



Jobcentre Plus

Annual Report and Accounts
2005–06

jobcentreplus

Part of the Department for Work and Pensions



Front cover: James Rhatigan joined HBOS in November 2005 having been referred to the company by Jobcentre Plus in October.

Jobcentre Plus

Annual Report and Accounts 2005–06

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‘Jobcentre Plus has delivered for customers of working age – we directly helped over 850,000 people into work last year, including a growing number of people with health conditions or disabilities and paid benefits to over 6.5 million* people. We face challenges in transforming our services but I’m confident that we can improve the customer experience further and strengthen our reputation as a successful delivery organisation.’

* Figure for the period April 2005 to January 2006.

Chief Executive review

Jobcentre Plus has proved itself again to be a strong delivery organisation during 2005–06. We have faced real challenges in improving our telephone service and in increasing the numbers of people moving into work. But we have met these challenges and we go into the next operational year a stronger organisation.

We have taken forward major components of our Delivering our Vision programme by completing the restructuring of our management and support functions, taking our first steps to centralise benefit processing and consolidating our progress towards increased use of contact centres for claims to benefit and job search.

We had a set of challenging objectives for 2005–06 which we have largely met – we expect to achieve 4 of our 6 targets which means we:

- gained an **87.5%** satisfaction rating from employers measuring how we filled their vacancies against a target of **84%**
- achieved **97.1%** of our overall Job Entry target, helping over 850,000 people into work
- exceeded our Customer Service target, achieving **85.2%** against a target of **81%**
- expect to exceed our overall Business Delivery target of **90.3%**, which measures the accuracy and efficiency of 6 key components
- met our unit cost target for job broking but fell marginally short on our cost target for benefit processing, largely due to a lower number of benefit claims than expected, and
- expect to make further progress against our benefit fraud and error target based on the interim figures currently available.

During 2005–06, we also piloted a **new Job Outcome target** that will be introduced during 2006–07. The new target will enable us to measure more accurately the number of people who move from welfare into work by using data from Her Majesty's Revenue and Customs to identify people who have taken up work after using our services.

For individual customers, we have made significant progress in helping customers with health conditions and disabilities and lone parents into work. Over 62,000 people with health conditions and disabilities moved into work over the year as well as over 100,000 lone parents.

For employers, we launched Employer Direct online in May 2005 enabling employers to register vacancies directly with Jobcentre Plus via the internet. Over 17% of employers' vacancies were being registered on-line by the end of March 2006.

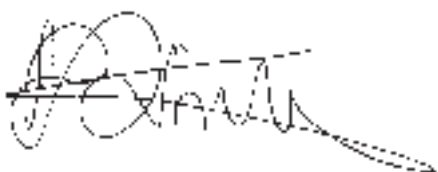
For our people, we have started to roll out the Working Together Programme – a major investment in improving our leadership and our team working.

The transformation of our business has enabled us to reduce our headcount by over 3,600 between March 2005 and March 2006. We have also focused additional resource on expanding Pathways to Work support for Incapacity Benefit customers in 4 additional Jobcentre Plus districts.

During 2005–06, we also achieved a number of key milestones in our transformation programme:

- by the end of March, we had opened 775 new Jobcentres
- our contact centres, while experiencing some severe performance challenges in the summer of 2005, are now delivering sustained performance of almost 95% of calls being answered, above the industry standard
- we launched our first benefit delivery centre in Spring 2006, as part of our plans to centralise all of our benefit processing activity into 77 sites by 2008
- we completed our Organisation Design Review, radically restructuring our management and support structures and enabling us to reduce the costs of management and support functions from 13% to 8% of our overall staff budget, and
- during the last week of March 2006 more than 1.5 million users logged onto the award-winning Jobcentre Plus website to search for employment – twice the number during the same week the previous year.

We can look towards 2006–07 with confidence as we continue to modernise all aspects of our services to customers and develop our people to deliver an excellent customer service. In 2006–07, I have set the organisation the goals of working more effectively with its external partners and of focusing hard on improving the end-to-end customer experience. Achieving our targets for the coming year will depend more than ever on each part of the organisation delivering to its full potential and the handling of customers moving smoothly from one part of the business to the other. I am confident that we can succeed.

A handwritten signature in black ink, appearing to read 'Lesley Strathie', with a long, sweeping tail extending to the right.

Lesley Strathie
Chief Executive



Our objectives

Jobcentre Plus is an executive agency of the Department for Work and Pensions. The aim of the Department is to ‘promote opportunity and independence for all’. Jobcentre Plus plays a significant role in making this a reality through delivering ‘work for those who can, support for those who cannot’.

Our key objectives are to:

- increase the effective supply of labour by promoting work as the best form of welfare and helping unemployed and economically inactive people move into employment
- work towards parity of outcomes for ethnic minority customers
- pay customers the correct benefit at the right time and protect the benefit system from fraud, error and abuse
- provide high-quality and demand-led services to employers, which help fill job vacancies quickly and effectively with well-prepared and motivated employees
- help people facing the greatest barriers to employment to compete effectively in the labour market and move into and remain in work
- improve continuously the quality, accessibility and delivery of services to all customers
- ensure that people receiving working age benefits fulfil their responsibilities while providing appropriate help and support for those without work, and
- increase Jobcentre Plus’ overall productivity, efficiency and effectiveness.



Our achievements

Our priorities for 2005–06



Transforming
for customers



Delivering performance



Delivering services more
efficiently and effectively



Delivering the Values
through our people



‘ Almost all of our customers can now benefit from the new Jobcentre Plus service in their area and we’re now starting to modernise the way we pay benefits to customers. ’

Transforming for customers

Our aim is to transform the shape of our business to deliver more integrated services, focusing on priority customers, while extending the range of partners with whom we work to help our customers find work.

Transforming the shape of our business

We have:

- continued with the modernisation of the Jobcentre Plus network. By the end of March 2006 there were 775 integrated offices in operation supporting the delivery of benefits, employment support and job search services to our customers in professional, modern and welcoming offices. The majority of the remaining sites will be operational by the end of March 2007
- brought together all contact centres within Jobcentre Plus within a single management structure. This approach allowed us to introduce a more flexible call distribution system and increased our call answering capacity. This was achieved by making better use of available capacity across the network
- doubled the number of people searching for employment using the Jobcentre Plus website with over 1.5 million users logged onto the site during the last week of March 2006 compared to around 700,000 the same week in 2005
- launched our first benefit processing centre in Spring 2006 and continued to develop our plans to establish a national network of 77 benefit processing centres by March 2008

- started to pilot on-line benefit claims in 2 regions, allowing customers the option of submitting e-form claims to benefits. In 2006–07 we plan to expand this to other regions
- installed 100 job search kiosks in 40 of our local offices as a pilot allowing customers to access the internet to search for vacancies, and
- piloted a range of electronic services including:
 - the Candidate Bank in the North East. Individual customers created a CV profile and placed it in the web based Candidate Bank enabling employers to search for suitable candidates. Plans to automate the matching of candidates with employers' vacancies and the provision of a national service are now being developed
 - a digital television facility initially introduced in London and the South East for customers to search for work, and then extended nationally following evaluation, and
 - text messaging to customers' mobiles, providing details of job vacancies, reminding them of interviews and asking them to bring in important documents. Following evaluation, further work on text messaging is being developed to look at other business areas that may benefit from customer text messaging.

Adopting a national delivery model for employers

We have:

- signed an agreement with the Recruitment Employment Confederation encouraging agencies to promote diversity across the recruitment sector
- increased the opportunities available to our customers by allowing private recruitment agencies to advertise their vacancies directly onto jobpoints
- launched Employer Direct online nationally from May 2005 following a successful business trial. This allows employers to register vacancies directly to Jobcentre Plus via the internet. Employers involved gave the system their overwhelming support. By the end of March 2006 over 17% of all weekly vacancies were notified through Employer Direct online, exceeding the original target of 10%
- continued to trial Job Warehouse, a service that enables recruiters with large volumes of vacancies, which they prefer to manage within their own organisation, with the facility to load vacancies directly onto Jobcentre Plus vacancy display services

- introduced Diversity Business Partners who offer specialist support to our Employer Engagement Managers. The partners help promote the benefits of employing our hardest to help customers and extend the vacancy options available to them
- continued to strengthen our work with employers on recruitment planning, retention and aftercare services. This includes Telephone Account Management for some employers who do not receive face-to-face account management, and
- conducted an extensive survey of our employers in order to develop our understanding of their needs. The findings of the survey are currently being evaluated.
- from October 2005 introduced work focused interviews for all sick and disabled customers making new or repeat Incapacity Benefit claims after 8 weeks of unemployment and introduced action plans as a mandatory element of the work focused interview for all Incapacity Benefit customers
- helped 62,793 customers with health conditions or disability into work against an aim of 57,658. The original planning assumption of placing 65,340 customers with health conditions or disability into work was reduced to reflect the impact of the Job Outcome target trials that were taking place during 2005–06

Supporting the transition into work for our customers with health conditions and disabilities

We have:

- expanded Pathways to Work pilots into 4 additional Jobcentre Plus districts that include local authority districts with the highest concentration of sick and disabled people. The approach has been to offer enhanced support to Incapacity Benefit customers to overcome multiple barriers into employment. The support includes work preparation, advice on how to manage their health condition and basic skills
- continued to champion New Deal for Disabled People as a major contributor to helping customers with a health condition or disability into work. Up to the end of February 2006 (latest published figures), the New Deal for Disabled People had contributed around two thirds of the total target achievement, and
- revised training in 2005 to give Disability Employment Advisers enhanced interviewing skills that improve their ability to deal with the often complex issues that surround helping people with disabilities or health problems to take or stay in suitable work.

Supporting the transition into work for lone parents

We have:

- helped 108,004 lone parents into work during 2005–06
- introduced Pathways to Work for lone parents in 5 districts giving customers an integrated package of advice and support
- continued to pilot the Work Search Premium in 8 districts. Lone parents taking part are entitled to £20 per week for 6 months, as well as support towards childcare costs while undertaking work search activities
- extended the pilot of In Work Credit to most London districts providing eligible lone parents with an In Work Credit of £40 per week for the first year of work. Lone parents in the New Deal Plus areas will continue to be eligible for In Work Credit until March 2008, and
- extended In Work Credit to 6 additional districts from October 2005, 4 in the South East and 2 in the East of England.

Developing our partnership working to help meet customer needs

We have:

- worked jointly with other parts of the Department for Work and Pensions. We reviewed our joint collaborative working arrangements with the Disability and Carers Service further improving services for our mutual customers claiming Disability Living Allowance
- continued to develop productive partnerships with key organisations such as the Learning and Skills Council, strengthening links with other government departments such as the Home Office and the Prison Service to improve access to, and engagement in, the labour market for those customers who face the greatest barriers to work
- worked with over 1,900 non-contracted voluntary and community sector partnerships to assist customers with needs such as housing, redundancy, job matching, health, rehabilitation services and debt counselling
- restructured under one Directorate the management of our external partnerships and stakeholder engagement and introduced a specific team to manage relationships with parts of government with which we share customers

- continued to build effective relationships with Local Authorities through implementing locally the national Accord between the Local Government Association, strategy colleagues in the Department for Work and Pensions and Jobcentre Plus in England and their equivalents in Scotland and Wales. The Accord is designed to help form stronger working relationships between local office managers and their local authority counterparts
- continued to play a key part in the Local Strategic partnerships, actively engaged in Local Area Agreements to help those who need it most particularly in relation to the new economic development areas
- played a key role with a range of partnerships such as Local Authorities involved in the regeneration, neighbourhood renewal and New Deal for Communities and a variety of initiatives
- implemented plans with the Learning and Skills Council, including the trial of a new skills coaching service in 7 districts, that meet employers demand for skills. Many of the coaches are co-located in Jobcentre Plus offices
- signed a partnership agreement with learndirect to improve the referral process for customers
- worked with the Learning and Skills Council to develop and launch their Train to Gain programme, which incorporates elements of the Skills Passport, helping employers to recruit and train our hardest to help customers



- worked with the Office for the Deputy Prime Minister to ensure regeneration initiatives are aligned and planned cohesively between strategy colleagues in the Department for Work and Pensions, the National Employment Panel and Jobcentre Plus
- forged stronger links with ethnic minority communities by strengthening and improving the provision made available through the Ethnic Minority Outreach programme and the Ethnic Minority Flexible Fund, giving districts the flexibility to introduce tailored measures to help customers into work

- in partnership with colleagues in the Department for Work and Pensions and National Employment Panel, developed the Fair Cities programme in Bradford, Brent and Birmingham in order to increase the opportunities available to ethnic minority customers in the local labour market and further developed our Race Equality Scheme
- worked with Education Learning Wales in developing individual training routeways, for example, a training route for maintenance operatives was introduced in South Wales. In partnership with the Welsh Assembly the 'Want2Work' programme was introduced in 3 South Wales areas with plans to expand to a fourth area in North Wales
- further developed working partnerships with the Devolved Administrations in Scotland and Wales. In Scotland, Jobcentre Plus and the Scottish Executive have worked in partnership to develop the Workforce Plus Initiative
- supported Local Authorities to ensure that the combined claims gathering process for Housing Benefit customers is delivered as effectively as possible. We have further strengthened this relationship by establishing a new Government Partnerships Team
- worked with the National Health Service and doctors to help customers on Incapacity Benefit to consider sustainable employment opportunities
- contributed to the Child Support Agency's delivery of child support services, such as helping lone parents receive child maintenance payments. Jobcentre Plus delivers benefits to around 70% of the Child Support Agency's new customers with caring responsibilities
- used progress2work to provide support to customers who were drug free or stabilised, but their history of drug misuse was likely to be a significant factor in preventing them from taking up or sustaining work
- built on the progress2work model with progress2work-LinkUP that has continued to target specific disadvantaged groups who faced significant barriers in the labour market, including ex-offenders, homeless people and alcohol misusers. progress2work-LinkUP is still a pilot but we are planning to expand the initiative to other areas from next year

- conducted employment and benefit ‘surgeries’ where advisers saw prisoners on a one-to-one basis throughout prisons in England, Wales and Scotland. This was done at both induction and pre-release stages of the custodial sentence, and offered advice and information on Jobcentre Plus services
- operated Freshstart to provide prisoners who wished to claim Jobseeker’s Allowance with an appointment for a New Jobseeker Interview on release. This enabled them to engage with Jobcentre Plus at the earliest opportunity to consider jobs, training or other provision, as well as speeding up the process for receiving Jobseeker’s Allowance. In 2005–06 over 32,000 appointments were booked, of which 60% were attended
- worked in outreach locations in areas with particular problems of labour market disadvantage and low employment rates. Action Teams for Jobs have continued to provide flexible, tailored support to our most disadvantaged customers. In 2005–06 Jobcentre Plus Action Teams helped more than 19,000 customers into work, and
- completed the Jobcentre Plus Refugee Operational Framework that helps ensure that we give refugees the assistance they need to find sustainable work. We have also been working in partnership across Government and with voluntary sector agencies to improve routes to Jobcentre Plus support for refugees.

