



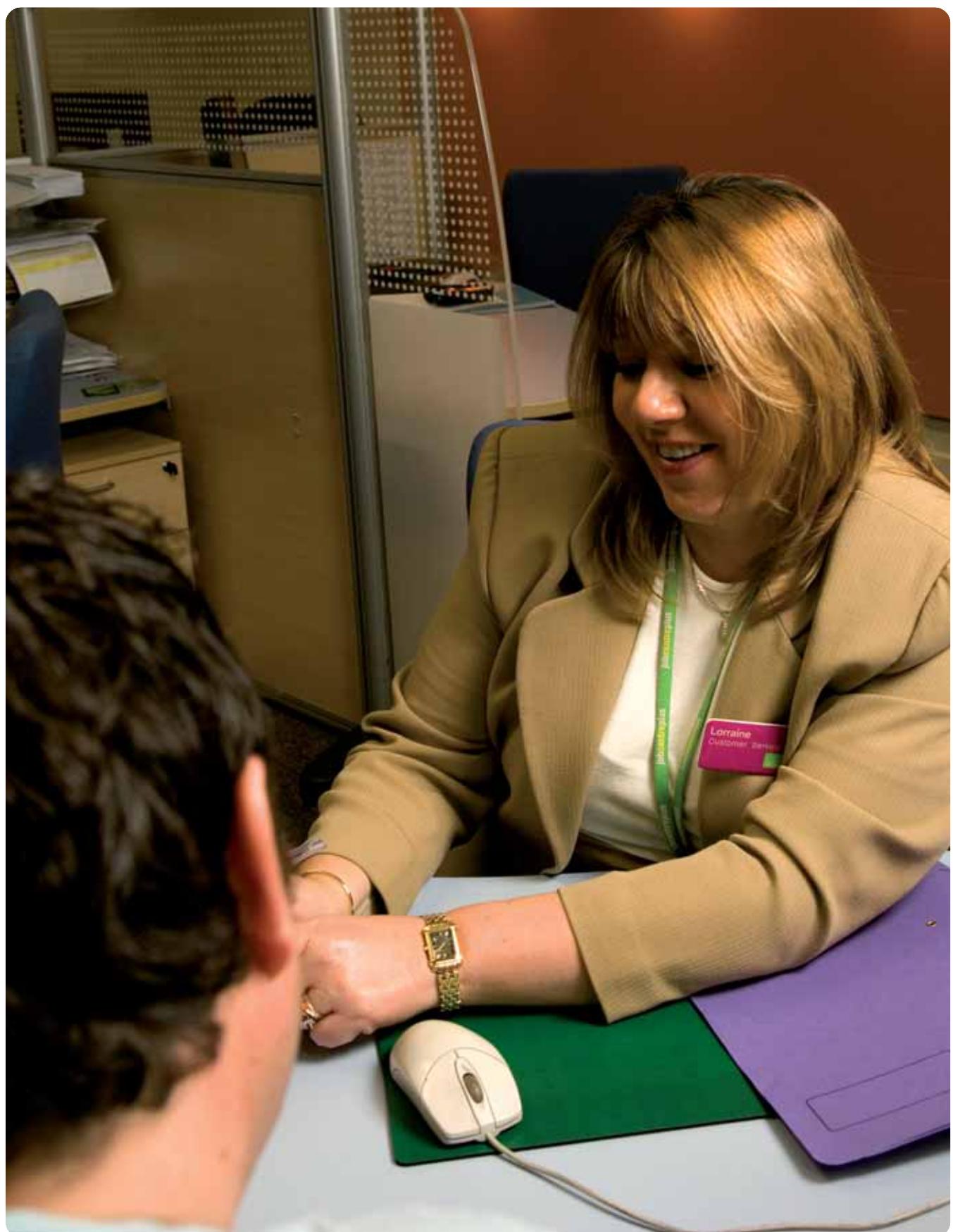
# Jobcentre Plus

## Annual Report and Accounts

### 2009-2010

**jobcentreplus**

Department for  
Work and Pensions



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# Jobcentre Plus

Annual Report and Accounts  
2009-2010

Presented to the House of Commons pursuant  
to Section 7 of the Government Resources  
and Accounts Act 2000.

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# Chief Executive review

## Jobcentre Plus

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2009-2010 was another challenging year. We maintained our effective support for our customers and employers through the ongoing economic downturn, while continuing to modernise our services. We met our 2009-2010 business delivery targets for employer outcomes, customer service and benefit clearance times. We remain on track to achieve the job outcome and interventions business delivery targets.<sup>1</sup>

The demand for our services remained high with around 600,000 more new claims for Jobseeker's Allowance in 2009-2010 compared to the previous year. We managed increased customer volumes well, interviewing and paying people within our target timescales, while offering positive help and support to find work. Every working day we continued to help well over 5,000 people into work.

We sustained this high level of performance by streamlining our processes, bringing new people into the organisation, extending our estates capacity and increasing productivity. Our staffing numbers rose by around 18% during the year. In 2009-2010 we again redeployed people from support functions to customer service duties and received substantial support from colleagues in other parts of the Department for Work and Pensions and the wider Civil Service.

We successfully provided additional support to customers, particularly young people, to help them find work. We worked with national and local partners to develop short term programmes and services offering a wide range of personalised help and tailored support, which made a real difference to our customers. In 2009-2010 over 71,000 customers were helped by these additional programmes and services.

Our successful Rapid Response Service continued to support companies dealing with redundancies. In 2009-2010 we supported over 2,500 diverse employers. Our people attended on-site, responding flexibly to employers' needs, to offer advice and support to employees facing redundancy.

We continued to work with employers and partners to provide pre-employment training and work trials to prepare our customers for the jobs available. In 2009-2010 over half a million people found work through these partnerships.

Against this backdrop of continuing change and a need for increased customer support we introduced a new computer system to support delivery of the Employment and Support Allowance (ESA) for new customers who need more support to enter work due to ill health or disabilities.

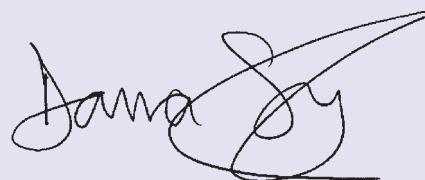
We delivered further help by implementing the first stage of national rollout of the Flexible New Deal to provide tailored support for long term Jobseeker's Allowance customers. This will be replaced by the Work Programme and we will introduce similar support for customers elsewhere later this year. We also extended the help available for lone parents required to look for work to those whose youngest child was 10 years old or more.

We extended our self service options for customers who would prefer to initially contact us online. Claims for contribution based Jobseeker's Allowance can now be made online and by March 2010 we had received around 110,000 through our online service. We also introduced a new system for customers with hearing or speech problems to contact us, a new online electronic Benefits Adviser service and increased our use of text message reminders for customers.

