre Plus' non-current assets were subjected to impairment reviews in November 2010 and February 2011. Reviews identified a number of low value IT, office machinery and furniture assets that were no longer in use and therefore were impaired.
- d. The November impairment review identified that an Employment and Support Allowance developed software asset had been incorrectly classified in previous years as IT hardware on the fixed asset register. This asset was reclassified to the intangible internally developed software category.

e. Cash flow reconciliation

	Note	2010-11 £'000s	2009-10 £'000s
Capital payables and accruals at 1 April	13a	-	1,178
Capital additions		253	9,998
Capital payables and accruals at 31 March	13a	(80)	-
Purchases of property, plant and equipment as per Statement of Cash Flows		173	11,176

Note 8 Intangible assets

	Note	Purchased software licences £'000s	Internally developed software £'000s	Assets under construction £'000s	Total £'000s
Cost or valuation					
At 1 April 2010		43,701	182,672	11,924	238,297
Additions	8a	5,616	(662)	52,900	57,854
Transfers in		571	2,382	-	2,953
Disposals	8b	(319)	(2,207)	-	(2,526)
Reclassifications	8c	(34)	15,213	(7,384)	7,795
Revaluations	8d	(2,855)	(6,951)	-	(9,806)
Impairments	8e	(14,509)	(175)	(468)	(15,152)
At 31 March 2011		32,171	190,272	56,972	279,415
Amortisation					
At 1 April 2010		26,321	58,394	-	84,715
Charged in year		4,824	37,746	-	42,570
Transfers in		-	2,273	-	2,273
Disposals	8b	(319)	(2,207)	-	(2,526)
Reclassifications	8c	-	2,087	-	2,087
Revaluations	8d	(1,578)	(2,351)	-	(3,929)
Impairments	8e	(12,105)	(172)	-	(12,277)
At 31 March 2011		17,143	95,770	-	112,913
Net book value at 31 March 2011		15,028	94,502	56,972	166,502
Net book value at 31 March 2010 restated		17,380	124,278	11,924	153,582

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	Note	Websites £'000s	Purchased software licences £'000s	Internally developed software £'000s	Assets under construction £'000s	Total £'000s
Cost or valuation						
At 1 April 2009		-	28,505	153,643	2,563	184,711
Additions		-	8,857	6,796	20,552	36,205
Transfers in		-	-	-	2,686	2,686
Reclassifications	8f	2,686	364	10,827	(13,877)	-
Transfers out	8f	(2,686)	-	-	-	(2,686)
Revaluations		-	5,975	11,406	-	17,381
At 31 March 2010		-	43,701	182,672	11,924	238,297
Amortisation						
At 1 April 2009 Restated		-	16,378	23,461	-	39,839
Charged in year		358	6,716	33,222	-	40,296
Transfers out	8f	(358)	-	-	-	(358)
Revaluations		-	3,227	1,711	-	4,938
At 31 March 2010 restated		-	26,321	58,394	-	84,715
Net book value at 31 March 2010 restated		-	17,380	124,278	11,924	153,582
Net book value at 31 March 2009 restated		-	12,127	130,182	2,563	144,872

All intangible assets are owned by Jobcentre Plus.

The largest intangible asset on the Jobcentre Plus Statement of Financial Position relates to internally developed software to support the launch of the Employment and Support Allowance (ESA). The carrying value of the ESA asset, subsequent releases and associated software licences is £66.0m as at 31 March 2011. The remaining amortisation period of the ESA asset is 31 months.

Assets under construction relate to software development costs mainly in respect of work to support the reassessment of Incapacity Benefit claimants (£39.8m) and expenditure on development of the Automated Service Delivery system (£15.4m). Expenditure is initially classed as assets under construction until assets are available for use. Once available for use they are reclassified and amortisation applied accordingly. For subsequent measurement of asset values, depreciated replacement cost is used as a proxy for fair value in line with the *FReM* requirements.