Improving customer service

We have conducted research to see if there were ways we could improve the service we offer to jobseekers while reducing operational and benefit costs. This was done through a series of carefully evaluated ‘action research’ trials with our customers.

Several initiatives were examined including fortnightly jobsearch review by telephone, seeing customers weekly and examining whether it was possible to identify customers able to find work without assistance, allowing us to concentrate our resources on those requiring more help. Results showed that the current regime is cost effective and leads to successful job outcomes.



‘ For our customer contacts to really count, all of our business has to work together to deliver a successful outcome for the customer. ’

Delivering performance – our targets for 2005–06

Our targets support the achievement of the Department for Work and Pensions objectives, promoting work as the best form of welfare, improving rights and opportunities for disabled people, ensuring the best start for all children and modernising the delivery of welfare.

Delivering performance

Jobcentre Plus' performance targets were published in the Jobcentre Plus Business Plan for 2005–06. As well as delivering performance against these targets, Jobcentre Plus continued its rollout of new, more welcoming offices, launched its benefit centralisation programme and managed within its efficiency challenge.

(Customer Service, Employer Outcome, Monetary Value of Fraud and Error and Business Delivery target).

Job Entry target

This target is designed to focus Jobcentre Plus staff on helping as many people into work as possible, with particular emphasis on those facing disadvantages in the labour market.

Summary of overall performance

The target structure maintains a strong focus on helping customers from priority groups into work, while continuing to deliver business processes efficiently and effectively. Overall Jobcentre Plus has exceeded or is expected to exceed, **4** of the **6** targets set for 2005–06

The target is based on a points system. For each person that Jobcentre Plus helps into work, we earn between one and 12 points: for example, one point is awarded for helping an already employed customer into work and 12 points are awarded for helping a lone parent or a customer with a health condition or disability into work. The points system is

structured to include a set of additional points that focus help in the most disadvantaged groups and areas, and tries to ensure that the jobs we help people into are retained.

In 2005–06 we achieved **97.1%** of our overall Job Entry points target, helping **861,295** people into work, while exceeding the targets set for our 7 districts piloting the new Job Outcome target in place of Job Entry points.

Monetary Value of Fraud and Error target

The aim of this target is to reduce the money lost in working age Income Support and Jobseeker's Allowance payments caused by mistakes made by customers and staff and customer fraud by 50% by March 2006. This target is measured from the baseline in 1998 of 10.4% benefit loss.

The latest published estimate of fraud and error loss of **5.4%**, at March 2005, against the target of **6%**, means Jobcentre Plus is well placed to achieve the March 2006 target of no more than **5.2%** of the monetary value of these benefits paid during the year.

Employer Outcome target

This target recognises the fact that in order to achieve our objectives we must work in close partnership with employers. The Employer Outcome target is designed to help us provide a high standard of service to employers

measuring how quickly and effectively employers' recruitment needs are met. We monitor our performance to employers by using an independent research company to carry out a survey, telephoning a random sample of employers that have completed recruitment via Jobcentre Plus. The target measures performance against 3 key areas:

- resolution – whether the employer's vacancy was filled
- responsiveness – whether the vacancy was filled within a timescale that met the employer's needs, and
- matching – whether the employer thought that the people referred matched the vacancy details.

We exceeded this target, achieving **87.5%** against a target of **84%**.

Customer Service target

This target measures our performance in meeting the standards and commitments set out in the Customers' Charter and the Employers' Charter, helping us measure our service to all our customers.

The target contains 4 service elements:

- speed – how quickly we answer the telephone and deal with customers face-to-face
- accuracy – the accuracy of information we provide to our customers on the telephone and face-to-face

- proactivity – how well we understand customers’ requests, anticipate their needs and provide them with information that is relevant to their situation. How we deal with customers as people, and
- environment – the quality of the information we display, how easy it is for customers to use our services and how we help customers understand other ways of doing business with us.

We exceeded this target, achieving **85.2%** against a target of **81%**.

Business Delivery target

The purpose of this target is to help us deliver our key business processes efficiently, accurately and to agreed standards. It measures how well these have been met in 6 key processes: Income Support, Jobseeker’s Allowance and Incapacity Benefit accuracy, Labour Market Interventions, Basic Skills and Lone Parent Work Focused Interviews. The accuracy components of this target are measured through an 8-month cycle with interim and final figures, which means that the final outturn figure is not available at the time of publication of this report. We intend to report our performance in this area through our website www.jobcentreplus.gov.uk later this year. The latest interim data for 2005–06 is shown on the table below.

Business Delivery target: 2005–06

Business Delivery	Target	Cumulative
Overall Achievement	90.3%	91.7% (March 06 Interim)
Income Support Accuracy	90.0%	89.0% (Interim)
Jobseeker’s Allowance Accuracy	94.0%	94.9% (Interim)
Incapacity Benefit Accuracy	94.0%	96.0% (Interim)
Labour Market Interventions	96.0%	97.1% (Interim)
Basic Skills	81.0%	84.9% (March 06)
Work Focused Interviews for Lone Parents	87.0%	89.1% (March 06)

Unit Cost target

Unit cost targets for the 2005-06 operational year were set at £28.24 for benefit processing and £217.03 for job broking. The calculation of unit costs is derived from dividing the total cost of an output by the volumes of activity to produce a cost per activity.

The Benefit Processing target has not been met, achieving **£29.18** against a target of £28.24 due to a lower number of claims being received than expected against the target. Operational costs have reduced to reflect this but not at the same rate resulting in the higher unit cost. However, the Job Broking element has been achieved, **£204.03** against a target of £217.03 despite Job Entries being below the end of year planning allocation. This is the result of reduced spending on both operational staff costs and employment programmes when compared against the target.

Supporting our targets

Performance against targets was closely monitored throughout the year at all levels of the business. Improvement plans were initiated where any delivery unit fell below agreed standards.

A Job Entry national action plan was introduced in September 2005 to address the short fall in job entry performance in 3 main areas:

- improving adviser performance – events were delivered to adviser managers on how to improve adviser productivity and

individual adviser improvement plans were implemented to support advisers

- increasing Jobcentre Plus access to vacancies – a national campaign publicising Jobcentre Plus services to targeted employers was launched, and
- process management – senior management monitored progress against the plan on a weekly basis.

In January a national action plan designed to recover performance in the time taken to process benefit claims for Jobseeker's Allowance, Incapacity Benefit, and Income Support was launched. Implementation of the plan was mandatory focusing on providing delivery centres with specific tools and guidance to improve performance. This included the introduction of health checks, addressing under-performance, implementing recovery plans where required and regular discussion with Senior Managers.

A number of contact centres experienced severe difficulties in maintaining service levels during the Summer of 2005. Steps were taken to tackle the problems, through the recruitment and training of staff, coupled with some process and management adjustments. These measures have allowed us to bring performance back towards expected levels. The network is now delivering sustained performance of almost 95% of calls being answered.

Jobcentre Plus is currently developing improvements in the delivery of benefits.

It is piloting a revised process for handling new and repeat benefit claims, designed to improve access for customers, and to improve speed and quality in processing claims. The pilot started on 24 February in Grimsby and its neighbouring areas and extended to include Central London District in April. Jobcentre Plus is continuing to operate and evaluate the pilot to improve performance and inform national rollout. A number of changes with the aim of improving service to customers and simplifying processes have been identified by the pilot and were implemented nationally in July with a few more to be implemented in October.

Social Fund

Jobcentre Plus has continued to administer the Social Fund system to help customers in a range of stressful situations that arise from financial and social pressures or from life events.

Applications to Social Fund often reflect complex personal situations where customers have no other recourse to support. Jobcentre Plus monitors and manages Social Fund performance via a Key Management Indicator. This has 6 component parts, all of which were met.

The Job Outcome target pilots

During 2005-06 Jobcentre Plus piloted 2 options for the replacement of the Job Entry target as a result of a joint Jobcentre Plus and the Department for Work and Pensions review. The pilots operated from January 2005 and following an evaluation, a new target was introduced nationally from April 2006. The preferred option measured the movement of customers into employment by matching P45/46 data from Her Majesty's Revenue and Customs against Jobcentre Plus benefit and labour market systems.

Social Fund Key Management Indicator

Types of Social Fund applications and reviews	To process applications within the days shown below (Average Actual Clearance Time)	2005-06 achieved clearance
Community Care Grant	9 days	7.8 days
Budgeting Loans	6 days	2.8 days
Crisis Loans	2 days	1.4 days
Funeral Payments	16 days	11.8 days
Sure Start Maternity Grant	5 days	3.8 days
Social Fund Reviews	10 days	8.4 days

Performance Results

Job Entry target

2005–06

To achieve a total points score of 6,659,000 based on job entry outcomes Jobcentre Plus achieves.	Target:	6,659,000 points
	Outturn:	6,466,655 points
	Variance:	–2.9%

Job Entry target component elements

Lone Parents	Planning Assumption:	1,568,508 points
	Achievement:	1,514,010 points
People with a Health Condition or Disability	Planning Assumption:	792,444 points
	Achievement:	867,702 points
Other Inactive Benefits	Planning Assumption:	98,514 points
	Achievement:	83,040 points
Priority Customer Group one (PCG1) overall	Planning Assumption:	2,459,466 points
	Achievement:	2,464,752 points
JSA New Deal	Planning Assumption:	1,218,404 points
	Achievement:	1,092,908 points
Partners	Planning Assumption:	36,416 points
	Achievement:	28,000 points
Employment Zones	Planning Assumption:	47,964 points
	Achievement:	107,912 points
Remaining People With Disabilities	Planning Assumption:	570,256 points
	Achievement:	553,880 points
Remaining 6 months and over	Planning Assumption:	477,364 points
	Achievement:	411,068 points
Priority Customer Group 2 overall	Planning Assumption:	2,350,404 points
	Achievement:	2,193,768 points
Priority Customer Group 3	Planning Assumption:	1,007,396 points
Remaining JSA 6 months and under	Achievement:	1,028,824 points
Priority Customer Group 4	Planning Assumption:	432,528 points
Non JSA/Non Inactive Benefit	Achievement:	417,466 points
Priority Customer Group 5	Planning Assumption:	83,100 points
Employed Job Entries	Achievement:	71,873 points

In 2006–07 the Job Outcome target replaces the Job Entry target and will support advisers in focusing on priority customers while reducing the time spent by staff on activities to capture, measure and validate job entry performance.

Job Entry validation statement

For performance to count against the target, Jobcentre Plus or one of its programme providers must have demonstrated that they intervened to help individual customers into work. Validation checks were performed by Jobcentre Plus to ensure that for a sample of job entries there was sufficient evidence to show that this was the case.

However, as a result of known limitations, it was not always possible for validation checks to ensure that individual job entries had been classified in the correct points category. This resulted in some over and under statement of points, but at unknown

levels. There has also been an unknown level of under-recording of job entries in cases where it could not be identified that Jobcentre Plus, or one of its programme providers, helped individual customers into work, including where employers refused to give full and accurate information during vacancy follow-up.

Against the 2005–06 target, Jobcentre Plus achieved a total of **6,466,655** points from **861,295** job entries.

The results of validation checks indicate that 93% of job entries included in the sample were valid and 7% were treated as not.

Risk Assurance Division are satisfied with the reliability of the information provided by the job entry validation checks regarding the number of job entries claimed. As a result they consider full assurance is appropriate in this area.

Monetary Value of Fraud and Error target

By March 2006, to reduce losses from fraud and error in working age Income Support and Jobseeker's Allowance to no more than 5.2% of the monetary value of these benefits paid during the year.

2005–06	
Target:	6.0% (March 05) 5.2% (March 06)
Outturn:	5.4% (March 05)

Progress toward the Monetary Value of Fraud and Error Target is measured by a continuous programme of examining a sample of cases and is reported some months in arrears.

Customer Service target

2005–06

To achieve an 81% customer service level in the delivery of the standards set out in the Customers' and Employers' Charters.

Target:	81.0%
Outturn:	85.2%

Customer Service target component elements

The speed and accuracy components are weighted at 25% each, proactivity at 30% and environment contributes 20% to the overall target.

Speed	Achievement:	93.1%
Accuracy	Achievement:	84.0%
Proactivity	Achievement:	72.7%
Environment	Achievement:	95.7%

Employer Outcomes target

2005–06

At least 84% of employers placing their vacancies with Jobcentre Plus will have a positive outcome.

Target:	84.0%
Outturn:	87.5%

Employer Outcomes target component elements

Each element contributes a third to the overall target.

Resolution – was the vacancy filled?	Achievement:	91.5%
Responsiveness – was the vacancy filled in a timescale that met their needs?	Achievement:	91.8%
Matching – did employers think that the people sent for the job matched that vacancy/jobs details?	Achievement:	79.1%

Business Delivery target

2005–06 (interim)

To ensure that specified key Jobcentre Plus business processes are delivered efficiently, accurately and to specified standards in 90.3% of cases checked.	Target:	90.3%
	Outturn:	91.7% (March 06)

Business Delivery target component elements

Each component counts for 20% of overall target

Income Support Accuracy	Planning Assumption:	90.0%
	Achievement:	89.0% (interim)
Jobseeker's Allowance Accuracy	Planning Assumption:	94.0%
	Achievement:	94.9% (interim)
Incapacity Benefit Accuracy	Planning Assumption:	94.0%
	Achievement:	96.0% (interim)
Labour Market Interventions	Planning Assumption:	96.0%
	Achievement:	97.1% (interim)
Basic Skills Screening	Planning Assumption:	81.0%
	Achievement:	84.9% (March 06)
Work Focused Interviews, Lone Parents	Planning Assumption:	87.0%
	Achievement:	89.1% (March 06)

Unit Cost target

2005–06

Benefit Processing	Target:	£28.24
	Achievement:	£29.18
Job Broking	Target:	£217.03
	Achievement:	£204.03



‘Implementing a new management structure and improving productivity will enable us to deliver better customer service with fewer people.’