Given the scale of the challenges which faced us during 2009-2010 I believe that we responded extremely well to them. We built on the successful approach developed by my predecessor, Mel Groves in 2008-2009, continuing to achieve high standards while managing major change in the face of a rising number of customers and increased workloads. We worked hard to reduce error levels and strengthened the protection we give to customer information.

I am proud of the hard work and commitment shown by everyone in Jobcentre Plus to support our customers and meet or exceed our targets. I would personally like to thank them all, and our delivery partners, for their contribution. I am also proud that our achievements have been recognised through several awards including the Cabinet Secretary's '2009 Team of the Year' award, the European Call Centre Awards 'Best Virtual Call Centre 2009' award and the 'Unlocking Business Intelligence' award at the CIMA Annual Awards.

We will face new challenges in 2010-2011 as we work to implement the policies of the new Government. I am confident that together, we will successfully rise to these challenges, building on our proven ability to deliver change while providing excellent support and service to our customers.

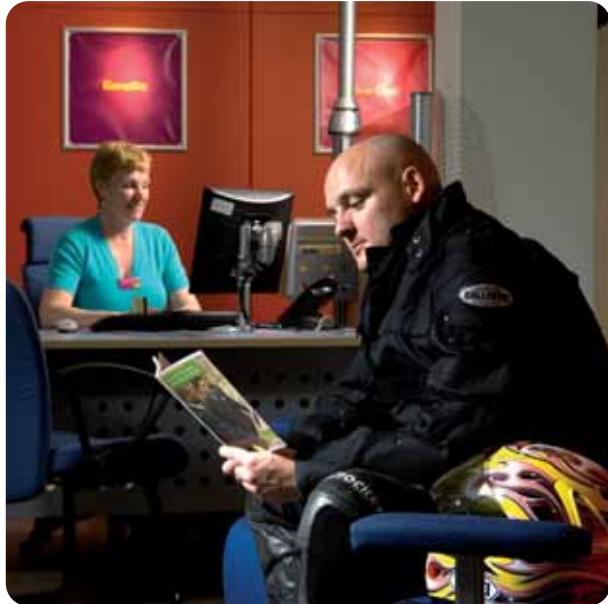


Darra Singh  
Chief Executive  
7 July 2010

<sup>1</sup> Details of our confirmed and anticipated performance results are contained in 'Delivering our performance' on page 16.

# Our services in 2009-2010

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Jobcentre Plus is an executive agency of the Department for Work and Pensions (DWP). In the 2009-2010 Business Plan we committed to providing dedicated support to all our customers to achieve our aim of 'work for those who can and support for those who cannot'.

We continued to respond to the challenges of increased demands on our services while ensuring we continued to meet the needs of all our customers.

We focused on providing a range of services direct to individuals and employers and also worked in partnership with other organisations. In delivering our services we promoted equal opportunities, aimed to eliminate unfair or unlawful discrimination and made our services accessible to all our customers.

## Helping our customers find and stay in work

We helped our customers find work by supporting them to apply for jobs through additional personal adviser support and by increasing opportunities through local partnerships. We aimed to respond positively to the needs of individual customers including unemployed people and those who engaged with Jobcentre Plus and the benefits system for the first time. We continued to help people gain the support and skills training they needed to move from benefits into work, by tailoring our services and helping customers to help themselves to access job opportunities across the labour market and improve their chances to move into, and stay in, work.

## Supporting our customers

We supported our customers by providing advice on benefits available, explaining the conditions for receiving benefits and paying benefits accurately and on time. We also made payments or loans from the Social Fund where customers needed additional financial support.

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## **Working with employers**

We helped employers by providing advice on the jobs market and recruitment including advice on diversity in recruitment. We advertised jobs, found people with the right skills to apply for them and helped prepare potential recruits through local partnerships. We provided support and advice on employing disabled people.

During 2010-2011 we will review the way in which we provide help and support to customers as we revise our service delivery to support the new Work Programme.



# Our priorities for 2009-2010

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These are the priorities we set out in the Jobcentre Plus 2009-2010 Business Plan. Our priorities reflected our commitment to supporting our customers and staff, responding to increased demands on our services and helping more people return to work.

## **Delivering performance**

We planned to:

- deliver active, work-focused support to help customers return to work quickly;
- increase our capacity to deal with rising workloads and maintain an excellent face-to-face, telephony and benefit processing service during the economic downturn;
- make prompt and accurate benefit payments;
- achieve our agreed performance and productivity targets;
- manage our business securely, safeguarding and making best use of our information; and
- consider and promote equality and diversity in the design and delivery of our services.

## **Delivering support to customers**

We planned to:

- develop and deliver further measures to help people back to work;
- introduce the first stage of the Flexible New Deal;
- help more lone parents into work;
- complete the roll out of the Customer Account Management computer system to support the Employment and Support Allowance; and
- extend key elements of the Integrated Employment and Skills pilots nationwide.

## **Delivering services more efficiently and effectively**

We planned to:

- create a single virtual telephony channel across our contact and benefit delivery centre network;
- expand our online self-service provision to include a claims facility for Jobseeker's Allowance customers;
- strengthen our relationships with local authorities and other partners to respond effectively to community and customer needs;
- work with employers to build on the success of local partnerships and continue to offer support in redundancy situations;
- strengthen working relationships with suppliers to improve their contribution to our efficiency and effectiveness; and
- continue to embed the use of Lean continuous improvement techniques throughout the organisation.

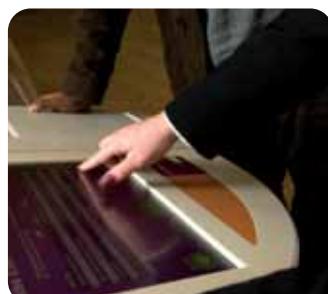
## **Delivering the values through our people**

We planned to:

- provide the inspirational leadership our people need to enable them to deliver services and results;
- develop enablers to improve the management of our organisation;
- improve how we engage and communicate with our people, particularly about change;
- equip more of our people with the skills and capabilities they need to deliver our priorities; and
- work together across the business to provide an excellent service to all our customers.

## **Our 2010-2011 business priorities are to:**

- help people into work, particularly young people and those most disadvantaged;
- deliver our performance targets while maintaining standards and ensuring consistency across our business;
- further modernise customer service by, for example, broadening online and digital services and working with partners at local level to deliver more effective joined up services;
- achieve greater value for money by making our processes and procedures more efficient and empowering our people to play their part in the Spending Challenge;
- work with providers in the private and voluntary sector to introduce the Government's new Work Programme, a single integrated package of support providing personalised help for everyone who finds themselves out of work, regardless of the benefit they claim;
- increase support for lone parents to those whose youngest child is five years old; and
- accelerate plans to provide work capability assessments for the majority of Incapacity Benefit customers, from October.