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Amortisation brought forward at 1 April 2009 has been restated to correct the index used to revalue accumulated amortisation on internally developed software assets. See Note 21.

- a. Software licence additions in the year correspond to licence requirements for the Automated Service Delivery and Incapacity Benefit Reassessment projects. Internally developed software additions include a £1.0m refund from Accenture for work that was priced into an ESA development contract but was ultimately not required.
- b. During the year Jobcentre Plus participated in a cross departmental review of the fixed asset register. This review removed a number of fully depreciated assets from the register which were no longer in use at £2.5m cost, £nil net book value.
- c. The reclassification between assets under construction and developed software (£7.4m cost) relates to the Medical Services Referral System and enhancements to the Labour Market Data Warehouse and ESA systems becoming available for use. In addition, two assets were reclassified from IT hardware to internally developed software having been incorrectly classified in previous years (£7.8m cost, £5.7m net book value).
- d. The *FReM* interpretation of IAS 38 requires the application of the revaluation model for measurement of asset values. Intangible assets have been revalued to 31 March 2011 using appropriate indices to indicate depreciated replacement cost as a proxy for fair value. By comparison, the carrying value for these assets using depreciated historic cost would have been £15.3m for purchased software licences at 31 March 2011 (31 March 2010: £16.4m) and £94.0m for internally developed software at 31 March 2011 (31 March 2010: £118.8m). Following revaluation, the balance on the revaluation reserve is £0.7m at 31 March 2011 (31 March 2010 restated: £6.8m).
- e. The major impairments to intangible assets relate to CURAM licences (£13.8m fair value, £11.9m accumulated amortisation, £1.9m net book value) for which no use could be found following the closure of the BPRP project, and the closure of the Jobpoint Replacement project £0.5m following the Cabinet Office review of ICT initiatives.
- f. The website transfer and amortisation in 2009-10 applies to the recognition of the Jobseeker's Allowance Online website between the go-live date of 1 August 2009 and its transfer to DWP on 31 March 2010 when it became part of the Directgov website. There were no websites in 2010-11.

g. Cash flow reconciliation

	Note	2010-11 £'000s	2009-10 £'000s
Capital payables and accruals at 1 April	13a	-	-
Capital additions		57,854	36,205
Capital payables and accruals at 31 March	13a	<u>(21,407)</u>	<u>-</u>
Purchases of intangible assets as per Statement of Cash Flows		<u>36,447</u>	<u>36,205</u>

Note 9 Impairment of non-current assets

	Note	2010-11 £'000s	2009-10 £'000s
Charged to Statement of Comprehensive Net Expenditure:			
Property, plant and equipment	7c	20	-
Intangible assets	8e	2,695	-
Transferred to Revaluation Reserve:			
Property, plant and equipment		-	-
Intangible assets	8e	<u>180</u>	<u>-</u>
Total		<u>2,895</u>	<u>-</u>

Note 10 Financial instruments

IFRS 7 *Financial Instruments* requires disclosure of the role financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

a. Financial assets

		31 March 2011	31 March 2010	1 April 2009
	Note	£'000s	£'000s	£'000s
Loans and receivables				
Trade receivables	11	3,161	5,443	6,045
Deposits and advances	11	1,160	1,404	3,822
Amounts due from other government departments	11	1,839	2,270	2,830
Other receivables	11	3,062	3,661	1,780
Prepayments and accrued income	11	7,890	8,661	7,950
Cash and cash equivalents	12	469	477	383
Total		<u>17,581</u>	<u>21,916</u>	<u>22,810</u>

b. Financial liabilities

		31 March 2011	31 March 2010	1 April 2009
	Note	£'000s	£'000s	£'000s
Trade payables	13	9,698	4,821	7,677
Amounts due to other government departments	13	1,011	48	933
Other payables	13	1,482	1,529	1,885
Accruals and deferred income	13	120,305	152,407	132,874
Capital accruals	13	21,487	-	1,178
Total		<u>153,983</u>	<u>158,805</u>	<u>144,547</u>

c. Fair value of financial instruments

The carrying value less impairment of trade receivables and payables are assumed to approximate to their fair value. The book values of Jobcentre Plus financial assets and liabilities at 31 March 2011 are not materially different from their fair values. They have accordingly not been shown separately.