Delivering services more efficiently and effectively

Driving the highest levels of performance and productivity across the business and increasing our efficiency and effectiveness overall.

Jobcentre Plus has made significant progress in responding to the Spending Review 2004 efficiency challenge. That challenge requires Jobcentre Plus to make a significant contribution to the Department's staffing reductions of 30,000 and manage within a budget of 19% less over the period to 2008. At the same time Jobcentre Plus will maintain performance standards and carry through its major transformation programme. Jobcentre Plus has a wide range of measures in place to support efficiency improvement as shown below.

Reducing staff and non-staff costs

In 2005–06 we reduced our full time equivalent headcount from 74,913 in April 2005 to 71,221 by the end of March 2006 against a target of 71,403. Our March 2006 target headcount was an important milestone in our plans to reduce staffing levels to circa 69,000 by

March 2007. We therefore slightly exceeded our target staff reduction while, with a single exception, avoiding compulsory redundancies. This was achieved by improving our workforce management and redeployment processes. We worked closely with the Department for Work and Pensions' Regional groups to help identify staff shortfalls and surpluses across all parts of the Department to minimise redundancies.

Reductions in our non-staff costs have been achieved as a consequence of setting more challenging budgets and the headcount reduction. Work has begun to re-let major contracts including accommodation and office supplies, printing and distribution and travel and accommodation. These will result in non-staff costs reducing in future years.

Streamlining our structure

Jobcentre Plus' Organisation Design Review was a key part of our efficiency programme. It has created a new operating framework that will help us deliver a seamless, accessible and consistently high standard of service to the customer. We finalised the design for our new organisational structure early in 2005–06 and began implementation in July 2005. The design removes over 4,000 posts from our management and support functions, allowing a greater proportion of our resource to be targeted where we most need it – delivering customer service.

Increasing our efficiency and effectiveness

We have:

- used Activity Based Information data to tackle variations in performance by providing managers at all levels with the information to track performance over time and compare their performance with units with a similar customer group. The data includes information on the utilisation of staff by activity, the cost and unit cost of each of the activities and the productivity of staff undertaking them. In addition the 2005–06 operational allocation was calculated by using the Activity Based Information data
- developed a Standard Operating Model to help the organisation to drive out the highest levels of performance and productivity across the business by delivering our services more efficiently, effectively and consistently. The standardisation ensures consistency by removing regional and local variations allowing managers to concentrate on delivery. This work has:
 - standardised processes and procedures for handling new claims to Jobseeker's Allowance, Income Support and Incapacity Benefit
 - piloted a revised Social Fund delivery model including changes to crisis loan applications
 - standardised the processes for maintaining claims, and
 - piloted a model for handling enquiries and changes in circumstances by telephone, being rolled out with benefit delivery centres
- put into place a risk-based business planning process. Risk based business plans have been produced across the Agency based on our key business priorities. Plans have been regularly reviewed ensuring key risks are being effectively managed to support the delivery of our objectives

- successfully piloted the Assurance Framework and introduced it nationally during 2005–06. The framework involves a self-assessment of the risks and controls and highlights areas for improvement and action. From next year, the Assurance Framework will be integrated into the existing risk based planning process to further bring together risk, assurance and the delivery of our business priorities
- continued to invest in our estates strategy through our rollout programme while relinquishing accommodation that no longer meets our business needs. During 2005–06 the Jobcentre Plus rollout programme closed 206 offices and disposed of 164 and the centralisation of the benefit delivery programme closed 4 offices and disposed of 2 offices. The estate occupied by Jobcentre Plus had reduced from 1,833,176 sq m at 31 May 2005 to 1,653,373 sq m at 31 March 2006, a reduction of 9.8%
- continued to promote Direct Payments as the primary method of payment for benefits assuring a safer system, more secure from fraud. Direct Payments were being made to 96.3% of live load customers at the end of the year against a target of 94.5%
- continued to manage contracts with external providers. During 2005–06 external providers achieved a total of 135,107 job entries. This represents an increase of 25% over 2004–05. Evidence from the Adult

Learning Inspectorate shows an improvement in the quality of external providers. Of the external providers inspected in 2005–06, 74% were judged to be satisfactory or better, compared to 55% for 2004–05. This improvement reflects the joint efforts of external providers and Jobcentre Plus managers to better manage the quality of provision as experienced by our customers. For example, New Deal for Disabled People providers were rewarded with contract extensions in line with their proven ability to deliver high performance, enabling better overall performance within the agreed programme budget

- undertaken a reorganisation of the National Sales Team that provides face-to-face account management to our most valuable employers. The new approach allows the National Sales Team to achieve its targets in a more cost effective manner and has created an environment that enables Account Managers to build strong relationships with those employers. It also enables the development of bespoke recruitment solutions that make best use of the channel strategy, resulting in more opportunities for our hardest-to-help customers. We are now able to provide an account-managed service to a greater number of employers through the introduction of Telephone Account Management, and

- introduced services to enable employers who provide us with fewer vacancies or whose activities are outside our chosen sectors, to access our extensive pool of potential recruits through more cost-effective channels such as telephony and e-services. The national rollout of Employer Direct online has proved most popular with employers, allowing them to notify and manage their vacancies without the intervention of a Jobcentre Plus adviser. Originally aiming to receive 10% of all vacancies through this channel by the end of Spring 2006, Employer Direct online is now used by employers to notify 17% of vacancies to Jobcentre Plus.
- undertaken Control and Risk Assessment workshops to evaluate the current risk management processes associated with policy development and to inform the development of new processes. The new processes ensure that a balance is maintained between the cost of controls and the impact of the risks being managed
- commenced rollout of the Standard Operating Model. The model ensures that all business units follow a prescribed way of working and adopt the most effective and efficient processes. This allows the use of a standard set of tools and products and promotes the aim of reducing variations in performance. The Standard Operating Model is a key compliance initiative

Improving our systems of internal control

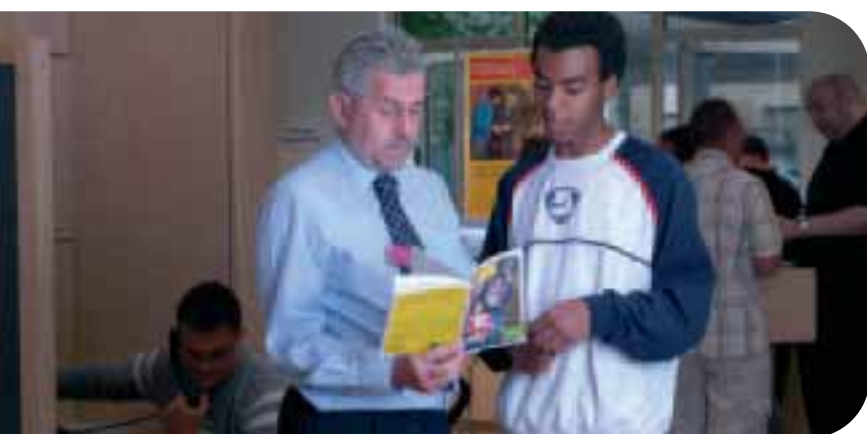
We have:

- used a new Risk and Control Framework in all new projects since April 2005. The Framework's primary role is to enable the user to identify key future process risks that need to be managed when developing systems and processes. It outlines a series of minimum expected controls that are designed to reduce the likelihood of the risks occurring. The Framework is to be formally evaluated by March 2007
- developed the Business Controls System that will replace the existing checking regimes through a phased implementation from May 2006. The system is a risk focused compliance and assurance system that sets mandatory checks and supports compliance while providing the management information required to inform business decisions at all levels of the organisation, and
- put in place an 'Official Error Action Plan' to help meet targets for reducing official error. This will help ensure that this, the largest area of non-compliance, will be better managed in 2006–07.

Automating our processes

We have:

- reviewed the approach to replace existing computer systems. Plans will take account of overall business priorities including delivery of Employment and Support Allowance



- launched e-services to allow some customers to make on-line benefit claims from 20 March 2006, and
- introduced the first elements of the Resource Management System that brings together human resource, finance and procurement functions across the Department for Work and Pensions. The Resource Management System will replace existing stand-alone systems. In 2005–06 we implemented the first release of Resource Management that gave staff access to on-line finance, procurement and project functions.

Considering key areas when deciding on policy changes

We have:

- supported the Department's Sustainable Development Policy and the delivery of its defined targets by addressing sustainability as part of the risk/excellence based planning process and by introducing the corporate Environmental Management System
- won a 'Best Waste Initiative' award for recycling 90% of waste materials during the Jobcentre Plus rollout programme, sending only 10% to landfill
- introduced the Countryside Commission's 'Rural Proofing – policy makers' checklist' to all areas of policy development
- successfully introduced the changes required by the Civil Partnership Act
- ensured that policy teams were aware of the requirements of the Freedom of Information Act, and
- introduced a protocol to ensure that Jobcentre Plus Board papers contain a requirement for all initiatives and policy developments to identify risks and the impact of those risks.



‘ We share our Values with the Department for Work and Pensions as a whole, but the descriptions for each Value are unique to Jobcentre Plus and describe how we intend to take the Values forward within our own business. ’

Delivering the Values through our people

Our Values encourage people to work in the same way using a common approach, and they underpin all that we do.

The Values underpin everything we do:

Achieving the Best

Using our resources efficiently, continuously improving our performance, delivering high and consistent standards and setting a benchmark for the quality of public service.

Respecting People

By treating our customers, colleagues and partners with respect (and expecting the same in return), delivering real equality to our customers and ourselves, and responding positively to feedback from customers, colleagues and partners.

Making a Difference

By supporting, challenging and inspiring ourselves so that we can make a difference to our customers' lives, and by going the extra mile to help our colleagues and all of our customers, including employers.

Looking Outwards

By working together with employers, partners, local communities and others to achieve their goals and ours, and by consistently identifying best practice opportunities to enhance our customer service.

Our People 'proud to work for Jobcentre Plus'

Our vision is to become an employer of choice, whose people are proud to work for us. Together we will focus on delivering high quality customer services in an environment that makes full use of our skills and rewards our contribution.

Ensuring our people are best placed to meet our business needs

We have:

- introduced a leadership development programme to ensure that Jobcentre Plus management teams demonstrate the right behaviours, consistent with our Values. We have sought to build leaders who are as capable of managing relationships with their people as managing tasks, and who understand their corporate responsibilities, and
- contributed to the Department's review of pay and reward to ensure that we recognise and incentivise our people appropriately.

Supporting our people through the transformation of the business

We have:

- begun embedding a new culture across Jobcentre Plus to support the changes in processes and structures needed to deliver excellent customer service
- developed our Working Together programme that builds management capability and develops teams, and
- continued to support our managers to ensure they have the skills, confidence and tools to lead their people through major change programmes.



Manage our resource challenges

We have:

- supported the correct deployment and redeployment of our resources and assisted in the delivery of our transformation programme through our workforce planning process. The process enables us to identify shortfalls and surpluses by locality. We have continued to build upon the success of our cross-Departmental regional groups in matching available staff to vacancies in order to achieve our headcount milestone for 2005–06 with only small numbers of targeted voluntary releases, and
- continued our emphasis on getting sickness absence levels down with positive results. For the 12-month period from April 2005 to March 2006, the average for working days lost due to sickness absence was 10.6 days against 12.5 days for 2004–05. We are pressing to reduce this level further through active management and adopting best practice from the public and private sectors.

Deliver more effective Human Resource policies and processes

We have:

- worked with other Department for Work and Pensions colleagues to deliver modernised HR policies that will be clearer for managers and their staff, and
- worked closely across the Department to build a diverse workforce. We have contributed to:
 - preparations for the introduction of age equality legislation
 - a salary sacrifice scheme to help our people pay for child care, which will be implemented with the rollout of Resource Management
 - an improved process for conducting diversity impact assessments, and
 - the review of the Realising Potential scheme for staff with ethnic minority backgrounds.

Work more closely with our people to build a positive relationship

We have:

- responded to issues raised in our staff survey. A 'Start, Stop & Change' process was introduced as a dynamic, interactive means of gathering direct staff feedback and highlighting priorities. A key feature was for the Jobcentre Plus Management Board to provide regular progress reports, so that staff could identify links between feedback given and action taken, and
- recognised the need to engage effectively with our people and to build a more collaborative relationship with the trade unions. The early part of 2006 saw industrial action by one of the 3 trade unions, over our modernisation programme and workforce planning strategy.

Modernise our Human Resource services

We have:

- continued to move towards a more modern approach to learning through the development and delivery of blended learning solutions. This allows for learning and development to be accessed in a number of ways including classroom based, e-learning, coaching and self learning to suit the needs of both the individual and the business
- supported managers throughout the organisation with HR Business Partners working as members of our senior management teams helping them to identify and manage people issues effectively. HR Business Partners have supported line managers, by advising, coaching and upskilling, to take on their role as people managers – delivering performance through their people, and
- continued to work closely with other Department for Work and Pensions colleagues on preparations for the implementation of the Resource Management system, which will provide on-line information for managers on resourcing, procurement, personal data and HR policies.

Communication strategy

We have:

- continued to focus effort on increasing our people's skills, commitment and personal development. In a period of great change for the business and our people we have concentrated on ensuring that information is communicated in a more planned, relevant and consistent way to enable clearer understanding of developments and so help effective working



- ensured that a wide range of information on important topics has reached staff at all levels through our communication strategy in support of the transformation activity in Jobcentre Plus. This included a major internal communication campaign 'Making Contact Count' which focused on improving understanding

- of our telephone and e-channels and promoted the introduction of the new performance measure, the Job Outcome target. The communication campaign has contributed to the marked increase in usage of the Jobcentre Plus internet Job Bank by our customers by ensuring that staff are fully aware of its benefits
- involved people throughout the organisation in developing and evaluating communications products to ensure they were fit for purpose
- introduced more two-way communication opportunities for people to discuss Jobcentre Plus business directly with senior managers including a regular 'phone-in' during which the Jobcentre Plus Board listen directly to concerns and issues raised by people in the organisation, and
- formed a community of communication managers across the business, to provide professional support for our managers, ensuring the effective delivery of communication campaigns across Jobcentre Plus.