# Delivering through challenging times

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The economic downturn continued during much of 2009-2010 resulting in a much higher demand for our services. We continue to face significant challenges in 2010-2011 and remain ready to respond as a result of our ongoing programme of modernisation and continuous improvement.

In 2009-2010 we received 4 million new Jobseeker's Allowance claims (around 600,000 more than in 2008-2009). In March 2010 the Jobseeker's Allowance claimant count was 1.54 million (compared to 1.45 million in March 2009). We began to see fewer people making new claims for Jobseeker's Allowance in the final quarter of the year. Around 50% of people ended their claim for Jobseeker's Allowance after three months, around 75% after six months and around 90% after twelve months. An important priority remains for us to help longer term unemployed customers find work in 2010-2011.

In 2009-2010 we handled increased volumes of work by:

- increasing the workforce by 16,000 full time equivalents;
- redeploying volunteers from within Jobcentre Plus;
- receiving 1,100 staff from the Pensions, Disability and Carers Service;
- receiving 640 staff from the Child Maintenance and Enforcement Commission;
- receiving around 200 staff on loan from other government departments;
- introducing modifications at 370 jobcentres and acquiring temporary space in 58 external buildings. This gave us additional capacity of 8,850 desks and 243 group session interview rooms;
- increasing our presence in outreach facilities such as those provided by local authorities, primary care trusts, children centres and the Probation Service; and
- continuing our successful approach of more evening or weekend working and overtime.

## **Additional help**

We built on our increased support developed during the onset of the economic downturn enabling us to continue to provide greater help to our customers than ever before.

### **For customers before unemployment:**

We increased the resources deployed to the Rapid Response Service enabling us to respond swiftly and flexibly to the needs of employers faced with making people redundant. Working in partnership, in 2009-2010 we supported over 2,500 diverse employers by deploying our people to offer help and advice to employees in the work place.

### **For customers as they became unemployed:**

We continued to help the newly unemployed get up to date with the latest job search techniques through:

- access on day one to individually tailored job search assistance for customers needing specific help immediately, in overcoming barriers to finding and keeping work;
- a new one hour group information session on job search techniques; and
- a new one day advice and coaching session delivered by external providers, including some specific advice for those looking for professional or executive jobs.

We also continued to provide further support to the newly unemployed in getting them back to work through a series of additional temporary measures provided in 2009-2010:

- access to specialist help in CV writing, interview preparation, debt and money advice, confidence building and work skills;
- support to help remove potential barriers to taking up employment;
- access to local job vacancies;
- access to the Adviser Discretionary Fund (which helped customers move into work by paying for specific expenses or items);
- additional funding for Access to Work, supporting disabled people or people with health problems;
- graduate and non-graduate internships;
- help with their rent; and
- help with their mortgage interest payments, depending on income, for those who were unemployed for over 13 weeks.



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## **For customers who remained out of work after six months we introduced additional help and provided:**

- increased adviser support, including skills screening and a skills health check if required;
- access to jobs where an employer received a £1,000 recruitment subsidy for jobs over 16 hours per week and lasting at least six months along with in-work training support, typically worth an additional £1,500;
- help with setting up in business;
- easier access to work-focused training, with an allowance, for up to eight weeks; and
- advice on how to take up volunteering.

## **Supporting young people**

We worked in partnership with employers, voluntary sector organisations and other government departments to create more opportunities for young people. By March 2010 around 1,100 organisations committed to supporting young people by providing opportunities.

## **For customers aged 18-24 years old approaching 12 months unemployment we provided:**

A guaranteed offer of a job, work-focused training or other meaningful activity to all 18-24 year olds before they reached the 12 month stage of their claim to Jobseeker's Allowance. The guarantee was supported by 400,000 training places, internships, work experience and job opportunities.

The offer consisted of:

- a job. These were jobs of at least 25 hours a week, lasting at least six months (170,000 opportunities of which 120,000

were for young people receiving Jobseeker's Allowance and 50,000 for disadvantaged adults receiving any benefit, in areas of high unemployment);

- support to move into work in a key employment growth sector (including pre-employment training);
- full time work-focused training; and
- a place on a programme delivering real help in their local community.

Although some places were also made available to people over 24 years old with particular labour market disadvantages, we continued to support most customers aged 25 or over through the Flexible New Deal or New Deal 25+.

Measures introduced under the Future Jobs Fund and Young Persons' Guarantee have recently been reviewed in order to target resources where they are most effective. The Future Jobs Fund will not accept any further bids. The Young Persons' Guarantee will come to an end in the first half of 2011.

We will continue to review the way in which we provide help and support to customers as we revise our service delivery to support the new Work Programme.

# Delivering support to customers

A key achievement in 2009–2010 was the successful introduction of the Flexible New Deal in October 2009. This will be replaced by the Work Programme. We delivered further support to help people find and stay in work, working in partnership with more organisations and developing services that were more customer focused.

## To help more people find and stay in work we:

- introduced the first stage of the Flexible New Deal in half of the country, to replace the existing New Deal programmes with a more personalised approach. This involved working in partnership with organisations in the public, private and voluntary sectors to ensure that customers who needed extra support were equipped to find work;
- maintained our active intervention regime - regularly reviewing what our customers were doing to find work and providing more support for people who have additional problems in finding and keeping a job;
- supported lone parents whose youngest child was 10 years old or over to find work or appropriate financial support when their entitlement to Income Support ended;
- offered support to guarantee a job interview with an employer, for those lone parents who were willing and able to work, using our advisers to give them in-work support and guidance;

- helped partners of people who were unemployed or receiving benefits to find and retain work;
- embedded the delivery of the Employment Support Allowance with an improved computer system, for new customers who would have previously claimed Incapacity Benefit or Income Support;
- continued the integrated employment and skills trials in England<sup>2</sup> which offer advice about jobs and training alongside access to a system identifying skills needs; and
- worked in partnership with the Department of Health and National Treatment Agency in England to introduce drug coordinators, who will establish close links with drug treatment providers to support problem drug users more effectively. We established a voluntary referral route way between Jobcentres and treatment providers to make it easier for unemployed problem drug users to get advice.

We will continue to offer appropriate support to customers in 2010-2011, while we work with private, public and voluntary sector partners to bring together our existing programmes and services within the new Work Programme.

<sup>2</sup> We are continuing to work with the Scottish and Welsh Assembly Governments to develop integrated employment and skills pilots in Scotland and Wales.

# Modernising our services

## Our achievements in 2009-2010

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We expanded the availability of our services through digital channels to increasing numbers of customers, reducing the need for them to contact us in person or by telephone.