d. Exposure to risk

Due to the largely non-trading nature of its activities and the fact that the cash requirements of Jobcentre Plus are met through the estimates process, Jobcentre Plus is not exposed to the degree of financial risk faced by commercial business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with Jobcentre Plus' expected purchase and usage requirements and Jobcentre Plus is therefore exposed to little credit, liquidity or market risk.

Credit risk

Credit risks arise from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures, including outstanding receivables and committed transactions. Jobcentre Plus' exposure to credit risk is lower due to other government department debt forming a proportion of total receivables.

Liquidity risk

The net resource requirements of Jobcentre Plus are financed by resources voted annually by Parliament. It is not, therefore, exposed to any liquidity risk.

Market risk

Jobcentre Plus has no powers to borrow or invest surplus funds and its bank accounts are maintained centrally by DWP. Financial assets and liabilities are generated by day to day operational activities and are not held to manage the risks facing Jobcentre Plus in achieving its objectives.

Interest rate risk

Jobcentre Plus has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of market interest rates. The interest profile of Jobcentre Plus financial assets and liabilities has therefore not been disclosed separately.

Foreign currency risk

Jobcentre Plus does not have any exposure to foreign currency risk.

e. Aged analysis of financial assets

Financial assets that are past due but not impaired, are analysed by age and set out below:

	0-30 days past due £'000s	30-60 days past due £'000s	60-90 days past due £'000s	90-180 days past due £'000s	180-360 days past due £'000s	Total £'000s
Trade receivables	37	79	13	51	46	226
Amounts due from other government departments	112	31	7	357	79	586
At 31 March 2011	<u>149</u>	<u>110</u>	<u>20</u>	<u>408</u>	<u>125</u>	<u>812</u>

Note 11 Trade and other receivables

a. Analysis by type

	31 March 2011 £'000s	31 March 2010 £'000s	1 April 2009 £'000s
Amounts falling due within one year			
Trade receivables	3,161	5,443	6,045
Deposits and advances	1,025	1,250	3,634
Other DWP agencies	85	58	625
Other government departments	1,839	2,270	2,830
Other receivables	3,062	3,661	1,780
Less: provision for impairment	(3,085)	(3,715)	(3,681)
Prepayments and accrued income	7,890	8,661	7,950
	<u>13,977</u>	<u>17,628</u>	<u>19,183</u>
Amounts falling due after one year			
Deposits and advances	135	154	188
Total	<u>14,112</u>	<u>17,782</u>	<u>19,371</u>

Deposits and advances due within one year includes £23,000 (2009-10: £31,000) of house purchase advances due from 23 (2009-10: 26) members of staff. Those due after more than one year are £135,000 (2009-10: £154,000) being house purchase advances due from 20 (2009-10: 25) members of staff.

b. Intra government balances

	31 March 2011 £'000s	31 March 2010 £'000s	1 April 2009 £'000s
Amounts falling due within one year			
Other DWP agencies	85	58	625
Other government departments			
Other central government bodies	1,574	1,529	2,449
Local authorities	316	255	381
NHS Trusts	-	448	-
Public corporations and trading funds	209	38	-
Intra government balances	<u>2,184</u>	<u>2,328</u>	<u>3,455</u>
Bodies external to government	11,793	15,300	15,728
Total	<u>13,977</u>	<u>17,628</u>	<u>19,183</u>

Intra government balances include relevant prepayment and accrued income transactions. There are no intra government balances falling due after one year.