Appendix 1

External Recruitment for 2005–06

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

They are designed to be inclusive and to encourage applications from all groups of 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 2005 to 31 March 2006, 2,471 people were successful at interview for permanent posts in Jobcentre Plus. During the same period 9 New Deal employees were also recruited.

External recruitment for 2005–06

Gender, Ethnicity and Disability	Number of staff appointed	Percentage of total
Gender		
Male	908	36.7%
Female	1563	63.3%
Prefer not to say		
Total	2471	
People in the above with disabilities	12	0.5%
Ethnicity		
White	1327	53.7%
Black (Caribbean)	12	0.5%
Black (African)	6	0.25%
Black (other background)	*	
Asian (Indian)	45	1.8%
Asian (Pakistani)	30	1.2%
Asian (Bangladeshi)	5	0.2%
Asian (other background)	*	
Chinese	*	
Mixed ethnic background		
Black African and White	*	
Black Caribbean and White	9	0.4%
Asian and White	10	0.4%
Other	12	0.5%
Any other ethnic background	14	0.6%
Prefer not to say/unclear response/ equal opportunities form not returned	991	40.1%

* Denotes less than 5

Reason for exception

	Number of staff
Appointment under government programmes to assist the long term unemployed for example the New Deal	14
Extensions over 12 months	2
Extensions of short-term appointments beyond initially published period including conversions to permanency	5
Extensions to secondments with reasons	3
Secondments	4
Transfers of staff with their work (not under TUPE)	5
Reappointment of former civil servants	1
Appointments of surplus acceptable applicants to shortage posts	25
Total	59

Use of permitted exception

The Civil Service Commissioners' recruitment Code permits certain exceptions to fair and open competition rules. The number of occasions on which permitted exceptions to fair and open competition and selection on merit have been used is set out above.



Annual Accounts

For the year ended 31 March 2006

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Management commentary

a Statutory Background

Jobcentre Plus presents its accounts for the financial year ended 31 March 2006. The accounts have been prepared in accordance with the direction given by HM Treasury in pursuance of Section 7(2) of the Government Resources and Accounts Act 2000.

Jobcentre Plus was established as an executive agency of the Department for Work and Pensions 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 Department's Resource Account.

b Scope of Jobcentre Plus Accounts

These financial statements relate solely to Jobcentre Plus' administrative and employment programme expenditure. Jobcentre Plus falls within the resource accounting boundary of the Department for Work and Pensions and its Agency Accounts are consolidated within the Department's Resource Accounts.

Jobcentre Plus is also responsible for the payment of various benefits including Income Support, Jobseekers Allowance and Incapacity Benefit. However, the overall expenditure on benefit payments is disclosed within the Department's Resource Accounts and the latest version can be found at

www.dwp.gov.uk/resourcecentre/policy_strategy.asp

Included within the funding approved for Jobcentre Plus was an amount for Remploy Ltd (see Note 6 and 21 for further details), a private company but also an Executive Non-Departmental Public Body and public corporation. Remploy Ltd falls outside of the Department for Work and Pensions' resource accounting boundary and therefore its accounts are not consolidated.

As part of the Department for Work and Pensions, the Agency has to manage its business and meet its objectives within the resource constraints set by the Department. In 2005–06 Jobcentre Plus shared a Request for Resource with the Work Welfare and Equality Group within the Department for Work and Pensions' 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 the Agency Accounts. Jobcentre Plus is also subject to administrative control exercised by HM Treasury.

The spending review in 2004 set the basis for the funding available for Jobcentre Plus in 2005–06.

c Results for the year

The Operating Cost Statement shows the net operating cost of Jobcentre Plus.

The net operating cost amounted to £4,544m (2004–05 £4,402m). Capital expenditure for the year, full details of which are given in notes 7 and 8, amounted to £286m (2004–05 £89m).

The net operating cost has been calculated after including a number of notional costs which are not currently charged to Jobcentre Plus but which are borne centrally by the Exchequer, for example cost of capital charge (Note 3).

d Employment of Disabled Persons

People with disabilities are employed across all grades within the Department.

e Commitment to Equality and Diversity

The Department is committed to providing services which embrace diversity and promote equality of opportunity. As an employer, Jobcentre Plus is also committed to equality and valuing diversity within our workforce as set out in its Strategy for Diversity, Equality and Inclusion. Our goal is to ensure that these commitments, reinforced by our values, are embedded in our day-to-day working practices with all our customers, colleagues and partners.

f Employee Involvement

Jobcentre Plus respects its staff as people and values their contribution. There is a strong internal communications network in place. Staff are encouraged to share information and contribute news, views and feedback. Regular news and information is provided to staff through Jobcentre Plus and the Department for Work and Pensions' communication sites held on the intranet, as well as through regular bulletins and messages cascaded down through team meetings.

Staff have access to an employee assistance programme; this is a service which supports staff and managers and promotes well-being in the workplace.

Staff also have access to trade union membership. Jobcentre Plus has procedures for consulting its trade unions and supports staff representation in the workforce by trade union representatives.

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

g Pension liabilities

The employees of Jobcentre Plus are Civil Servants to whom the conditions of the Superannuation Acts 1965 and 1972 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 Note 2 Staff numbers and related costs.

h 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, they should be paid within 30 days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. A review of all payments made during the twelve-month period of this account, conducted to measure how promptly Jobcentre Plus pays its bills, found that 97.23% (2004–05 95.22%) of bills were paid within this standard.

i External auditors

The accounts have been audited by the Comptroller and Auditor General whose certificate and report appear on pages 71 to 73.

j Appointment and remuneration of the Chief Executive

The Chief Executive of Jobcentre Plus was appointed, with the approval of the Prime Minister, following an open competition run by the Civil Service Commissioners. The appointment was for a period of three years, renewable by mutual agreement. The Chief Executive is the Accounting Officer of Jobcentre Plus.

The Chief Executive's pay was set in accordance with guidance issued by the Cabinet Office following publication of the Senior Salaries Review Body Report. The Permanent Secretary of the Department for Work and Pensions, in accordance with the terms of the Chief Executive's contract, determines payment of any bonus.

k Board of Management

Members of the Jobcentre Plus Board during the year were:

David Anderson	Chief Executive (to 13/5/05)
Sarah Anderson	Non-executive Director
Kevin Bone	Director, Business Design
David Coles	Non-executive Director
Mark Fisher	Director, Business Strategy & Planning (to 7/10/05)
Roland Ginn	Director, Finance (from 30/1/06)
Jeremy Groombridge	Programme Director
Mel Groves	Chief Operating Officer (from 30/5/05)
Stephen Hewitt	Director, Product and Business Design (to 31/7/05)
Sue Moore	Director, Employer Services (to 07/10/05) Director, Business Strategy & Planning (from 8/10/05, to 5/3/06)
Matthew Nicholas	Acting Director, External Relations & Communications (from 8/10/05)
Ruth Owen	Director, Business Strategy & Planning (from 6/3/06)
Jane Saint	Director, Human Resources
Lesley Strathie	Chief Executive (from 13/10/05 formerly Acting Chief Executive from 16/05/05)
Peter Ward	Director, Finance (to 27/01/06)

I Board of Management responsibilities

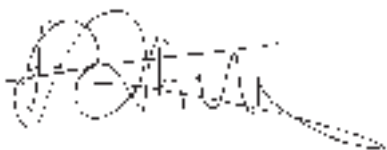
The Board of Management have approved the accounts for the year ended 31 March 2006 and have confirmed that they give a true and fair view of the state of affairs and the results of Jobcentre Plus for the year. In the preparation of the accounts, the Board of Management have selected suitable accounting policies and applied them consistently; made judgements and estimates that are reasonable and prudent; and have prepared the accounts on the 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 she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

m Details of company directorships and other significant interests held by board members

A register of Director's business interests is held by the Finance Directorate at the following address:

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



Lesley Strathie
Accounting Officer
18 October 2006

Remuneration report

a Remuneration Policy

The remuneration of Jobcentre Plus' Board Members who are senior civil servants is determined by a Pay Strategy Committee chaired by the Department's Permanent Secretary, and also comprising the Department's Human Resources Director, the Chief Executive of Jobcentre Plus, and a Non-Executive Director 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;
- 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

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk

c Salary and pension entitlements

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

d Remuneration

Officials	2005–06		2004–05	
	Salary £'000s	Benefits in kind (to nearest £100) £	Salary £'000s	Benefits in kind (to nearest £100) £
Lesley Strathie	135–140	–	95–100	–
David Anderson	55–60	–	205–210	–
Kevin Bone	135–140	–	120–125	–
Mark Fisher	60–65	–	90–95	–
Roland Ginn	15–20	–	–	–
Jeremy Groombridge	90–95	–	85–90	–
Mel Groves	70–75	2,300	–	–
Stephen Hewitt	30–35	–	110–115	–
Sue Moore	80–85	3,300	65–70	–
Matthew Nicholas	45–50	4,500	–	–
Ruth Owen	5–10	400	–	–
Jane Saint	115–120	–	110–115	–
Peter Ward	90–95	–	105–110	–

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; performance pay or bonuses; 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 Benefits in kind

The estimated monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue 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.

g Pension Benefits

	Real increase in pension at age 60	Real increase in lump sum at age 60	Accrued pension at age 60 at 31 March 2006	Accrued lump sum at age 60 at 31 March 2006	CETV at 31 March 2005	CETV at 31 March 2006	Real increase in CETV
Name	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Lesley Strathie	12.5–15	40–42.5	50–55	160–165	567	975	244
David Anderson	0–2.5	0–2.5	0–5	0–5	45	52	4
Kevin Bone	0–2.5	2.5–5	0–5	10–15	50	89	24
Mark Fisher	0–2.5	0–2.5	25–30	75–80	370	429	16
Roland Ginn	0–2.5	0–2.5	0–5	0–5	0	5	4
Jeremy Groombridge	0–2.5	2.5–5	35–40	105–110	586	664	27
Mel Groves	2.5–5	12.5–15	45–50	145–150	930	1208	104
Stephen Hewitt	0–2.5	0–2.5	35–40	115–120	825	864	9
Sue Moore	2.5–5	10–12.5	15–20	50–55	139	241	48
Matthew Nicholas	0–2.5	–	40–45	–	557	717	8
Ruth Owen	0–2.5	0–2.5	10–15	35–40	159	161	–
Jane Saint	0–2.5	2.5–5.0	5–10	15–20	42	78	17
Peter Ward	0–2.5	2.5–5.0	40–45	125–130	793	885	26

h Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (Classic, Premium, and Classic Plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, and Classic Plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of Premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium and Classic Plus. 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 (but members may give up (commute) some of their pension to provide a 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.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

i Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (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 CETV figures, and from 2003–04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Civil Superannuation Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Please note that the factors used to calculate the CETV were revised on 1 April 2005 on the advice of the Scheme Actuary. The CETV figure for 31 March 2005 has been restated using the new factors so that it is calculated on the same basis as the CETV figure for 31 March 2006.

The total accrued pension figures for Peter Ward incorporates over 22 years reckonable service transferred in from a non Principal Civil Service Pension Scheme (National Health Service).

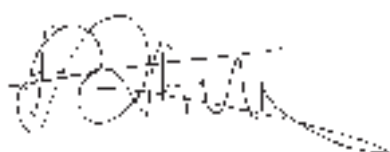
j Real increase in Cash Equivalent Transfer Value

This reflects the increase in CETV effectively funded by the employer. It takes account of 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.

k Non-executives

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

	2005–06 Total Fees and Expenses £'000s	2004–05 Total Fees and Expenses £'000s
Sarah Anderson	20	20
David Coles	20	20



Lesley Strathie

Accounting Officer

18 October 2006

Statement of agency's 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 a HM Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Agency during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows of Jobcentre Plus for the financial year, and of the state of affairs as at 31 March 2006.

In preparing the accounts, the Accounting Officer is required to comply with the **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 the Department for Work and Pensions has appointed the Chief Executive of Jobcentre Plus as the Accounting Officer for the Agency. Their 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 the Agency's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in **Government Accounting**.

Statement on internal control

- 1 As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department for Work and Pension's policies, aims and objectives whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting and agreed with the Permanent Secretary.
- 2 Jobcentre Plus is an Executive Agency of the Department for Work and Pensions (DWP). I am accountable to the Permanent Secretary of DWP via the Department's Executive Team.
- 3 I am responsible for the delivery of objectives in accordance with the framework established by Ministers and the Work Welfare and Equality Client Group (WWEG). I am responsible for developing business strategies and plans to deliver objectives set for Jobcentre Plus by Ministers and their Permanent Secretary, within the resource allocated in the last Spending Review. I am also responsible for delivering the specific operational targets set by WWEG. Links have been established between Jobcentre Plus and other Agencies of DWP to ensure that our respective customers receive the help and support they need through our networks.
- 4 As a substantial part of Jobcentre Plus activity is delivered via external partners, it is important to ensure that robust contract management arrangements are in place. I manage these contracts through the Jobcentre Plus Quality Framework, which is supported by the Common Inspection Framework and Provider Guidance. The Quality Framework is used by Providers as part of their continuous improvement to raise standards. It also assists Jobcentre Plus inform the management of provision taking into account quality of delivery, contract performance, impact on participants, equal opportunities and the local labour market.
- 5 Alongside our external partners, a good deal of Jobcentre Plus activity is delivered by DWP through Shared Services such as Estates, IT services etc. These are managed on my behalf through contractual arrangements.