**We constantly look for ways in which to modernise and improve our services. In 2009-2010 to make our services better, more efficient and easier to access, we have taken the diverse needs of our customers into account and:**

- introduced the facility for customers to submit a claim for contribution based Jobseeker's Allowance online, receiving around 110,000 claims this way by March 2010. We will extend this facility to claims for income-based Jobseeker's Allowance in 2010-2011;
- began to work towards a virtual telephony service for benefit enquiries. This will result in a single national contact number for all benefit enquiries and will remove the need for customers to make multiple contacts if they have several different enquiries. Work is expected to be complete by 2011;
- transferred all online customer information to the Directgov website to make it easier for customers to find information in one place;
- developed an online Benefits Adviser facility to enable people to make an initial assessment of their likely benefit entitlement before making a claim;
- piloted the use of text messages to keep customers informed about interview appointment times;
- improved services for customers with hearing or speech difficulties using 'chat room' technology called Texbox;

- .....
- introduced a new Small Business Recruitment Service (SBRS) for small firms in February 2010. This offers:
    - a telephone helpline providing a single point of contact for small businesses to obtain information about our services and to refer to other agencies for non recruitment advice;
    - connection to staff in jobcentres to agree specific support measures. These might include matching and screening candidates before interview and arranging work trials; and
    - agreed aftercare to help employers choose the right person for the job.
  - participated in further 'Tell us Once' pilots in England. This cross government programme, led by DWP, simplified the way people can tell local and central government about a change to their circumstances, beginning with notifications of birth and death;
  - continued to improve how we deliver the Social Fund. We successfully tested the payment of crisis loans living expenses by Faster Electronic Payments and extended this nationwide from May 2010; and
  - worked with DWP communications colleagues to understand satisfaction levels amongst our customers, what matters to them, and to identify areas for further improvement.

In 2010-2011 we will continue to modernise our services by, for example, extending services for employers by introducing an automated matching service which will proactively link up customer information with employer requirements, providing electronic notification of opportunities. This will benefit jobseekers, employers and our business.



# Delivering our performance Our achievements in 2009-2010

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This was a particularly challenging year. Despite the continuing economic downturn we expect to achieve all our business targets and continued to focus on helping our customers move into work. We introduced a range of initiatives to support customers aged 18-24 and continued to consolidate the implementation of the Employment and Support Allowance (ESA) for customers who need more support to enter work due to ill health or disabilities. The migration of customers from Incapacity Benefit to ESA and helping more people to move back into work will be a key part of the new Work Programme.

**Our targets help us to maintain focus on how we deliver our services, support customers into work and reduce fraud and error, while improving the speed and accuracy of benefit processing.**

Our targets supported the Department for Work and Pensions (DWP) vision for 2009-2010 to:

- contribute towards fair, safe and fulfilling lives, free from poverty - for children, people in work and retirement, disabled people and carers;
- reduce welfare dependency and increase economic competitiveness by helping people find and stay in work wherever they can and employers secure the skills and employees they need; and
- provide greater choice and personalisation and higher quality of service for customers where it is in their interests and those of the taxpayer.

## **Summary of overall performance 2009-2010**

Our performance remained strong throughout the year. We met the Average Actual Clearance Time, Employer Engagement, Customer Service and internal Fraud and Error targets. Current forecasts indicate that we will also meet the Job Outcome and Intervention Delivery targets.

We will publish final results for the Interventions Delivery target for 2009-2010 in August 2010 and our Job Outcome target for 2009-2010 in November 2010 on the DWP website  
<http://www.dwp.gov.uk/aboutdwp/customerdelivery/jobcentreplus/targetsandperformance>.

## 2008-2009

Results for our Job Outcome target, Interventions Delivery target, Average Actual Clearance Time target, Employer Engagement target and Customer Service target for 2008-2009 are also on the DWP website  
[http://www.dwp.gov.uk/aboutdwp/customerdelivery/jobcentreplus/targetsandperformance.](http://www.dwp.gov.uk/aboutdwp/customerdelivery/jobcentreplus/targetsandperformance)

### Job Outcome target

This target measures the results of the support DWP delivers to customers to help them find work through a Jobcentre Plus intervention or service, external specialist provision or self-help channels.

The target is measured by awarding points from one to 12, based on the priority we place on getting different customer groups into work. Their priority reflects the relative disadvantage they face in the labour market. The most disadvantaged people in the labour market, who are the focus of adviser activity, attract more points. We measure job outcomes by matching our customer records with information from HM Revenue and Customs (HMRC) on people starting work and paying tax. Recent improvements to HMRC systems have enabled us to identify more job outcomes.

Additional points are awarded if a customer lives in a local authority ward in a disadvantaged area or with disadvantaged customers. An additional child points premium is also available across all customer groups.

Our target for 2009-2010 was to achieve 9 million points. The most recent year to date performance to November 2009 shows we exceeded the expected target result by 28%<sup>3</sup>.

Our target for 2010-2011 is to achieve 11.47 million points.

### Employer Engagement target

The Employer Engagement target measures how well we deliver our services to our customers who are employers. The target is measured under three components:

- **outcome** – whether the employer filled their vacancy and whether it was in the required timescale;
- **timeliness** – the availability of Employer Direct online and telephone response times for Employer Direct; and
- **accuracy and professionalism** of the Employer Direct vacancy taking service.

Our target was to achieve 92% against the standards set for the business in the delivery of services to employers. In 2009-2010 we achieved a performance level of 93.4%.

Our target for 2010-2011 is to achieve 91% against the standards set.

<sup>3</sup> Due to delays associated with employers notifying HM Revenue and Customs when an employee starts work, it usually takes about 7 months before we can publish the final Job Outcome target performance.

## Customer Service target

Our target is to achieve 86% in the delivery of services according to our standards. We measure how well we deliver our services for our individual customers.

The three main ways in which customers access our services are: in person, by telephone and electronically. Our Customer Service is measured under three elements:

- **timeliness** – how quickly we deal with customers, the availability and accessibility of our services;
- **professionalism** – are we friendly, polite and sympathetic to customer needs; and
- **information** – that the information we give to customers is accurate and comprehensive. This includes leaflets we display, information both on our website and given directly to customers, and how well we understand customers and their needs.

The information element is assessed under two measures:

- **scenarios** – by making telephone calls to our services and testing our website for accuracy; and
- **visits** – by visiting jobcentres.

The three elements (timeliness, professionalism and information) make up the overall national target.

We achieved 89.9% against our target level of 86% for 2009-2010.

Our target for 2010-2011 is to achieve 86% against the standards set.

## Interventions Delivery target

This target is about helping our customers move into work by providing timely work-focused support to those receiving Jobseeker's Allowance and lone parents receiving Income Support. The target has two components and requires us to conduct:

- 83% of Income Support lone parent work-focused interviews within 3 months of them becoming due; and
- 87% of specific Jobseeker's Allowance interviews within 6 weeks of them becoming due.

Combined, these components make up the overall national target to carry out specified labour market interventions, in a given time, in 85% of cases.

Our latest performance data shows that to February 2010, we achieved 92.1% exceeding our target by 7.1 percentage points<sup>4</sup>.