Note 12 Cash and cash equivalents

	2010-11 £'000s	2009-10 £'000s	2008-09 £'000s
Balances at 1 April	477	383	398
Net change in cash and cash equivalent balances	(8)	94	(15)
Balances at 31 March	<u>469</u>	<u>477</u>	<u>383</u>

Bank balances are reported in the DWP Annual Report and Accounts in line with the treatment of bank accounts in all other executive agencies of DWP. The above figures represent the petty cash holdings in Jobcentre Plus and monies held in out of hours bank accounts.

Note 13 Trade and other payables

a. Analysis by type

	31 March 2011 £'000s	31 March 2010 £'000s	1 April 2009 £'000s
Amounts falling due within one year			
Taxation and Social Security	35,432	39,342	33,933
Superannuation	26,154	28,240	27,255
Trade payables	9,698	4,821	7,677
Other DWP agencies	447	651	-
Other government departments	1,011	48	933
Other payables	1,482	1,529	1,885
Accruals and deferred income	120,305	152,407	132,874
Capital accruals	21,487	-	1,178
CFERs due to be paid to the Consolidated Fund – received	5	595	2,354
Total	<u>216,021</u>	<u>227,633</u>	<u>208,089</u>

b. Intra government balances

The following tables analyse total payables due within one year across the categories shown:

	31 March 2011 £'000s	31 March 2010 £'000s	1 April 2009 £'000s
Amounts falling due within one year			
Other DWP agencies	16,641	651	-
Local authorities	161	-	-
NHS Trusts	3	-	-
Public corporations and trading funds	987	-	-
Other central government bodies	61,974	68,225	64,475
Intra government balances	<u>79,766</u>	<u>68,876</u>	<u>64,475</u>
Bodies external to government	136,255	158,757	143,614
Total	<u>216,021</u>	<u>227,633</u>	<u>208,089</u>

Intra government balances include relevant accrual and deferred income transactions.

Note 14 Provisions

	Early departure costs (Note 14a) £'000s	Industrial Injuries Benefit payments (Note 14b) £'000s	BPRP provision (Note 14c) £'000s	Total £'000s
Balance at 1 April 2010	1,868	1,540	-	3,408
Provided in the year	384	259	-	643
Other changes to provision	(35)	(43)	-	(78)
Utilised in year (cash)	(1,029)	(87)	-	(1,116)
Unwinding of discount	(11)	(160)	-	(171)
Balance at 31 March 2011	1,177	1,509	-	2,686
Balance at 1 April 2009	2,841	1,344	1,742	5,927
Provided in the year	503	81	-	584
Other changes to provision	66	164	-	230
Utilised in year (cash)	(1,580)	(78)	(1,742)	(3,400)
Unwinding of discount	38	29	-	67
Balance at 31 March 2010	1,868	1,540	-	3,408

- a. Where departures are funded by Jobcentre Plus, there is a requirement to provide for the estimated future early departure costs of employees in these Accounts, discounted at the HM Treasury discount rate. The discount rate used is 2.9 per cent (2009-10: 1.8 per cent). The provision for departures funded centrally by the DWP is recorded in the DWP Annual Report and Accounts and charged to Jobcentre Plus (Note 3d).
- b. This provision represents the expected future costs of Industrial Injuries Benefit permanent allowance payments to Jobcentre Plus staff injured at work and unable to perform their job as a result. The amount provided for each individual is based on life expectancy taken from the Interim Life tables produced by the Government Actuary's Department, and discounted at the HM Treasury discount rate of 2.9 per cent (2009-10: 1.8 per cent) in real terms.
- c. The BPRP provision was in relation to two separate maintenance and support contracts which the department had contracted to in respect of the BPRP. The BPRP was formally closed in August 2006. There are no further future commitments.

d. Analysis of expected timing of discounted flows

	Early departure costs £'000s	Industrial Injuries Benefit payments £'000s	BPRP provision £'000s	Total £'000s
Not later than one year	583	81	-	664
Later than one year and not later than five years	532	302	-	834
Later than five years	62	1,126	-	1,188
Balance at 31 March 2011	<u>1,177</u>	<u>1,509</u>	<u>-</u>	<u>2,686</u>