- 6 Jobcentre Plus has close links with Remploy, a Non Departmental Public Body sponsored by DWP. Remploy is constituted as a Limited Company, limited by guarantee, and a Public Corporation. The guarantee is held by the Secretary of State. Remploy receives a grant in aid each year in exchange for delivering a range of employment and development opportunities for disabled people under the WORKSTEP programme.
- 7 In addition to my Accounting Officer responsibilities for Jobcentre Plus administrative expenditure, I am also responsible for the Employment Programme expenditure within Jobcentre Plus, and for administering Working Age benefits. I am also responsible for referring incidences of overpayment of these benefits to the Department's Debt Management service for recovery.
- 8 Although the Departmental Permanent Secretary is the Accounting Officer for the Social Fund, I am responsible for the administration of Social Fund payments on behalf of DWP. These responsibilities encompass receipts received from the repayment of Social Fund loans. The Statement on Internal Control, which accompanies the published Social Fund Accounts, provides details of how these specific responsibilities have been discharged.

The purpose of the system of internal control

- 9 The system of internal control is designed to ensure that the risks associated with the delivery of policies, aims and objectives are effectively managed; it does not seek to provide absolute assurance. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Jobcentre Plus policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be 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 2006 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

- 10 My Board provide leadership for the risk management process through their regular review of Board level risks. This formal process has been in place for the entire year. I have actively sought to improve this process and recently my Corporate Governance Board commissioned a review of the Board risk management process. The review resulted in a number of recommendations which will be taken forward in 2006–07.
- 11 I have recognised that we need to take further steps to improve the management of cross cutting risks within Jobcentre Plus. In December 2005, as part of my overall review of the sub-board committee structure in Jobcentre Plus, I constituted the Strategic Planning and Prioritisation Board. Part of the remit of this Board is to provide an overview of risks across the Agency and to provide the key link between operational and Board risks.
- 12 Up until December last year I had in place a network of specialist governance managers at region/country/district level and in Directorates with specific responsibility for embedding governance across the organisation. As a result of our Organisational Design Review and with a view to bringing governance closer to the everyday business of Jobcentre Plus, we have now moved those responsibilities into the performance and planning teams.

- 13 Jobcentre Plus has delivered its business this year within the context of huge organisational change. The tension between maintaining business delivery with reduced headcount whilst delivering an aggressive change agenda has the ongoing potential to compromise the Agency's ability to manage risks effectively. This was highlighted in the recent Select Committee report which was critical of our Contact Centre Performance during August 2005. We have addressed the issues identified and I fully expect further improvements going forward as new structures and roles bed down.

The risk and control framework

- 14 My Board has reviewed the Jobcentre Plus Risk Register on a quarterly basis. The risks are reviewed in the light of the Board's discussions on the reported success or otherwise of mitigation actions put in place by the Board's risk 'owner'. Where we have identified risks that cannot be managed at Board level, they have been escalated to the DWP Strategic Risk Review Board for consideration and inclusion in the DWP Strategic Risk Register and management at Departmental level. In 2006-07, my board is reviewing in depth at least one of our major risks each month with a view to strengthening our approach to risk management.
- 15 The business has operated this year in a difficult environment of resource constraint and major change. The priority risk areas for the Board this year were around the ability of projects to deliver articulated benefits, quality of employment programmes and our ability to meet our 05-06 targets.

- 16 Jobcentre Plus has in place a risk-based business planning process. Risk based business plans have been produced across the Agency based on our key business priorities. Where the risks identified cannot be managed at that level, they are escalated up to the appropriate level for action, up to the Board if necessary. I recognise that risk management needs to be strengthened, particularly within my Directorates, and this will be tackled through our new 2006–07 planning process which focuses on the risks to discharging Directors accountabilities and requires the reporting of levels of residual risk.
- 17 During 2005–06 we commenced the roll out of the Resource Management system (RM) and this will continue through the early part of 2007. RM is a DWP wide system, which provides us with the opportunity to deliver our business more efficiently and to improve the effectiveness of the framework of financial control within Jobcentre Plus. A number of issues have emerged during the roll out specifically relating to non-compliance and weaknesses around audit trails. These issues apply across DWP however, due to Jobcentre Plus rolling out RM in advance of the other agencies, the issues have caused more material impact. My finance teams have also been working closely with colleagues in DWP Financial Services Directorate to ensure that cross-departmental risks and issues are effectively managed.
- 18 This year Jobcentre Plus has taken on the responsibility for administering a number of Employment Programmes which were previously administered by WWEG. These programmes all now operate within the Jobcentre Plus Control Environment. However, it is evident that these programmes at the time of being handed over by WWEG did not have sufficient arrangements in place to provide a robust audit trail. Nevertheless, Jobcentre Plus has measures in hand to address these issues so that in going forward a robust audit trail is available. I will be putting in place a process through which any baseline changes to the scope of Jobcentre Plus can be managed more effectively in future.

Review of Effectiveness

- 19 As Agency Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within Jobcentre Plus who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors 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 Corporate Governance Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.
- 20 The Corporate Governance Board incorporates the functions and responsibilities of an audit committee for the Agency and works with the Department's Risk and Assurance Division to focus on the areas of the business at greatest risk. The committee is chaired by David Coles, a non-executive director of the Board. They receive regular audit updates of the main trends and findings identified as part of ongoing audit activity. They also receive feedback and reports from the Jobcentre Plus Reporting and Controls Team. Through this feedback they are able to plan audit activity and influence any changes that may be necessary in the risk registers for ongoing action. Their recommendations are channelled to the appropriate senior manager for remedial action.
- 21 To improve our existing Letter of Assurance process this year, we have piloted the Jobcentre Plus Assurance Framework. The framework provides the enabler for the Letter of Assurance and is based on the signatory's accountabilities. The framework involves a self-assessment of the risks and controls in respect of those accountabilities, highlighting areas for improvement and action. The pilot was successful and from next year, the Assurance Framework will be integrated into the existing risk based planning process to further bring together risk, assurance and the delivery of our business priorities.

- 22 We have carried out a full review of our mandatory checking framework to ensure that all checks are risk focussed. The Agency has driven forward the development of the new Business Control System (BCS), providing the resource to manage the project on behalf of DWP. BCS will help to improve compliance with our checking regime through the supply of effective and improved management information and will be rolled out across Jobcentre Plus during 2006–07.

Significant Control Weaknesses

- 23 A key issue for us to address is the lack of clarity regarding accountabilities. There is still a lack of clarity in respect of accountabilities at Departmental and Agency level but this issue is being addressed through dedicated Departmental work and through the work of the Reporting and Controls Team in Jobcentre Plus. A particular issue is the end-to-end accountability for the Social Fund. We are actively addressing this issue for 2006–07 through the agreement of formal Social Fund accountabilities for myself, my Chief Operating Officer and my Director of Business Design.
- 24 Risk Assurance Division provides an overall assessment of Jobcentre Plus performance in-year. For 2005–06 their assessment was that of Limited Assurance.
- 25 The Corporate Governance Board with input from Risk Assurance Division identified the following key areas where further improvement action was required:
- a Non-compliance:** There was a gradual increase in levels of compliance this year with areas such as Managing Attendance and IT System Testing showing marked improvement. However non-compliance with processes and procedures continues to be an issue. This was recently highlighted in an audit of Hidden Debt, relating to the recovery of benefit overpayments, which delivered a 'Nil Assurance', the recommendations from which are being progressed. I commissioned a review of the Jobcentre Plus suite of checks this year to ensure that they were all risk

based and fit for migration to the new Business Control System (BCS) and this was completed in January 2006. BCS will provide improved management information on levels of compliance with the mandatory checking regime and allow greater management control.

Whilst BCS and the introduction of the Standard Operating Models (SOMs) for our business processes will improve compliance, I recognise that we need to do more to continue the improvement and I have recently commissioned work to agree targets for reducing official error and have put in place an 'Official Error Action Plan'. This will help ensure that this, the largest area of non-compliance, will be better managed next year. My Corporate Governance Board will continue to monitor and challenge any lack of progress on this issue.

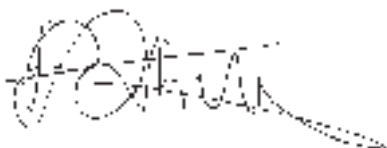
b Management of Employment Programme expenditure:

Good progress has been made this year with Jobcentre Plus putting in place improved accounting systems and processes. The issue now is one of ensuring compliance with the new systems. We recognise that there is more to do. Risk Assurance Division have worked closely with Jobcentre Plus Finance this year and whilst recognising the strides made in bringing this area under control, there are still weaknesses in control in areas such as Employment Zones and European Social Fund. Another case in point was New Deal for Disabled People (NDDP) where lack of control over the funding and referral systems led to pressures on the NDDP budget and contributed to a 'Nil Assurance' audit report. The recommendations from this audit have been accepted and implemented and we will continue to work with Risk Assurance Division to identify and eradicate any further control weaknesses.

c Internal Security: We continue to have weaknesses in our internal security systems and these have been highlighted this year with the high profile case involving identity theft in the New Tax Credit process. I have responded by ensuring that there is clear Board level responsibility for Security and have put in place action plans to address security issues. The new structures arising from the recent Organisational Design Review will help to tackle this issue. These structures will need time to bed down and will be formally reviewed in 2006–07. I am currently finalising the position of our Security Advisers within the new organisation to ensure they are best placed to provide maximum impact in this area.

d Document retrieval: Problems have continued with our ability to retrieve documents from remote storage. This is a Department wide issue and is being dealt with through the contract management process and through our on-line FARIO (File And Retrieval Information Online) system. FARIO was rolled out across DWP between August and November 2005 and has resulted in increased retrieval success of 97% against a target of 98%, compared to 68% under the previous contract. The DWP Commercial Estates Directorate has developed a customer liaison team to support businesses in using FARIO to its full capability. Risk Assurance Division have also carried out a review of missing files in DWP. This review is now complete and has made a number of recommendations. These have been accepted by management and will be progressed in 2006–07.

26 I have reviewed the Internal Audit reports which awarded a 'nil' assurance and I am content that the appropriate issues have been included in this Statement on Internal Control.



Lesley Strathie
Accounting Officer
18 October 2006

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 2006 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Agency, the Chief Executive and Auditor

The Agency and Chief Executive are responsible for preparing the Annual Report and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities. My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I also report whether 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. I also report to you if, in my opinion, the Annual Report and Management Commentary are not consistent with the financial statements, if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on page 62 reflects the Agency's compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of

the Agency's corporate governance procedures or its risk and control procedures. I read the Annual Report, the unaudited part of the Remuneration Report and the Management Commentary and consider whether they are consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of an Audit Opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2006 and of the net operating cost, recognised gains and losses and cashflows for the year then ended;

- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- 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.

I have no observations to make on these financial statements.



John Bourn

Comptroller and Auditor General

National Audit Office, 157-197 Buckingham Palace Road

Victoria, London SW1W 9SP

26 October 2006

Jobcentre Plus operating cost statement for the year ended 31 March 2006

	Note	2005-06		2004-05	
		£'000s	£'000s	£'000s	£'000s
				Re-stated	
Administration costs					
Staff Costs	2	1,878,128		1,757,687	
Other Administration Costs	3	1,591,561		1,500,241	
				<u>3,257,928</u>	
Gross Administration Costs		3,469,689			
Administration Income	5	(6,515)		(13,776)	
				<u>3,244,152</u>	
Net Administration costs			3,463,174		
Programme costs					
Expenditure	6	1,165,491		1,216,725	
Less income		(85,086)		(58,479)	
				<u>1,158,246</u>	
Net Programme costs			1,080,405		
Net Operating cost			4,543,579		<u>4,402,398</u>

All income and expenditure is derived from continuing operations.

Jobcentre Plus statement of recognised gains and losses for the year ended 31 March 2006

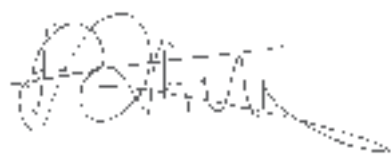
	Note	2005-06	2004-05
		£'000s	£'000s
		Re-stated	
Net gain on revaluation of tangible fixed assets	15	65	213
Net loss on revaluation of investments	9	–	
Recognised gains and losses for the financial year		<u>65</u>	<u>213</u>

The notes on pages 77 to 120 form part of these accounts.

Jobcentre Plus balance sheet

as at 31 March 2006

	Note	31 March 06		31 March 05	
		£'000s	£'000s	£'000s	£'000s
				Re-stated	
Fixed assets					
Tangible Assets	7	655,481		447,223	
Intangible Assets	8	24,601		280	
Investments	9	–		–	
			680,082		447,503
Debtors: amounts falling due after one year	10		31,102		33,921
Current assets					
Debtors: amounts falling due within one year	10	54,640		92,123	
Cash at bank and in hand	11	509		461	
		55,149		92,584	
Current liabilities					
Creditors: amounts falling due within one year	12	(372,986)		(201,030)	
		(372,986)		(201,030)	
Net current liabilities			(317,837)		(108,446)
Total assets less current liabilities			393,347		372,978
Provisions for liabilities and charges	13		(4,191)		(2,490)
			389,156		370,488
Financed by:					
Taxpayers equity:					
General Fund	14		388,790		370,099
Revaluation Reserve	15		366		389
			389,156		370,488



Lesley Strathie

Accounting Officer

18 October 2006

The notes on pages 77 to 120 form part of these accounts.

Jobcentre Plus cash flow statement for the year ended 31 March 2006

	Note	2005-06 £'000s	2004-05 £'000s Re-stated
Net cash outflow from operating activities	(16a)	(3,316,419)	(3,389,083)
Capital expenditure and financial investment	(16b)	(223,574)	(89,027)
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities		4,099	4,855
Payments of amounts to the Consolidated Fund		(1,285)	(5,081)
Net Financing from the Consolidated Fund	(16d)	2,945,754	3,265,877
Net Financing from the National Insurance Fund	(16c)	625,726	174,817
Other		(34,253)	–
Increase/(Decrease) in cash in the period		48	(37,642)

The notes on pages 77 to 120 form part of these accounts.

Notes to the accounts

Note 1

Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2005–06 **FReM** issued by HM Treasury. The accounting policies contained in the **FReM** follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the **FReM** permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by Jobcentre Plus are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

a Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

b Tangible Fixed Assets

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount.

All computer hardware and software, except annual software licences are treated as capital assets. For all other tangible assets the prescribed capitalisation limit is £5,000. Where an item costs less than the capitalisation limit but forms an integral part of a package whose total value is greater than the capitalisation level, then the item is treated as a capital asset. On initial recognition they are measured at cost, including any costs such as installation directly attributable to bringing them into working condition.