Our target for 2010-2011 remains the same.

## Average Actual Clearance Time target

This target requires us to deal quickly with claims to benefits and focuses on an important part of our customer service – to deal with benefit claims within a reasonable time.

The Average Actual Clearance Time target measures the average number of working days we take to process claims for Income Support and Jobseeker's Allowance.

Against an Income Support target of 10 days in 2009-2010, we achieved an average of 7.7 days.

Against a Jobseeker's Allowance target of 11.5 days in 2009-2010, we achieved an average of 9.7 days.

For both Jobseeker's Allowance and Income Support, this is our best ever performance in this target area since the targets were introduced.

Our targets for 2010-2011 now include clearance times for Employment and Support Allowance and are:

- Income Support – 9 days
- Jobseeker's Allowance – 11 days
- Employment and Support Allowance – 14 days

### Monetary Value of Fraud and Error target

DWP has a strategic objective to ensure that no more than 1.8% of all benefit is overpaid and no more than 0.7% underpaid by March 2011.

Jobcentre Plus, along with other DWP agencies, contributes to the delivery of this objective. To support this, in 2009-2010 we carried out over 2.4 million counter fraud activities designed to reduce fraud and error in the benefits system.

### Other performance indicators

In addition to the targets above, we contribute towards two other performance measures, which are shared responsibilities with DWP.

### Managing attendance

This indicator emphasises our commitment to reducing staff sickness absence levels to maximise our resources. Sickness absence this year improved to an average of 8.79 days lost against a target of 7.7 days lost. This is a 0.5 days improvement on last year's achievement of 9.26 days.

We continue to work to reduce this level further through active management, adopting best practice and focusing on our offices with higher than average absence levels.

### Payment modernisation

We continue to maintain the level of customers getting their benefit paid directly into a bank account at 96% against a target of 95%. This increases customer job readiness to move into work and helps to minimise payment fraud.

<sup>4</sup> Final Intervention Delivery target results for 2009-2010 will be available in August 2010.

## Environmental performance

Government departments and agencies have targets to reduce their environmental impact. We contribute towards DWP's targets.

	Baseline	2008-2009	2009-2010	2010- 2011 target
Business road travel – CO <sup>2</sup> emissions (tonnes)	9,223	9,694	10,485	7,839
Business road travel – miles (000's)	28,053	29,789	32,237	23,845
Energy consumption of offices – KgC emissions	41,447,584	34,575,088	30,971,374	30,381,079
Electricity efficiency – KW/h m <sup>2</sup>	321	289	270	275
Water consumption – m <sup>3</sup>	965,085	544,556	569,491	723,814 <sup>5</sup>



## Performance results for 2009-2010

Job Outcome target		
To achieve a total points score of 9 million based on the job outcomes Jobcentre Plus achieves	Target to November 2009	6.4 million pts
	Achievement to November 2009 <sup>6</sup>	8.2 million pts
	Variance	+28%
Average Actual Clearance Time target		
Income Support	Target	10 days
	Achievement	7.7 days
Jobseeker's Allowance	Target	11.5 days
	Achievement	9.7 days
Customer Service target		
To achieve an 86% customer service level in the delivery of our standards	Target	86 %
	Achievement	89.9%
Employer Engagement target		
At least 92% of employers placing their vacancies with Jobcentre Plus will have a positive outcome	Target	92%
	Achievement	93.4%

### Employer Engagement target components

Outcome	Achievement	93.8%
Timeliness	Achievement	98.8%
Accuracy/Professionalism	Achievement	86%

### Interventions Delivery target

To ensure specified Labour Market Interventions take place within set timescales in 85% of cases	Target	85%
	Achievement to February 2010 <sup>7</sup>	92.1%

### Intervention Delivery target components

83% of Income Support lone parent work-focused Interviews that become due are conducted within 3 months	Target	83%
	Achievement to January 2010	92.1%
87% of 13, 26 and 52 week Jobseeker's Allowance interventions (including New Deal initial interviews) are conducted within 6 weeks of becoming due	Target	87%
	Achievement to December 2009	91.5%

<sup>5</sup> The target year for Water consumption reduction is 2020 rather than 2010.

<sup>6</sup> Due to delays associated with employers notifying HM Revenue and Customs when an employee starts work, it usually takes about 7 months before we can publish the final Job Outcome target performance.

<sup>7</sup> Final Intervention Delivery target results for 2009-2010 will be available in August 2010.

# Delivering services more efficiently and effectively

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Since the 2004 Spending Review (SR) period our productivity has increased year-on-year. Our productivity increased by around 17% in 2008-2009. A further increase of around 5% is forecast for 2009-2010.<sup>8</sup>

## We are exploring ways in which to achieve better value for money in our service delivery during 2010-2011.

During 2009-2010 we increased our network of trained continuous improvement champions and practitioners to drive forward continuous improvement across the business. We improved the way we delivered our services, focusing on our customers' needs, by:

- improving processes for customers undertaking fortnightly jobsearch reviews and making repeat claims after temporary work, enabling staff to increase jobsearch support. We improved benefit processing times and reduced the average time customers spend talking to staff in our Contact Centres. We also made further improvements to processing times for issuing National Insurance numbers;
- beginning to integrate our telephone and computer technology so that our staff can deal with a range of enquiries and changes of circumstance in one telephone call. This will improve our customer service while enhancing our capacity and flexibility, and provide a high level of service, regardless of where from, or why, the customer is calling;
- expanding our services to employers, enabling them to advertise their vacancies through modernised online services;
- in England, contributing to local and multi area agreements for tackling unemployment as a local priority, in partnership with public sector organisations including councils.

- For example, in the West of England working in partnership with the local authority, we provided services jointly via a single point of access. In Sunderland we provided additional support to customers in Resource and Advice Centres funded through the Working Neighbourhoods Fund;
- in Scotland, working with Community Planning partnerships to help develop and improve services and opportunities that are available to customers;
  - in Wales, actively engaging with Communities First partnerships to help improve training and employment opportunities;
  - continuing to play a key role in meeting the DWP objective to reduce fraud and error, in partnership with other organisations such as local authorities, banks, building societies and government departments. Working with HMRC and the Ministry of Justice we matched data to identify undeclared savings and fraudulent benefit claims by prisoners. We targeted benefit thieves abroad through a memorandum of understanding with Spain and by establishing an 'Abroad Fraud' hotline to identify UK citizens who claimed benefits in the UK but who lived in Spain; and
  - working closely with our partners and suppliers, keeping them informed of new developments to ensure they had the capacity to handle increased demand during the economic downturn.

In 2010-2011 we will:

- continue to exploit new technologies, for example by offering a wider range of our services through alternative technologies such as digital TV;
- use technologies to enable our advisers to deliver more proactive help and support to customers. For example, advisers can email online learning and job links and view a customer's job search activity so that their appointments focus on what customers need to do next; and
- involve our people in contributing their ideas to achieve greater value for money and respond positively to the Spending Challenge.