Note 15 Capital commitments

Contracted capital commitments not otherwise included in these Accounts:

	31 March 2011 £'000s	31 March 2010 £'000s	1 April 2009 £'000s
Intangible assets	<u>6,209</u>	<u>-</u>	<u>5,783</u>

Jobcentre Plus has £6.2m of capital commitments at 31 March 2011 relating to contracts to develop Jobcentre Plus IT systems, in particular changes to the Customer Account Management System and the Medical Services Referral System required by the Incapacity Benefit Reassessment Project and changes to various IT systems supporting Automated Service Delivery. At 31 March 2010, Jobcentre Plus had no capital commitments.

Note 16 Commitments under non-PFI leases

Operating leases

At 31 March 2011, Jobcentre Plus was committed to making the following minimum lease payments under non-cancellable operating leases for each of the following periods.

	31 March 2011			31 March 2010		
	Land £'000s	Buildings £'000s	Other £'000s	Land £'000s	Buildings £'000s	Other £'000s
Not later than one year	53,610	72,820	10,146	54,289	55,663	6,220
Later than one year and not later than five years	107,219	134,943	15,589	-	555	8,494
Later than five years	-	7,535	-	-	-	-
	160,829	215,298	25,735	54,289	56,218	14,714

	1 April 2009		
	Land £'000s	Buildings £'000s	Other £'000s
Not later than one year	56,466	57,877	6,317
Later than one year and not later than five years	56,467	57,616	8,849
Later than five years	-	-	-
	112,933	115,493	15,166

The contracts assessed under IAS 17 *Leases* and determined as an operating lease included in the disclosure above are:

a. Private Sector Resource Management of the Estate (PRIME)

The Department has a contract with Telereal Trillium for the provision of fully serviced accommodation until 2018. Within the accommodation provision, Jobcentre Plus has a separate operating lease arrangement in place with the DWP Corporate Centre for the properties, or parts thereof, which it occupies. This is provided by means of an Occupation Agreement which includes a maximum commitment of three years for Jobcentre Plus. The amounts shown reflect this commitment for the three year period beginning 1 April 2011.

b. Fleet contract

Jobcentre Plus has an arrangement in place with Inchcape plc, via a DWP contract, for the use and associated maintenance of motor vehicles. The contract covers a period of five years until August 2012.

c. Photocopiers

Jobcentre Plus has an arrangement in place with Ricoh UK Ltd, via a DWP contract, for the use and maintenance of photocopiers over a three year rental period. Since March 2010, the current photocopiers are being replaced with multi-function devices on a rolling basis. The contract with Ricoh has therefore been temporarily extended to cover the rollout period. The figures included above reflect the reduced commitments as photocopiers are removed from the estate.

d. Sustainable print project

Jobcentre Plus has an arrangement in place with Xerox, via a DWP contract, for the supply of multi-function devices that will replace the current photocopiers and printers in place within Jobcentre Plus on a rolling basis by the end of May 2011. The contract runs from January 2010 until the end of June 2014.

e. Northern Ireland Social Security Agency (NISSA) accommodation

Jobcentre Plus has a three year Service Level Agreement from 1 April 2010 with NISSA for the delivery of specified Social Security services on behalf of Jobcentre Plus. This work is carried out at two main sites, the Belfast Benefits Processing Centre and the Lisahally site, both of which are owned by the Department for Social Development Northern Ireland. There is an operating lease arrangement for this accommodation.

f. Non PRIME accommodation

Jobcentre Plus has a number of separate agreements, mainly with other government organisations for minority occupancy of their buildings. These arrangements are provided by means of a Memorandum of Terms of Occupation (MOTO).

Note 17 Other financial commitments

Jobcentre Plus has entered into the following non-cancellable contracts (which are not leases or PFI contracts). There are no commitments greater than one year.