For fixtures and fittings, the total costs of maintaining a record of relatively low value individual items is considered to be prohibitive and therefore these items are recorded on a pooled basis.

Jobcentre Plus is undertaking a major refurbishment and improvement project to roll out a nationwide network of integrated offices. The costs of this work are capitalised as leasehold improvements.

All fixed assets, other than leasehold improvements, are revalued monthly by reference to appropriate HM Treasury approved indices. The non-revaluation of leasehold improvements is a departure from the **FReM**. Expenditure capitalised as leasehold improvements covers a range of modernisation and refurbishment work, and there is no revaluation index that matches with this category of assets. The effect of not revaluing is not material to these accounts.

Surpluses arising on revaluation of fixed assets are credited to the revaluation reserve. Downward revaluations due solely to fluctuations in market value are written off against the reserve until the carrying value reaches the level of depreciated historical costs. Downward revaluations in excess of the depreciated historical cost, and those that are considered permanent are charged to the Operating Cost Statement.

Each year the realised element of the revaluation reserve is transferred from the reserve to the General Fund. The realised element of the reserve represents the excess of actual depreciation over depreciation based on historical cost. On disposal of a revalued asset, the balance on the revaluation reserve in respect of that asset becomes fully realised and is transferred to the General Fund.

c Land and Buildings

Jobcentre Plus does not include in its Balance Sheet capital values of the land and buildings that it occupies. All properties are leased, the majority under a Private Finance Initiative contract with Land Securities Trillium.

d Depreciation

Depreciation is applied on a straight-line basis at rates calculated to write off the current replacement cost, less any estimated residual value, over the estimated useful economic lives of the assets to the business. Depreciation commences in the month following acquisition. No depreciation is charged in the month of disposal.

Tangible fixed assets are depreciated over the following useful economic lives:

Leasehold Improvements	10 years (or period remaining on lease if less than 10 years)
Fixtures & Fittings	7–10 years
Vehicles	4–8 years
Plant & Machinery	7–10 years
IT Equipment	3–5 years

e Intangible Fixed Assets

Expenditure on purchased computer software licences covering a period of more than one year is capitalised as intangible fixed assets. Capitalised software licences are amortised over the shorter of the licence period or five years, with amortisation commencing in the month following acquisition. Capitalised software licences are not revalued. Expenditure on annual software licences is charged to the Operating Cost Statement.

f Stocks

Jobcentre Plus holds stocks of stationery, computer spares and similar consumables. Due to the nature of these items the Agency does not consider it appropriate to reflect their value in the Balance Sheet and all expenditure on consumables is charged to the Operating Cost Statement.

g Provisions

Jobcentre Plus provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the HM Treasury discount rate of 2.2% in real terms.

h Financing from the Consolidated Fund

The Department for Work and Pensions' main source of funding is the annual Parliamentary Grant. This is held in the Consolidated Fund by the Office of HM Paymaster General and drawn down as required to cover payments made. The Department uses its account with the Office of HM Paymaster General to fund four sub-accounts, each used by different business areas. All bank accounts are now held centrally and cash balances are reported in the DWP Head Office, Corporate and Shared Service account (Note 11).

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.

i Administration and Programme Expenditure

The Operating Cost Statement is analysed between Administration and Programme costs. Administration costs reflect the costs of running Jobcentre Plus as defined under the administration cost-control regime, together with associated operating income.

Programme costs reflect non-administration costs, including the contracted out provision of employment programmes, payments of grants and other disbursements by Jobcentre Plus. Grants include payments to Remploy Limited, a private company but also an Executive Non-Departmental Public Body and public corporation, to help meet the costs associated with employing very large numbers of disabled people, and grants towards the cost of equipment for disabled people which is procured by employers and charged to expenditure in the year of purchase.

j Operating Income

Operating Income is income that relates directly to the operating activities of Jobcentre Plus. It principally comprises of fees and charges for services provided on a full-cost basis to external customers, but also includes other income such as that from investments. Operating income is retained as Appropriations-in-Aid and is stated net of VAT.

k Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS), which are described in Note 2. The defined benefit elements of the 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 elements of the schemes, Jobcentre Plus recognises the contributions payable for the year.

l Early Departure Costs

Jobcentre Plus is required to meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Agency provides for this cost in full when the early retirement programme has been announced and becomes binding, by establishing a provision for the estimated payments discounted by the HM Treasury discount rate of 2.2% in real terms. Where the Department for Work and Pensions funds early release schemes centrally then a provision is created in the Departmental Resource Account with notional costs of lump sum and annual compensation payments recharged to Jobcentre Plus.

m Cost of Capital Charge

A charge, reflecting the cost of capital utilised by Jobcentre Plus, is included in Note 3. The charge is calculated at the government's standard rate of 3.5% in real terms on all assets less liabilities except for assets and liabilities in respect of amounts due from, or due to be surrendered to, the Consolidated Fund where the charge is nil.

n Operating Leases

Operating lease costs are charged to expenditure as they are incurred (see Note 3 for further details).

o Value Added Tax (VAT)

Irrecoverable VAT is charged to expenditure in the year in which it is incurred. Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. As the DWP is treated as a single entity for VAT purposes the recoverable VAT balance is now shown in the DWP Head Office, Corporate and Shared Service account.

p Insurance

The Agency 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, employers' liability and claims from third parties are charged directly to the operating cost statement.

q Private Finance Initiative (PFI) Transactions

PFI transactions have been accounted for in accordance with HM Treasury's Technical Note No.1 (Revised), entitled How to Account for PFI Transactions. Where the balance of the risks and rewards of ownership are borne by the PFI operator, the PFI payments are recorded as an operating cost, details of which, and the committed contractual payments, are shown in Note 19.

Jobcentre Plus utilises services provided under PFI contracts held centrally by DWP. Full details of these contracts are disclosed in the DWP Resource Account.

r Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, 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 Government Accounting.

These comprise:

- Items over £100,000 (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 the Department entering into the agreement; and
- All items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts), which are required by the **FreM** to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS 12 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to Parliament.

Note 2

Staff numbers and related costs

a Staff Costs	2005–06			2004–05
	Total £'000s	Directly- employed staff £'000s	Others £'000s	Total £'000s Re-stated
Wages and Salaries	1,476,836	1,429,676	47,160	1,479,106
Employers' National Insurance	97,718	96,722	996	99,452
Superannuation and Pension Costs	303,574	303,565	9	179,129
Total staff costs	1,878,128	1,829,963	48,165	1,757,687
Less recoveries in respect of outward secondments	(2,802)	(2,802)	–	(7,807)
Total	1,875,326	1,827,161	48,165	1,749,880

b Average number of persons employed

The average number of full-time equivalent persons employed (including senior management, staff on secondment or loan into the Agency and agency/temporary staff, but excluding staff on secondment to other organisations) during the year was as follows:

	2005–06			2004–05
	Total	Directly employed staff	Others	Total
Average number of persons employed	73,489	71,730	1,759	76,340

Jobcentre Plus staff work towards achieving the Department for Work and Pensions objective to promote work as the best form of welfare for people of working age whilst protecting the position of those in greatest need. 19 (2004–05 Nil) staff work towards modernising welfare delivery so as to improve the accessibility, accuracy and value for money of services to customers, including employers.

c Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but Jobcentre Plus is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2005–06, employers' pension contributions of £303,573,744 (2004–05: £179,129,200) were payable to the PCSPS, at one of four rates in the range 16.2% to 24.6% (2004–05: 12% to 18.5%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2005–06 and will remain unchanged until 2008–09. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the scheme.

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (Classic, Premium, and Classic Plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, and Classic Plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (partnership pension account).

i Classic Scheme

Benefits 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. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

ii Premium Scheme

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, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

iii **Classic Plus Scheme**

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic. Pensions payable under Classic, Premium, and Classic Plus are increased in line with the Retail Prices Index.

iv **Partnership Pension Account**

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up 25% of the fund as a lump sum. Employer's contributions of £166,336 (2004–05 £8,557) were paid to one or more of a panel of four appointed stakeholder pension providers. Contributions due to the partnership pension providers at the balance sheet date were £nil (2004–05 £123,853). Contributions prepaid at that date were nil.

In 2005–06 113 persons (2004–05 156) retired on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £539,721 (2004–05 £506,190). These liabilities are not the responsibility of the Agency but are to be paid by the Civil Superannuation Vote.

d **Re-statement**

Administration costs now include the costs of the Welfare Modernisation Fund. These costs were transferred to Jobcentre Plus from the DWP Head Office, Corporate and Shared Service following structural changes to the Departmental Resource Estimates. The prior year figures have been re-stated to include £10.2 millions of Welfare Modernisation Fund costs. A summary of all re-statements is included at Note 27 Transfer of Functions.

Note 3

Other administration costs

Included under Other Administration Costs are the following amounts:

	Note	2005–06		2004–05	
		£'000s	£'000s	£'000s	£'000s
					Re-stated
Accommodation	a		24,615		6,165
Rentals under Operating Leases:					
Hire of Plant and Machinery			3,848		5,019
Compensation payments to customers			3,451		2,102
PFI Service Charges	b		62,000		93,779
Goods and Services:					
Computer Services	b	152,149		79,643	
Medical Services		65,225		61,839	
Contracted Out Services		40,790		61,915	
Telephone and Postage		41,025		44,975	
Office Supplies		25,862		11,139	
Printing & Stationery		21,777		17,340	
Publicity		3,230		4,696	
Consultancy Fees		15,769		9,817	
Other		2,849		–	
			368,676		291,364
Staff Related:					
Travel, Subsistence and Hospitality		31,563		35,639	
Other	c	13,467		21,384	
			45,030		57,023
Non-Cash Items:					
Intra Departmental Charges	4	974,744		950,638	
Depreciation – Tangible Fixed Assets		78,430		70,515	
Notional Cost of Capital	d	13,376		12,299	
Impairment of Fixed Assets		9,544		4,939	
Amortisation – Intangible Fixed Assets		194		–	
Amortisation of TIES Prepayment	19	2,791		2,791	
Loss on Disposal of Fixed Assets		1,664		1,538	
Provisions: Movement in year	13	2,616		1,580	
Provisions: Unwinding of discount	13	64		41	
Notional Auditor's Remuneration	e	415		320	
			1,083,838		1,044,661
Miscellaneous Administration Costs			103		128
Total			1,591,561		1,500,241

a Accommodation

Total accommodation costs include property maintenance costs paid directly by Jobcentre Plus, included in Note 3, and costs charged to Jobcentre Plus by DWP for fully serviced accommodation provided under a centrally held PFI contract, included in Note 4.

b PFI Service Charges

The PFI charge for the provision of Information Technology (IT) Services with EDS is £61,999,754 (2004–05 £93,778,986). The charge represents costs incurred under the PFI contract up to August 2005 when the contract was re-negotiated and replaced with a non-PFI agreement. IT costs since August 2005 are shown as Computer Services within Goods and Services. Full details of the change are given in Note 19 Commitments under PFI Contracts.

c Other Staff Related

This includes staff training costs, permanent transfer expenses in respect of employees posted to a new location at the Agency's expense and the monthly payments to early retirees.

d Notional Cost of Capital

Notional cost of capital has been calculated by applying the HM Treasury discount rate of 3.5% to the average of the opening and closing balances of assets less liabilities, excluding cash balances held at Paymaster and amounts due from, or due to be surrendered to, the Consolidated Fund.

e Notional Auditors' Remuneration

The National Audit Office's fees reflect the notional cost of undertaking the audit of the statutory accounts.

These accounts have been audited by the Comptroller and Auditor General, the fee for their services being £415,000 (2004–05 £320,000). The audit fee represents the cost of the audit of the financial statements carried out by the Comptroller and Auditor General. There were no fees in respect of non-audit work during 2005–06.

f Re-statement

Administration costs now include the costs of the Welfare Modernisation Fund. These costs were transferred to Jobcentre Plus from the DWP Head Office, Corporate and Shared Service account following structural changes to the Departmental Resource Estimates. Other administration costs for the prior year have been re-stated to include £85.8 millions of Welfare Modernisation Fund costs. A summary of all re-statements is included at Note 27 Transfer of Functions.

Note 4

Intra departmental charges

The Department for Work and Pensions is regarded as a related party. During the year, Jobcentre Plus has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent: The Pension Service, Child Support Agency, The Appeals Service and The Disability and Carers Service. The nature and value of these transactions is summarised in the following table. The most significant transactions with the Department occur with its Corporate Services Directorate and these are highlighted separately.

Intra Departmental Charges

	Note	2005–06 £'000s	2004–05 £'000s Re-stated
Services Received			
Department for Work and Pensions and its agencies		17,378	5,492
Private Finance Initiative Service Charges	a	3,296	3,026
Corporate Services Directorate:			
Accommodation		472,524	473,425
Corporate Management		381,372	454,882
Information Technology		98,563	89,225
Early Departure Scheme	b	54,953	8,634
Corporate Other		18	3,007
Other		2,200	1,440
		1,030,304	1,039,131
Services Provided			
Department for Work and Pensions and its agencies		(28,433)	(36,177)
Corporate Services Directorate:			
Accommodation		(20,295)	(45,021)
Other		(6,832)	(7,295)
		(55,560)	(88,493)
Total		974,744	950,638

a Private Finance Initiative Service Charge

The Private Finance Initiative (PFI) charge for the provision of payroll and Human Resources managed services with Northgate Rebus HR is £3,296,000 (2004–05 £3,026,000). The charge represents costs incurred that are paid by the Department then recharged to Jobcentre Plus. Full details of the contract are given in Note 19 Commitments under PFI Contracts.

b Early Departure Scheme

Provisions in respect of the new Early Release Schemes have been created within the DWP Head Office, Corporate and Shared Service account. 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 in Final Business Cases. This figure represents the costs attributable to Jobcentre Plus for 2005–06.

c Re-statement

Administration costs now include the costs of the Welfare Modernisation Fund. These costs were transferred to Jobcentre Plus from DWP Head Office, Corporate and Shared Service account following structural changes to the Departmental Resource Estimates. The prior year figures have been re-stated to include £4.6 millions of services received and £4.5 millions of services provided. A summary of all re-statements is included at Note 27 Transfer of Functions.