### **Customer feedback**

We welcome views from customers on our service and on how we can make improvements. Our Customer Charter highlights the importance of customer service in our approach and our 'Tell us what you think' leaflet gives details on how to give views.

We work hard to encourage customer feedback and to record and use it to improve our services. We categorise feedback to identify and address areas of concern, enabling us to make improvements to the services we provide to our customers.

In 2009-2010 we received 10,038 compliments. The three main features we were praised for were:

- helpfulness/courtesy of staff;
- information/advice provided; and
- Jobseeker's Allowance.

<sup>8</sup> Actual productivity levels will be confirmed when all final performance results are known.

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

#### Complaints handled at source or at District Manager level 1 and level 2

Target: To clear 90% of complaints received within 10 days.

Total number of complaints received: 55,632 for level 1 and level 2.

In 2009-2010 we achieved a performance level of 85%.

Top three categories:

- You have got it wrong – 60%
- You haven't given me the information that suits my needs – 19%
- DWP staff don't treat me with respect – 9%

#### Complaints handled at Chief Executive level 3

Target: To clear 90% of complaints received within a maximum of 20 days depending on the type of complaint.

Total number of complaints received: 4,569.

In 2009-2010 we achieved a performance level of 94%.

Top three categories:

- You have got it wrong – 31%
- DWP policy is unfair – 24%
- You take too long – 16%

We took steps to improve complaints handling by:

- revising our standard complaint categories to provide more detailed information than the previous headings such as benefit titles, which did not provide a real insight into the problems customers experienced;
- working with our parent department, DWP, to implement a department wide standard complaints resolution model to improve complaints handling. This will offer greater insight into customer complaints, enabling us to improve our business design; and
- carrying out customer research to establish why customers complain and what, if any, are the barriers to making a complaint.



# Delivering the values through our people

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In 2009-2010 to maintain our level of customer service we managed our staffing levels by recruiting new members of staff and redeploying staff from within DWP and other government departments. Most of our new recruits were fixed-term appointments, allowing us the flexibility to reduce staffing levels in line with falling customer volumes, when the economy recovers. Details of our recruitment for the year are contained in appendix 1.

## Our values

Our values, which we share with the rest of DWP, are the guiding principles for how we deliver our services to our customers. They underpin our commitment to putting customers first and help us focus not only on what we deliver but how we do it, recognising the key contribution our people make in delivering our services. We will apply our values in our day-to-day work environment, helping our people to deliver a professional customer service of consistently high quality.

### Achieving the best

By 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

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### **In 2009–2010 we ensured that our people were best placed to meet our business needs by:**

- building our leaders' skills to help them lead, inspire, train, support and develop the people they were responsible for while our business changed. Almost 3,000 leaders have taken part in the Making a Difference programme to help them understand their role and engage their people. 468 staff achieved Chartered Management Institute Certificates and Diplomas; and
- recognising talent and using the Professional Skills for Government framework to develop people's abilities. A Talent Forum met regularly to review and progress our talented people. It supported succession planning, developed robust workforce plans, streamlined recruitment processes and worked with other government departments to better redeploy surplus people, making the workforce more flexible. Our success in workforce management was recognised in the achievement of the 2009 Civil Service Human Resource Award.

### **We supported our people to manage business change by:**

- effectively managing our succession planning for key roles and developing leadership capability; and
- developing human resource professionalism and a leaner structure that better supports our business.

### **We continued to build positive relationships with our people by:**

- focusing on our people's well-being and the creation of a positive working environment to reduce sickness absence and improve productivity. The Live Well Work Well initiative is unique in covering confidence, happiness and life outlook as well as physical health. The initiative was pioneered in 21 sites such as Derby Contact Centre before national roll out;
- improving individual performance by rewarding staff and recognising the contribution they make and the value they add. We actively encouraged people to seek recognition for awards and the achievements of Jobcentre Plus and its people have been acknowledged through, for example, the DWP Permanent Secretary's 'Driver of Change Award', Whitehall and Westminster Civil Service 'Financial Management Award', and the Government Finance Profession 'Team of the Year Award';
- listening to and working with our people to address issues raised in the yearly DWP staff survey; and
- maintaining a positive and constructive relationship with our trade unions. Our trade unions made a positive contribution to employee relations workshops for HR Business Partners.

### We continued to support our customers by:

- ensuring our training teams responded quickly to local demands, particularly in developing the skills of those new to Jobcentre Plus to meet our customers' needs. We successfully provided induction and training for new recruits entering the business at a rate of 1,500 to 2,000 every month; and
- improving our existing training to make sure it helped us achieve change and maintain our performance.

### In 2010-2011 we will continue to:

- support our managers to use Lean continuous improvement techniques;
- develop a culture which actively supports our modernisation plans;
- ensure our skills strategies and the resources to support them are in line with our business volumes and business change plans;
- consolidate people performance by ensuring everyone receives regular reviews to assess delivery of required performance targets, skills and behaviours; and
- continue to deliver productivity improvements through attendance management and performance management frameworks.

### Supporting our customers in the community:

We supported our people's contribution to local community life through the DWP's Community 5000 scheme. This aims to encourage people, either as individuals or

in teams, to lend a hand by offering their time or expertise to organisations that support our customers. The scheme also helps our people better understand the needs of our most disadvantaged customers. Around 400 people from Jobcentre Plus supported Community 5000 in 2009-2010. Some examples of Community 5000 in action are:

- Staff from Ravenshurst Benefit Delivery Centre in the West Midlands planted a winter garden and carried out general garden maintenance at Birmingham and Solihull Women's Aid in October 2009. The centre provides a counselling support service for women who have suffered domestic violence;
- Staff from jobcentres in Glasgow helped support the annual Victoria Park Gala in June 2009. This event provides entertainment for the local community particularly those who are disadvantaged; and
- Linda Badman, Customer Service Director for Wales, spent a day helping out at the Huggard Centre for homeless people in Cardiff. The centre provides free or affordable meals, emergency accommodation and washing facilities to this vulnerable group.



# Our corporate responsibilities



We are committed to meeting our responsibilities under equality and environmental legislation.

As a public authority we have to meet general and specific duties. These include eliminating unlawful discrimination, promoting equal opportunities and good relations between diverse groups, and complying with legislation and government strategies to reduce our impact on the environment.