	31 March 2011 £'000s	31 March 2010 £'000s	1 April 2009 £'000s
Not later than one year	6,576	385	1,742
Later than one year and not later than five years	1,236	-	-
	<u>7,812</u>	<u>385</u>	<u>1,742</u>

a. Benefit Processing Replacement Programme

Following the closure of the BPRP programme in August 2006, a review was undertaken of future unavoidable commitments. The final commitment was for £1.7m at 31 March 2009.

b. Vertex

Jobcentre Plus has a contract with Vertex Data Science Ltd to provide contact centre services. Call volumes are forecast six weeks in advance and this is the minimum commitment payable for this period. The commitment at 31 March 2011 of £0.8m is for the first six weeks of 2011-12.

c. ATOS Origin

At March 2011 £5.3m was committed by the Jobcentre Plus Incapacity Benefit Reassessment Project for the recruitment, training and retention of healthcare professionals.

d. Active Operations Management International (AOMi)

Jobcentre Plus signed a contract in March 2011 with AOMi to deliver training to its staff via the Active Operations Management Project from May 2011. Should Jobcentre Plus wish to terminate this contract there would be a cancellation charge of £1.7m.

Note 18 Contingent liabilities disclosed under IAS 37

Jobcentre Plus has contingent liabilities arising from possible compensation payments that may become due as a result of compensation claims against the Department by Jobcentre Plus staff and members of the public. Claims relate to employment tribunal, personal injury, Civil Service Appeals Board cases and other compensation claims from benefit claimants.

There is significant uncertainty surrounding the estimated liability and the timing of payments which can fluctuate based on various factors such as medical evidence received, witness statements and whether claims proceed to trial or are settled early. Therefore there is no information available to enable a reliable estimate to be made in respect of this contingent liability. In the past 2 years, successful claims have resulted in total average compensation payments by Jobcentre Plus of £1.5m (200 cases) per annum which was recognised as incurred.

Note 19 Losses and special payments

a. Losses statement

	2010-11 £'000s	2009-10 £'000s
Total cases: 4,526 cases (2009-10: 2,548)	<u>22,394</u>	<u>1,355</u>
Details of cases over £250,000:		
Constructive losses		
CURAM software licences	13,160	-
Cabinet Office review of IT projects	<u>7,308</u>	<u>-</u>

In 2010-11 Jobcentre Plus undertook an annual impairment review and examined all its assets considering whether their recorded value was correct. The review identified that an impairment was necessary in respect of CURAM software licences purchased in 2006-07 for the BPRP. The BPRP was formally closed in August 2006 leaving these licences surplus to requirements. There have been no impairments until 2010-11 in anticipation of them being used in the Agency's legacy system replacement. However in August 2010, the Automated Service Delivery project took the decision to use Oracle OPA licences rather than CURAM. As a result, the licences have been impaired and a constructive loss of £13.2m recognised which represents the total original cost.

During 2010-11, in anticipation of significant budget reductions and following Cabinet Office spending controls, the DWP Investment Committee and the Jobcentre Plus Executive Team undertook a review and prioritisation of the entire portfolio of ICT initiatives. Change programme activities were examined for value for money and alignment with government priorities. This resulted in the closure of seven Jobcentre Plus software development and enhancement projects. A constructive loss of £7.3m has been recognised and represents the costs incurred on these projects up to 31 March 2011.

During 2009-10 the Administration Debt Process Owner initiated a thorough review of the policy, processes, controls and recoverability status of the debt stock as a result of increasing levels of administration debt within the Department. The objective was to establish a framework to define how Shared Services and DWP should operate in the administration debt area, developing an environment where the business is pro-active in seeking recovery. During 2010-11 extensive activity has continued to take place in respect of the aged debt stock, seeking recovery wherever possible. A case by case review has been undertaken of debt owed to Jobcentre Plus by former members of staff resulting in a write off of bad debt of £1.7m.

b. Special payments

	2010-11	2009-10
	£'000s	£'000s
Total cases: 8,378 (2009-10: 6,429)	<u>4,626</u>	<u>3,352</u>
Details of cases over £250,000:		
Compensation payment	<u>-</u>	<u>333</u>

Special payments are made where maladministration has resulted in a direct adverse effect on the life of an individual, caused additional expenses or delayed payment. It covers payments to staff for employment tribunal cases, personal injury and damage to or loss of personal property as a result of their employment. The compensation payment of £333,000 in 2009-10 relates to an out of court settlement to a former employee in respect of a claim against Jobcentre Plus.