Note 5

Operating income

The net operating cost is stated after deducting the following income:

Operating income analysed by classification and activity as follows:

	2005–06 £'000s	2004–05 £'000s
Administration Income		
Income from external customers	4,962	9,581
Income from Other Government Departments	1,553	4,195
Total Administration Income	6,515	13,776
Programme Income		
New Deal	1,511	1,632
Help for Unemployed People	23,053	106
European Social Fund	60,522	56,741
Total Programme Income	85,086	58,479
Total	91,601	72,255

Analysis of Administration Income

	2005–06 £'000s	2004–05 £'000s
Fees and Charges to External Customers		
Secondments	1,458	6,525
Miscellaneous Administration Income	2,896	1,764
Mortgage Lenders	608	1,292
	4,962	9,581
Fees and Charges to Other Departments		
Receipts from Department of Health	–	3,902
Recovery of Admin costs	90	200
Refund from Veterans Agency	–	93
Other	1,463	–
	1,553	4,195
Total	6,515	13,776

Note 6

Net programme costs

	2005–06 £'000s	2004–05 £'000s Re-stated
Note		
Help for Unemployed People		
Employment Zones	92,201	40,176
Working Neighbourhoods Pilot	10,488	9,380
External Action Teams	23,967	15,986
Princes Youth Business Trust	6,281	5,638
Work Based Learning for Adults	142,967	193,016
European Social Fund	67,065	56,741
Jobsearch Provision	13,971	21,425
Incapacity Benefit Reforms	24,871	15,483
Ambition	10,604	13,635
Adviser Discretion Fund	17,258	9,122
Internal Action Teams	6,892	6,828
Ethnic Minorities Pilot	16,817	4,120
Other	33,222	23,578
<i>less</i> European Social Fund Income a	(60,522)	(56,741)
<i>less</i> Other Income	(23,053)	(106)
Help for Unemployed People Total	383,029	358,281
New Deal Programmes		
New Deals for 18–24 and 25+	322,623	433,455
New Deal for Lone Parents	26,032	24,474
New Deal for Disabled People	68,397	64,764
New Deal for Partners	690	549
New Deal for 50+	983	2,782
<i>less</i> Income	(1,511)	(1,632)
New Deal Total	417,214	524,392
Help for Disabled People		
Remploy	119,300	116,000
Work Step	69,169	68,709
Access To Work	59,705	59,587
Residential Training Centres	18,853	17,074
Work Preparation	12,261	12,791
Other	874	1,412
Help for Disabled People Total	280,162	275,573
Total Net Programmes	1,080,405	1,158,246

a European Social Fund (ESF) Income

From April 2003 the nine English Jobcentre Plus regions became ESF co-financing organisations. This has enabled Jobcentre Plus to add value or fund additional places to domestically funded projects that support its aims and objectives.

ESF income is treated as negative public expenditure, which reduces the burden on the UK Exchequer. All ESF income received is used to fund expenditure incurred by Jobcentre Plus.

b Remploy Limited

Remploy is an Executive Non-Departmental Public Body, limited by guarantee and, for accounting purposes, a public corporation which publishes its own Annual Report and Accounts and whose net liabilities are guaranteed by the Secretary of State for Work and Pensions. The Jobcentre Plus payment to Remploy represents grant in aid to help meet the additional costs associated with supporting large numbers of disabled people.

c Re-statement

Programme costs include Employment Zones, Working Neighbourhoods Pilot, External Action Teams and Prince's Youth Business Trust. These costs were previously recorded in the DWP Head Office, Corporate and Shared Service account and were transferred to Jobcentre Plus following a restructure of the business. The prior year figures have been re-stated to include £71.1 millions of costs. A summary of all re-statements is included at Note 27 Transfer of Functions.

Note 7

Tangible fixed assets

	Leasehold Improvements £'000s	Fixtures & Fittings £'000s	Vehicles £'000s	Plant & Machinery £'000s	IT Equipment £'000s	Assets under Con- struction £'000s	Total £'000s
Cost or Valuation:							
At 01 April 05	445,003	4,742	23,887	8,333	128,067	–	610,032
Additions	244,314	6	287	(53)	10,679	21,863	277,096
Transfers in	–	–	2,192	38	1,931	10,574	14,735
Disposals	(2,229)	(592)	–	(2)	–	–	(2,823)
Transfers out	–	–	(1,224)	(32)	(5,827)	–	(7,083)
Revaluation	–	35	178	44	–	–	257
Impairment	–	–	(58)	–	(20,472)	–	(20,530)
At 31 March 06	687,088	4,191	25,262	8,328	114,378	32,437	871,684
Depreciation:							
At 01 April 05	72,577	2,740	12,273	7,713	67,506	–	162,809
Provided in Year	40,828	430	3,828	191	22,787	–	68,064
Transfers in	–	–	144	18	1,109	–	1,271
Disposals	(565)	(592)	–	(2)	–	–	(1,159)
Transfers out	–	–	(849)	(29)	(3,110)	–	(3,988)
Revaluation	–	21	141	30	–	–	192
Impairment	–	–	(40)	–	(10,946)	–	(10,986)
At 31 March 06	112,840	2,599	15,497	7,921	77,346	–	216,203
Net book value							
At 31 March 06	574,248	1,592	9,765	407	37,032	32,437	655,481
At 01 April 05	372,426	2,002	11,614	620	60,561	–	447,223

- a** Total additions in the year were £277.1 million (2004–05 £88.9 million). This consisted of £277 million (2004–05 £88.7 million) of capital expenditure and £0.1 million (2004–05 £0.2 million) of assets which had been purchased prior to 2005–06 but which had previously been charged as expenditure.

- b** The net increase in asset value arising from the revaluation of fixed assets of £65,000 (2004–05 £213,000) has been transferred to the Revaluation Reserve. The impairment in fixed assets arising from the permanent decrease in value of £9,544,000 (2004–05 £4,939,000) in excess of previous revaluation has been charged to the Operating Cost Statement.
- c** Total depreciation in the year was £68.1 million (2004–05 £70.6 million). This consisted of £78.4 million (2004–05 £70.5 million) charged to the Operating Cost Statement and £0.5 million (2004–05 £0.1 million) relating to assets purchased prior to 2005–06 charged to the General Fund less £10.8 million for prior year depreciation recalculated as a result of the de-pooling within the leasehold improvement asset category. The loss on disposal of fixed assets charged to the Operating Cost Statement in the year is £1.7 million (2004–05 £1.5 million).
- d** Jobcentre Plus does not include in its Balance Sheet capital values of the land and buildings that it occupies. All properties are leased, the majority under a Private Finance Initiative contract with Land Securities Trillium. Costs incurred during the year in respect of major refurbishment and improvement of these has been capitalised as Leasehold Improvements.

e Cash Flow Reconciliation

	Note	2005–06 £'000s	2004–05 £'000s
Capital Additions	7a	276,975	88,747
Capital Creditors and Accruals at 31 March	12	(62,394)	–
Purchases of Tangible Fixed Assets as per Note	16b	214,581	88,747

- f** Jobcentre Plus owns all of the assets detailed in the table above.
- g** Assets under construction primarily relate to IT hardware and software development costs in respect of the Benefit Processing Replacement Programme. This programme is currently under review and the related assets may be redeployed.

Note 8

Intangible fixed assets

The Agency's intangible fixed assets comprise purchased software licences.

	£'000s
Cost or Valuation	
At 1 April 2005	280
Additions	8,993
Transfers in	15,522
At 31 March 2006	24,795
Amortisation:	
At 1 April 2005	–
Provided in Year	194
At 31 March 2006	194
Net book value	
At 31 March 2006	24,601
At 1 April 2005	280

Note 9

Investments

The Secretary of State for Work and Pensions is a one-third shareholder in Working Links (Employment) Limited. This investment transferred to Jobcentre Plus on 1 April 2002 when the Employment Service ceased to exist. Since July 2005, the Shareholder Executive has been responsible for managing the Secretary of State's shareholding in Working Links. This ensured that there was a proper distinction between Jobcentre Plus' role as a shareholder and as a customer.

On 3 January 2006, DWP Finance assumed responsibility for Working Links within DWP, and therefore Jobcentre Plus has no ongoing role in the management of the Secretary of State's shareholding in Working Links. On this date its investment in Working Links was transferred from Jobcentre Plus to DWP Finance and the value of the investment, as well as any dividends received in year, are now shown in the DWP Head Office, Corporate and Shared Service account.

At the point of transfer to DWP Finance there had been no change in the number of shares owned and no dividends had been received.

The impact of this change is summarised in Note 27.

Note 10

Debtors

a Analysis by type

	31 March 2006 £'000s	31 March 2005 £'000s Re-stated
Amounts falling due within one year		
Trade Debtors	21,307	8,543
Amounts owed by Working Links (Employment) Ltd.	2	1,506
Other Debtors	11,202	1,128
Other Government Departments	1,941	488
Other Department for Work and Pensions agencies	8,395	14,926
Accommodation Prepayment	2,791	2,791
Deposits and Advances	1,163	901
Prepayments and Accrued Income	7,839	61,840
	54,640	92,123
Amounts falling due after one year		
Accommodation Prepayment	30,698	33,489
Deposits and Advances	404	432
	31,102	33,921
	85,742	126,044

Deposits and advances due within one year includes £52,966 (2004–05 £74,275) of house purchase advances due from 49 (2004–05 57) members of staff. Those due after more than one year include £403,632 (2004–05 £432,435) due from 76 (2004–05 85) members of staff.

As DWP is treated as a single entity for VAT purposes any recoverable VAT balance is now shown in the DWP Head Office, Corporate and Shared Service account.

b Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2005-06 £'000s	2004-05 £'000s	2005-06 £'000s	2004-05 £'000s
Balances with other Departmental bodies	8,395	14,926	–	–
Balances with other central government bodies	<u>1,941</u>	<u>488</u>	<u>–</u>	<u>–</u>
Intra-government balances	10,336	15,414	–	–
Balances with bodies external to government	44,304	76,709	31,102	33,921
Total debtors at 31 March	<u>54,640</u>	<u>92,123</u>	<u>31,102</u>	<u>33,921</u>

Note 11

Cash at bank and in hand

	2005–06 £'000s	2004–05 £'000s Re-stated
Balance at 1 April	461	38,103
Net change in cash balances	48	(37,642)
Balance at 31 March	509	461
The following balances at period end are held at:		
Commercial banks and cash in hand	509	461
	509	461

All bank balances previously held by Jobcentre Plus are now reported in the DWP Head Office, Corporate and Shared Service account in line with the treatment of bank accounts in all other Executive Agencies of DWP. The above figures represent the petty cash holdings of the offices in the Jobcentre Plus organisation.

Note 12

Creditors

a Analysis by type

	2005–06 £'000s	2004–05 £'000s Re-stated
Amounts falling due within one year		
Taxation and Social Security	33,256	49,981
Trade Creditors	76,377	5,237
Other Creditors	13,426	104
Other Department for Work and Pensions agencies	–	6,803
Accruals and Deferred Income	169,947	134,081
Capital Accruals	62,394	–
Superannuation	13,490	3,542
Consolidated Fund Extra Receipts	4,096	1,282
Total	372,986	201,030

b Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2005–06 £'000s	2004–05 £'000s	2005–06 £'000s	2004–05 £'000s
Balances with other Departmental bodies	–	6,803	–	–
Balances with other central government bodies	46,746	53,523	–	–
Intra-government balances	46,746	60,326	–	–
Balances with bodies external to government	326,240	140,704	–	–
Total creditors at 31 March	372,986	201,030	–	–

Note 13

Provisions for liabilities and charges

	Early Departure Costs £'000s	Industrial Injuries Benefit Payments £'000s	Total £'000s
Balance as at 1 April 05	1,959	531	2,490
Provided in the year:			
New Entrants	1,490	581	2,071
Uplift	69	17	86
Understatement of provision brought forward	555	–	555
Not required written back	–	(96)	(96)
Utilised in year	(936)	(43)	(979)
Unwinding of discount*	53	11	64
Balance as at 31 March 06	3,190	1,001	4,191

* The unwinding of the discount represents the effect of recalculating the present value of the provision before the impact of the uplift has been taken into account.

Early Departure Costs

Where departures are funded by the Agency, Jobcentre Plus is required to provide for the estimated future early departure costs of employees, discounted at the HM Treasury discount rate of 2.2% in real terms, in these accounts. The provision for departures funded centrally by the Department for Work and Pensions is recorded in the Departmental Resource Account.

Industrial Injuries Benefit Payments

This provision represents the expected future costs of Industrial Injuries Benefit permanent allowance payments to 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 2.2% in real terms.

Note 14

Reconciliation of movements in general fund

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

	2005–06 £'000s	2004–05 £'000s Re-stated
Net operating cost for the year	(4,543,579)	(4,402,398)
Financing from Consolidated Fund	2,945,754	3,265,877
Financing from National Insurance Fund	625,726	174,817
Non-cash capital additions	36,380	9,113
Notional charges	988,535	963,126
Transfer from Revaluation Reserve	88	(67)
Adjustments following re-statement	(34,213)	–
Net increase in General Fund	18,691	10,468
General Fund at 1 April	370,099	359,631
General Fund at 31 March	388,790	370,099

The opening General Fund balance has been re-stated following the movement of cash and VAT balances to the DWP Head Office, Corporate and Shared Service account. A summary of re-statements is given at Note 27 Transfer of Functions.

Note 15

Reconciliation of movements in revaluation reserve

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments. Movements in the Revaluation Reserve were as follows:

	2005–06 £'000s	2004–05 £'000s Re-stated
Balance as at 1 April	389	109
Arising on revaluation during the year	65	213
Transfer to General Fund in respect of realised element of Revaluation Reserve	(88)	67
Balance at 31 March	366	389

Under **FReM** guidance, the revaluation reserve must contain only those amounts that remain unrealised.

The opening balance of the Revaluation Reserve has been re-stated as the investment in Working Links (Employment) Limited is no longer held by Jobcentre Plus. Details of the transfer of responsibility for Working Links are given at Note 9 and a summary of all re-statements are shown at Note 27 Transfer of Functions.