## Promoting equality, eliminating discrimination and delivering accessible services

In 2009-2010 we:

- continued to consult customers and their representative groups and involve them in our plans to meet their needs: for example, about the development of a Customer Charter, tools for mental health coordinators, and extra support for people in the recession;
- better equipped our people to understand and respond to the needs of individuals and comply with equality legislation. We improved our staff Intranet site which contains key information including guidance on legislation, news updates and links to useful external websites;
- worked to understand and improve our performance with diverse customer groups. We worked with the Equality and Human Rights Commission to develop a practical framework which allowed us to build on progress and to improve our compliance further;
- reviewed our equality impact assessment arrangements and updated our equality schemes. We worked with DWP to develop a standard equality impact assessment process to ensure that equality considerations are visible and considered throughout policy development, implementation and delivery stages;
- developed our accessibility plan, which enables us to assess how well we are improving access to our services;

- .....
- acted on key findings from our diversity monitoring scheme, which assesses evidence of how well we are performing across diverse customer and staff groups. We identified the need to improve the levels of staff self declaration in the areas of ethnicity, disability and sexual orientation and will run the “Count me In” awareness campaign to staff in 2010-2011 to increase the amount of this data; and
  - re-launched our Diversity Challenge, which is our internal scheme focusing on how we carry out our equality duties<sup>9</sup>. This helps us to understand our performance with diverse customer groups and identify which key parity issues need addressing.
- In 2010-2011 we will continue to strengthen our equality impact assessment process and continue to involve and consult with organisations representing customer interests. We also plan to evaluate and publish progress against our 2008-2011 race, disability and gender equality schemes.
- defined good practice in meeting sustainability targets. To minimise business travel we encouraged the use of alternatives to face-to-face meetings, such as audio and video conference facilities. For example, in the Marches District, a training event for 96 advisers was facilitated using video conferencing at six sites, removing the need for staff to travel to a hired central venue;
  - implemented the requirements of all relevant sustainable development legislation, contributing to the development of DWP’s Climate Change Adaptation Plan and Carbon Reduction Delivery Plan;
  - recognised the ongoing need to move towards a more sustainable future. For example, through our paper reduction programme we aim to reduce the amount of paper used by 20%. Additionally, the use of scanners and electronic storage will allow us to remove the need to transport 500,000 Social Fund documents by road every month reducing carbon emission levels; and
  - ensured all key decisions take account of appropriate sustainable development impact assessments. We developed an impact assessment toolkit which enables us to consider the potential economic, social and environmental policy impacts. For example, the Carers Strategy Project found that relevant impacts and mitigations were more easily identified using this approach.

## Delivering a sustainable future

We recognise our duty to promote and support sustainable development and to meet our obligations to our staff, customers and stakeholders in ways that meet current needs without compromising the ability of future generations to meet their needs.

We take a holistic approach to sustainable development by addressing each of the environmental, economic and social aspects of sustainability.

We aim to ensure our staff, customers, partners and stakeholders are more aware of how they can make a positive contribution to sustainability issues. In 2009-2010 we:

In 2010-2011 we will continue activity to raise sustainability awareness, identify where we could increase efficiency, minimise waste, reduce business travel and reduce energy consumption and emissions from greenhouse gases.

<sup>9</sup> For further details please access: [www.dwp.gov.uk/jobcentreplus](http://www.dwp.gov.uk/jobcentreplus)

# Management commentary

## a. Statutory background

Jobcentre Plus presents its Accounts for the year ended 31 March 2010. The Accounts have been prepared in accordance with the direction given by Her Majesty's (HM) Treasury in pursuance of Section 7 of the Government Resources and Accounts Act 2000.

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

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

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

## b. Scope of Jobcentre Plus Accounts

The Accounts relate to Jobcentre Plus administrative and Employment Programme expenditure. From 1 April 2007 responsibility for the majority of Employment Programme expenditure was transferred to the Welfare and Wellbeing Group and Employment Group and accordingly no longer features in these Accounts. The only remaining Programme expenditure related to Invest to Save funding in 2008-09; there was no Programme

expenditure in 2009-10. Jobcentre Plus falls within the resource accounting boundary of the DWP and its Agency Accounts are consolidated along with Employment Programme expenditure within the DWP Resource Accounts.

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

As part of DWP, Jobcentre Plus has to manage its business and meet its objectives within the resource constraints set by the Department. In 2009-10 Jobcentre Plus shared a Request for Resource with the Welfare and Wellbeing Group and Employment Group within the DWP's estimate. It also contributes to an administration cost and net cash requirement limit with other parts of the Department.

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

The Spending Review in 2007 set the basis for the funding available for Jobcentre Plus in 2009-10.

### **c. International Financial Reporting Standards**

International Financial Reporting Standards (IFRS) have been introduced across Central Government in the 2009-10 financial year. The 2008-09 Accounts have been re-stated in accordance with IFRS principles.

### **d. Sickness absence data**

Average working days lost per staff member year in 2009-10 was 8.8 days (2008-09: 9.3 days). Further details can be found under managing attendance on page 19.

### **e. Personal data related incidents**

**Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's Office in 2009-10**

<b>Statement on information risk</b>	During 2009-10, the focus continued to remain on improving awareness and behaviour in order to strengthen the security of the information that we hold and prevent data loss. A range of information security improvements have been implemented or are planned to prevent data loss and to improve awareness and our processes for allocating, recording and monitoring access to our systems and data. These are based on both Internal Audit and Cabinet Office recommendations, and examples include e-mail content filtering and blocking, e-learning security training for all staff, improving controls over multiple systems accesses and blocking memory storage devices from accessing our systems.  In line with Departmental requirements, the Finance Director continues to be accountable as the Jobcentre Plus Information Asset Owner (IAO), and is supported by the Head of Business Controls and Security and his Division, for example through maintaining the Jobcentre Plus information asset inventory and authorising Agency data transfers. The increased senior focus continues to have an impact on driving forward improvements in the management of risk, for example in managing Data Handling Review requirements.			
<b>Date of incident (month)</b>	<b>Nature of incident</b>	<b>Nature of data involved</b>	<b>Number of people potentially affected</b>	<b>Notification steps</b>
	There were no incidents in 2009-10.			
<b>Further action on information risk</b>	Jobcentre Plus will continue to monitor and assess its information risks, in order to identify and address any weaknesses and ensure continuous improvement of its systems.			

**Table 2: Summary of other protected personal data related incidents in 2009-10**

Incidents deemed by the Data Controller not to fall within the criteria for reporting to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises.	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises.	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	0
IV	Unauthorised disclosure.	0
V	Other.	0

#### f. Results for the year

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

The net operating cost amounted to £3,746.8m (2008-09 restated: £3,167.0m). Capital expenditure for the year, full details of which are given in Notes to the Accounts 9 & 10, amounted to £46.2m (2008-09 restated: £79.7m).

#### g. Employment of Disabled Persons

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

#### h. Commitment to Equality and Diversity

We have worked to improve the accessibility of our services and to better understand and meet our customers' diverse needs. During 2009-10 this has included:

- progressing actions within our Equality Schemes;
- delivering improvements recommended by the Equality and Human Rights Commission;
- strengthening our Diversity Challenge, which is our internal framework to help us meet commitments outlined in our Equality Schemes; and
- reviewing how we assess the equality impact of our services and policies.