Note 20 Related party transactions

Jobcentre Plus is an executive agency of the DWP, which is regarded as a related party. During the year, Jobcentre Plus had a significant number of transactions with the Department, its other agencies and associated Non Departmental Public Bodies. See Note 5 for further details of transactions in the year. Year end balances with the Department are disclosed in Notes 11 and 13.

In addition, Jobcentre Plus has had a number of transactions with other government departments and other central government bodies. The significant transactions have been with HMRC and PCSPS. Year end payables balances are disclosed in Note 13.

No Board member, key management personnel or other related party has undertaken any material transactions with Jobcentre Plus during the year.

Note 21 Restatements

Restatement of the Statement of Financial Position as at 31 March 2010.

Statement of Financial Position	31 March 2010 £'000s	Revaluation (Note 21b) £'000s	Restated at 31 March 2010 £'000s
Non-current assets			
Property, plant and equipment	22,493	-	22,493
Intangible assets	154,725	(1,143)	153,582
Trade and other receivables falling due after one year	154	-	154
Total non-current assets	<u>177,372</u>	<u>(1,143)</u>	<u>176,229</u>
Current assets			
Trade and other receivables falling due within one year	17,628	-	17,628
Cash and cash equivalents	477	-	477
Total current assets	<u>18,105</u>	<u>-</u>	<u>18,105</u>
Total assets	<u>195,477</u>	<u>(1,143)</u>	<u>194,334</u>
Current liabilities			
Trade and other payables falling due within one year	(227,633)	-	(227,633)
Total current liabilities	<u>(227,633)</u>	<u>-</u>	<u>(227,633)</u>
Non-current assets less net current liabilities	(32,156)	(1,143)	(33,299)
Non-current liabilities			
Provisions	(3,408)	-	(3,408)
Total non-current liabilities	<u>(3,408)</u>	<u>-</u>	<u>(3,408)</u>
Assets less liabilities	<u>(35,564)</u>	<u>(1,143)</u>	<u>(36,707)</u>
Taxpayers' equity			
General Fund	(47,263)	3,804	(43,459)
Revaluation Reserve	11,699	(4,947)	6,752
Total taxpayers' equity	<u>(35,564)</u>	<u>(1,143)</u>	<u>(36,707)</u>

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Restatement of the Statement of Financial Position as at 1 April 2009.

Statement of Financial Position	31 March 2009 £'000s	Revaluation (Note 21b) £'000s	Restated at 1 April 2009 £'000s
Non-current assets			
Property, plant and equipment	17,380	-	17,380
Intangible assets	144,891	(19)	144,872
Trade and other receivables falling due after one year	188	-	188
Total non-current assets	<u>162,459</u>	<u>(19)</u>	<u>162,440</u>
Current assets			
Trade and other receivables falling due within one year	19,183	-	19,183
Cash and cash equivalents	383	-	383
Total current assets	<u>19,566</u>	<u>-</u>	<u>19,566</u>
Total assets	<u>182,025</u>	<u>(19)</u>	<u>182,006</u>
Current liabilities			
Trade and other payables falling due within one year	(208,089)	-	(208,089)
Total current liabilities	<u>(208,089)</u>	<u>-</u>	<u>(208,089)</u>
Non-current assets less net current liabilities	(26,064)	(19)	(26,083)
Non-current liabilities			
Provisions	(5,927)	-	(5,927)
Total non-current liabilities	<u>(5,927)</u>	<u>-</u>	<u>(5,927)</u>
Assets less liabilities	<u>(31,991)</u>	<u>(19)</u>	<u>(32,010)</u>
Taxpayers' equity			
General Fund	(32,287)	(340)	(32,627)
Revaluation Reserve	296	321	617
Total taxpayers' equity	<u>(31,991)</u>	<u>(19)</u>	<u>(32,010)</u>

Restatement of the Statement of Comprehensive Net Expenditure for the year 2009-10.