Note 16

Notes to the cash flow statement

a Reconciliation of operating cost to operating cash flows

	2005–06 £'000s	2004–05 £'000s
Net operating cost	4,543,579	4,402,398
Adjustments for non-cash transactions	(1,083,839)	(1,044,661)
(Increase)/Decrease in Debtors	(40,302)	18,552
Less movements in debtors relating to items not passing through the Operating Cost Statement	2,751	2,520
Increase/(Decrease) in Creditor	(171,956)	9,523
Less movements in creditors relating to items not passing through the Operating Cost Statement	65,207	176
Use of provisions	979	575
Net cash outflow from operating activities	<u>3,316,419</u>	<u>3,389,083</u>

b Analysis of capital expenditure and financial investment

	2005–06 £'000s	2004–05 £'000s
Tangible fixed asset additions	214,581	88,747
Intangible fixed asset additions	8,993	280
Proceeds of disposal of fixed assets	–	–
Net cash outflow from investing activities	<u>223,574</u>	<u>89,027</u>

c Analysis of financing

	2005–06 £'000s	2004–05 £'000s
From the Consolidated Fund (Supply) – current year	2,945,754	3,265,877
From the National Insurance Fund	625,726	174,817
Net Financing	<u>3,571,480</u>	<u>3,440,694</u>

d Reconciliation of Net Cash Requirement to (increase)/decrease in cash

	2005–06 £'000s	2004–05 £'000s
Net cash requirement	2,948,520	3,303,293
From the Consolidated Fund (Supply) – current year	(2,945,754)	(3,265,877)
Amounts due to the Consolidated Fund received and not paid over	(4,096)	(1,282)
Amounts due to Consolidated Fund – received in prior year & paid over	<u>1,282</u>	<u>1,508</u>
(Increase)/Decrease in cash	<u>(48)</u>	<u>37,642</u>

Note 17

Capital commitments

Jobcentre Plus is involved in a programme of capital investment to upgrade existing Jobcentres and social security offices to a network of integrated Jobcentre Plus offices.

The amount shown below represents expenditure committed as at the balance sheet date on refurbishment works that have commenced and which will continue in to 2006–07.

	31 March 2006 £'000s	31 March 2005 £'000s
To be spent in the following year	<u>40,391</u>	<u>33,731</u>

Note 18

Commitments under non-Private Finance Initiative contracts

Operating Leases

Jobcentre Plus has entered into operating lease contracts for the provision of photocopiers and post franking machines. At 31 March the Agency was committed to making the following payments during the next year, analysed according to the period in which the lease expires:

	31 March 2006 £'000s	31 March 2005 £'000s
Expiry Date:		
Within one year	606	734
After one year but not more than five years	<u>1,412</u>	<u>2,746</u>
Total	<u>2,018</u>	<u>3,480</u>

Note 19

Commitments under Private Finance Initiative contracts

In the period to 2005–06, the Department had entered into various contracts let under the Private Finance Initiative (PFI), which had been assessed under FRS 5 as being off the Department's balance sheet, the majority of risks having been transferred to the supplier. The Department has undertaken a major exercise in 2005–06 to consolidate existing contracts to deliver greater flexibility and improve both quality and the value for money delivered.

Information Technology Services

During 1998–99, the former Employment Service entered into a PFI contract agreement for the provision of Information Technology (IT) services with EDS. The contract commenced in August 1998 and was due to expire in July 2008. The estimated capital value of the contract was £217 million. As of August 2005, this contract has been renegotiated and subsumed into Transformation of EDS Services (TREDSS) via a Standard Services Business Allocation. There are therefore no future PFI commitments under this contract.

The Department and NAO have agreed that TREDSS should not be treated as a PFI contract. Expenditure relating to TREDSS and future commitments under this contract will be disclosed under "Other Financial Commitments" and declared in the DWP Head Office, Corporate and Shared Service account.

Note 3 shows the costs incurred under the PFI contract whilst it was in force.

Payroll and HR Services

The former Employment Service has entered into a contract with Northgate Rebus HR for payroll and Human Resource managed services. The contract runs from 1 April 1999 to 30 June 2006, but is due to be extended to June 2007. The estimated capital value is £5.8 million.

Note 4 shows the amount paid by the Department under this contract, which is then recharged to Jobcentre Plus.

Charge to the Operating Cost Statement and future commitments

The total amount charged to the Operating Cost Statement in respect of off-balance sheet PFI transactions was £65.3 million (2004–05 £196.4 million), and the payments to which the Department is committed during 2005–06, analysed by the period during which the commitment expires, are shown below.

	2005–06 £'000s	2004–05 £'000s
Expiry within 1 year	1,035	–
Expiry after 1 year but not more than 5 years	–	105,305
	<u>1,035</u>	<u>105,305</u>

The substantial decrease in PFI commitments reflects the fact that the IT Partnership Agreement has been subsumed into TREDSS and the Northgate Rebus contract is due to expire in June 2007.

Accommodation Services

The Department for Work and Pensions holds a PFI contract with Land Securities Trillium for the provision of fully serviced accommodation under The Integration of Estates and Services (TIES) contract. The entries in relation to the Jobcentre Plus account in respect of this contract are as follows:

Note 4 shows the accommodation costs recharged from the Department to Jobcentre Plus of which £461 million (2004–05 £416 million) relates to this PFI contract.

In exchange for assets, Jobcentre plus received a payment and a reduction in future years' service charges that will be recharged by DWP and treated as a prepayment, included in Note 10, which is amortised on a straight line basis over the remaining life of the contract. Note 3 shows the amortisation charge for the year of £2,790,696.

Other Services

The Department for Work and Pensions has entered into the following PFI agreements, which had provided services to Jobcentre Plus and which have now been renegotiated.

The Strategic Outsourcing Business Allocation (SOBA) was a contract awarded to Affinity consortium (EDS, IBM and PriceWaterhouseCoopers) on 14th August 2005; this contract was subsumed into the TREDSS contract via a Standard Services Business Allocation, details of which are given in the DWP Head Office, Corporate and Shared Service account under "Other Financial Commitments".

The Business Allocation for the provision of Wide Area Network Services (WAN) was a contract awarded to the Arcway consortium. The Advanced Telephony Business Allocation was also awarded to Arcway. On 1st October 2005, these contracts were subsumed into the ICONS contract, details of which are given in the DWP Head Office, Corporate and Shared Service account under "Other Financial Commitments".

Note 20

Related party transactions

Jobcentre Plus is an Executive Agency of the Department for Work and Pensions.

The Department is regarded as a related party. During the year, Jobcentre Plus has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent department: The Pension Service, Child Support Agency, The Appeals Service, The Disability and Carers Service. See Note 4 for further details.

Other Government Departments and Public Bodies

The Agency has had a number of transactions with other Government Departments and other central Government bodies.

In addition, Jobcentre Plus also paid grants to Remploy Ltd, an Executive Non-Departmental Public Body and, for accounting purposes, a public corporation. See Note 6 for further details.

Jobcentre Plus Board Members, Non Executives, key Managerial Staff

None of the Jobcentre Plus Board members, non-executive directors or key managerial staff had undertaken any material transactions with Jobcentre Plus during the year.

Working Links (Employment) Ltd

Responsibility for the shareholding in Working Links passed to DWP Head Office, Corporate and Shared Services in January 2006. Details are provided at Note 9. The aggregate amount of the transactions during the year between Jobcentre Plus and Working Links (Employment) Ltd, a joint venture with Capgemini and Manpower plc was:

- Secondment of staff £818,311 (2004–05 £4,655,906)
- Non-staff costs £81,700 (2004–05 £1,077,929)
- No dividends were received in the year (2004–05 £nil)

At 31 March 2006, the aggregate amount due from Working Links (Employment) Ltd, included within Debtors due within one year was £1,567 (2004–05 £1,505,865). This is represented by:

- Secondment of staff £1,567 (2004–05 £602,063)
- Non-staff Costs £nil (2004–05 £903,802)

Jobcentre Plus nominated Gordon Macnair to the Working Links (Employment) Ltd Board until January 2006.

Note 21

Contingent liabilities

Remploy Limited

The Secretary of State for Work and Pensions has given formal guarantee in respect of Remploy Limited, an Executive Non-Departmental Public Body. In the event of Remploy Limited becoming insolvent, the Secretary of State has agreed to pay Remploy Limited a sum equal to any and all its remaining debts, i.e. the excess of its liabilities over and above the proceeds from realisation of its assets. In addition to this guarantee over Remploy's net liabilities the Department also guarantees to cover any shortfall in its pension provision.

European Social Fund (ESF) grant enables Jobcentre Plus to add value or fund additional places to domestically funded projects. Grant claims are submitted through a local Government Office, which administers ESF on behalf of the European Community. The grant is based on payments to contracted providers. Shortfalls arise if a grant cannot be claimed on expenditure incurred. If this expenditure cannot be recovered from the provider, Jobcentre Plus incurs the cost. Because of the timescales involved for deriving any such shortfalls, at the time of producing these accounts, specific amounts cannot be ascertained.

Note 22

Financial instruments

FRS 13, Derivatives and Other 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.

Because of the largely non-trading nature of its activities and the way Government Agencies are financed, Jobcentre Plus is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. Jobcentre Plus has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

a Liquidity Risk

The Agency's net revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. It is not, therefore, exposed to significant liquidity risks.

b Foreign Currency Risk

The Agency's exposure to foreign currency risk is not significant.

c Interest Rate Risk

All of the Agency's financial assets and liabilities carry nil or fixed rates of interest and it is not therefore exposed to interest rate risk. The interest profile of the Agency's financial liabilities and assets has therefore not been disclosed separately.

d Fair Values

The book values of the Agency's financial assets and liabilities at 31 March are not materially different from their fair values. They have accordingly not been shown separately.

Note 23

Losses and special payments

a Losses

	2005-06 Number of cases	2005-06 £'000s	2004-05 Number of cases	2004-05 £'000s
Total	<u>28,922</u>	<u>2,149</u>	<u>18,140</u>	<u>1,972</u>

b Special Payments

	2005-06 Number of cases	2005-06 £'000s	2004-05 Number of cases	2004-05 £'000s
Total	<u>5,219</u>	<u>2,804</u>	<u>7,539</u>	<u>1,483</u>

Note 24

Late payment of commercial debt

The 'Late Payment of Commercial Debts (Interest) Act 1998' which came in to effect from 1 November 1998 and the 'Late Payment of Commercial Debts Regulations 2002' which came in to force on 7 August 2003 provides all businesses and public sector bodies with, amongst other entitlements the right to claim interest for late payment.

In 2005–06 £70 (2004–05 £46) of interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998. These are included in non-staff administration costs (Note 3).

Note 25

Charitable donations

Jobcentre Plus made no charitable donations during the year.

Note 26

Post balance sheet events

There have been no material post balance sheet events that require disclosure in these accounts.

Note 27

Transfer of functions

Balance Sheet

	Published accounts at 31-Mar-05 £'000's	Cash £'000's	VAT £'000's	Working Links £'000's	Re-stated accounts at 31-Mar-05 £'000's
Fixed Assets	447,717	–	–	(214)	447,503
Debtors: Amounts falling due after more than one year	33,921	–	–	–	33,921
Current assets					
Debtors: Amounts falling due within one year	105,430	–	(16,277)	–	89,153
Cash at bank and in hand	1,099	(638)	–	–	461
	106,529	(638)	(16,277)	–	89,614
Current liabilities					
Cash overdrawn	(51,167)	51,167	–	–	–
Creditors: amounts falling due within one year	(198,060)	–	–	–	(198,060)
	(249,227)	51,167	–	–	(198,060)
Net current assets/liabilities	(142,698)	50,529	(16,277)	–	(108,446)
Total Assets less current liabilities	338,940	50,529	(16,277)	(214)	372,978
Provisions for liabilities and charges	(2,490)	–	–	–	(2,490)
	336,450	50,529	(16,277)	(214)	370,488
Taxpayers Equity:					
General fund	335,847	50,529	(16,277)	–	370,099
Revaluation reserve	603	–	–	(214)	389
	336,450	50,529	(16,277)	(214)	370,488

The above table details solely those adjustments required to opening balances following a transfer of functions between Jobcentre Plus and the DWP Head Office, Corporate and Shared Service account. A further adjustment between Debtor and Creditor balances of £2,969,752 has been made to the Balance Sheet for 2004–05 that is not reflected here.

Operating Cost Statement

	Published accounts at 31-Mar-05 £'000's	Welfare Modernisation Fund £'000's	Imported Programmes £'000's	Re-stated accounts at 31-Mar-05 £'000's
Administration Costs	3,161,886	96,042	–	3,257,928
Administration Income	(13,776)	–	–	(13,776)
Net Administration Costs	3,148,110	96,042	–	3,244,152
Programme Costs	1,145,545	–	71,180	1,216,725
Programme Income	(58,479)	–	–	(58,479)
Net Programme Costs	1,087,066	–	71,180	1,158,246
Net Operating cost	4,235,176	96,042	71,180	4,402,398

Welfare Modernisation Fund

Administration costs now include the costs of the Welfare Modernisation Fund. These costs were transferred to Jobcentre Plus from the DWP Head Office, Corporate and Shared Service account following structural changes to the Departmental Resource Estimates.

Imported Programmes

Costs incurred by Jobcentre Plus in respect of Employment Zones, Working Neighbourhoods Pilot and External Action Teams, and Prince's Youth Business Trust were previously reported in the DWP Head Office, Corporate and Shared Service account. This expenditure was transferred to Jobcentre Plus following a restructure of the business.

Cash

Departmental policy is to hold all operational bank accounts centrally. The Financial Services Division of DWP Corporate is the custodian of these Departmental bank accounts and, as such, holds balances on behalf of all Departmental Business Units. Accordingly cash balances previously shown in the Jobcentre Plus account are now shown in the DWP Head Office, Corporate and Shared Service account.

VAT

Separate VAT balances were previously shown in the accounts of each Business Unit in the Department despite the Department being treated as a single entity for VAT purposes. Departmental policy is to reflect the true nature of its VAT treatment by showing a single VAT balance in the DWP Head Office, Corporate and Shared Service account.

Working Links Investment

Responsibility for the Working Links shareholding passed to DWP Finance during the year and is now reported in the DWP Head Office, Corporate and Shared Service account. Details are given at Note 9.

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