Statement of Comprehensive Net Expenditure	Published Accounts 2009-10 £'000s	Change of accounting policy (Note 21a) £'000s	Revaluation (Note 21b) £'000s	Restated 2009-10 £'000s
Administration costs				
Staff costs	2,163,213	-	-	2,163,213
Other administration costs	1,602,363	(1,776)	(3,499)	1,597,088
Gross administration costs	3,765,576	(1,776)	(3,499)	3,760,301
Operating income	(18,728)	-	-	(18,728)
Net administration costs	3,746,848	(1,776)	(3,499)	3,741,573
Net operating cost	3,746,848	(1,776)	(3,499)	3,741,573

Reported figures at 31 March 2010 have been restated as a result of the following:

- (a) The HM Treasury Clear Line of Sight Project aims to align budgets, estimates and accounts. As a result of amendments to the budgetary regime and resulting changes to *FReM* requirements, cost of capital charges have been removed from financial statements in line with corresponding changes to budgets and estimates (Note 1.2a). The impact of the restatement affects the non-cash charges in the Statement of Comprehensive Net Expenditure. There is no overall impact on the General Fund or on the Statement of Financial Position.
- (b) IAS 38 requires that intangible asset revaluation increases are recognised in the Statement of Comprehensive Net Expenditure to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Net Expenditure. A prior year restatement has been made to ensure compliance with IAS 38 and includes a movement between the Revaluation Reserve and the General Fund. In addition, a prior year restatement has been made to correct the index used to revalue accumulated amortisation on internally developed software assets.

Note 22 Late payment of commercial debt

The 'Late Payment of Commercial Debts (Interest) Act 1998' which came into effect from 1 November 1998 and the 'Late Payment of Commercial Debts Regulations 2002' which came into force on 7 August 2002 provides all businesses and public sector bodies with, amongst other entitlements, the right to claim interest for late payment.

In 2010-11 £nil (2009-10: £nil) of interest was paid under the 'Late Payment of Commercial Debts (Interest) Act 1998'.

Note 23 Charitable donations

Jobcentre Plus made no charitable donations during the year (2009-10: £nil).

Note 24 Events after the reporting period

On 31 March 2011, the Permanent Secretary announced a restructuring of the corporate and support services in the Department, including those in Jobcentre Plus. This is expected to lead to significant changes in the size and configuration of the internal directorate and management structure of the Agency during 2011 as part of the Department's cost reduction plan. The changes will not affect the delivery of services.

On 13 May 2011 Jobcentre Plus management announced the decision to close five contact centres and fifteen benefit centres during 2011-12 with a further two announced to close in 2012-13. The decision was taken as part of delivering the Jobcentre Plus vision of a smaller, leaner and more flexible organisation. To do this Jobcentre Plus needs to ensure that it is making best use of its estate, including reducing the amount of under-utilised space that currently exists in the contact and benefit centre network. There are costs associated with undertaking these closures which include fees due to Telereal Trillium for early cancellation of leases and dilapidation works, IT decommissioning, refurbishment works in sites accepting redeployed staff, training for redeployed staff and staff exit packages where redeployment is not possible. The total one-off costs of the closures are estimated to be £31.0m.

IAS 10 requires Jobcentre Plus to disclose the date on which the Accounts are authorised for issue by the Accounting Officer. This is the date of the Certificate and Report of the Comptroller and Auditor General.

The authorised date for issue is 15 July 2011.



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