### **i. Employee involvement and engagement**

Jobcentre Plus respects its people and values their contribution. We have a strong internal communications network in place. Our people are encouraged to share information and contribute news, views and feedback. Opportunities to do so include regular telephone conferences with the Board, which are open to people across the organisation; ‘Board on the road’ events, where Board members visit our customer service teams to invite questions and discuss how services can be improved; and ‘Speak Up’ where staff are invited to submit views and comment on a range of issues.

Senior management agree to address issues arising from the annual DWP Staff Survey by analysing and acting on the survey results through the Better Together initiative.

We recognise the outstanding achievements of our people through our annual awards events. We pass on regular news and information to our people through the Jobcentre Plus and DWP communication sites on the intranet, as well as through regular bulletins and messages cascaded through team meetings.

An employee assistance programme supports staff and managers in handling difficult incidents and promotes well being in the workplace. The ‘Live Well Work Well’ initiative is currently being rolled out across the organisation.

Staff can join trade unions. We have procedures for consulting trade unions and support union representation in the workforce.

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

### **j. 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 Notes to the Accounts 4c.

### **k. 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 10 days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. A review of all supplier payments made during the twelve month period, conducted to measure how promptly Jobcentre Plus pays its bills, found that 89.1% of bills were paid within this standard.

In 2008-09, if there was no contractual provision or other understanding, invoices should have been paid within 30 days. This year the 30 day achievement is 93.7% of bills paid within this standard (2008-09: 89.0%).

### **I. External Auditors**

The Accounts have been audited by the Comptroller and Auditor General whose certificate and report appear on pages 54 and 55.

## m. Board of Management

Members of the Jobcentre Plus Board during the year were:

Darra Singh	Chief Executive (from 30 November 2009)
Mel Groves CBE	Acting Chief Executive (until 29 November 2009)
David Chapman	Director, Information Technology
Roland Ginn	Director, Finance
Jeremy Groombridge CB	Director, Transformation and Product Management
Jacinda Humphry	Joint Director, Business Strategy and Planning (from 1 September 2009)
Matthew Nicholas	Director, Employers and Stakeholders
Ruth Owen CBE	Chief Operating Officer
Pete Searle	Acting Director, Business Strategy and Planning (until 31 August 2009)
Isobel Stephen	Joint Director, Business Strategy and Planning (from 1 September 2009)
Doug Watkins	Director, Human Resources
Mark Fisher CBE	Advisory Director, Welfare to Work
John Clare CBE	Non-executive Chair
Sarah Anderson CBE	Non-executive Director
Kenneth Ludlam	Non-executive Director

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#### **n. Board of Management Responsibilities**

The Board of Management have approved the Accounts for the year ended 31 March 2010 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 a going concern basis.

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

#### **o. Details of Company Directorships and Other Significant Interests held by Board Members**

A register of Directors' 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

#### **p. Compliance with HM Treasury and Office of Public Sector Information guidance**

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



**Darra Singh**  
Jobcentre Plus Accounting Officer  
7 July 2010

# Remuneration report

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## a. Remuneration Policy

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

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

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

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

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

## b. Service Contracts

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

The officials covered by this report hold appointments, which are open-ended subject to performance. Early termination, for all officials, 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.org](http://www.civilservicecommissioners.org).

## c. Salary and Pension Entitlements

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

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#### d. Remuneration (audited)

Officials	2009-10		2008-09	
	Salary	Benefits in kind (to nearest £100)	Salary Restated	Benefits in kind (to nearest £100)
	£'000s	£	£'000s	£
Darra Singh (from 30 November 2009)	60-65	—	—	—
Mel Groves CBE* (until 29 November 2009)	140-145	1,700	160-165	2,500
Lesley Strathie	—	—	110-115	—
Phil Bartlett	—	—	75-80	—
David Chapman**	115-120	—	75-80	—
Roland Ginn	125-130	—	125-130	—
Jeremy Groombridge CB	110-115	2,700	105-110	2,700
Jacinda Humphry (from 1 September 2009)	45-50	—	—	—
Matthew Nicholas	105-110	—	105-110	—
Ruth Owen CBE	130-135	300	120-125	400
Pete Searle (until 31 August 2009)	45-50	—	30-35	—
Isobel Stephen (from 1 September 2009)	30-35	—	—	—
Doug Watkins	115-120	—	100-105	—
Malcolm Whitehouse**	—	—	35-40	—
Mark Fisher CBE***	—	—	—	—

\* The 2008-09 salary for Mel Groves has been restated to include taxable benefits relating to his dual location accommodation in London.

\*\* DWP Corporate IT employs David Chapman and Malcolm Whitehouse and meets their salary costs which are re-charged, as part of the intra departmental charges, as they work full-time for Jobcentre Plus.

\*\*\* DWP Employment Group employs Mark Fisher and meets his salary costs. He does not work full-time for Jobcentre Plus and thus the Agency does not incur any element of the cost of his salary.

### e. Salary

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

'Salary' includes gross salary; 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.

Bonuses are paid in July following the financial year to which they relate i.e. bonuses included in 2009-10 salaries relate to 2008-09 performance.

The July 2009 payment is included only where it relates to performance as a Board member in 2008-09 regardless of their current role. This ensures the payments made to directors in relation to their period of service on the Board are disclosed in their totality.

### f. Benefits in Kind

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

### g. Pension Benefits (audited)

Name	Real increase in pension at pension age	Real increase in lump sum at pension age	Accrued pension at pension age at 31 March 2010	Accrued lump sum at pension age at 31 March 2010	CETV at 31 March 2009 Restated	CETV at 31 March 2010	Real increase in CETV
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Darra Singh	0-2.5	–	0-5	–	–	17	12
Mel Groves CBE	7.5-10	22.5-25	75-80	225-230	1,540	1,748	186
David Chapman	0-2.5	–	5-10	–	58	82	16
Roland Ginn	0-2.5	–	5-10	–	125	173	36
Jeremy Groombridge CB	0-2.5	5-7.5	40-45	130-135	828	930	48
Jacinda Humphry	2.5-5	7.5-10	15-20	50-55	213	259	36
Matthew Nicholas	2.5-5	–	55-60	–	937	1,072	72
Ruth Owen CBE	2.5-5	12.5-15	25-30	85-90	312	399	64
Pete Searle	0-2.5	0-2.5	20-25	65-70	322	349	9
Isobel Stephen	0-2.5	5-7.5	10-15	35-40	122	150	22
Doug Watkins	2.5-5	12.5-15	30-35	100-105	421	523	73

None of the Directors contribute to a Partnership pension.

## **h. Pension Benefits Restatement**

As the factors used in calculating the Cash Equivalent Transfer Value (CETV) were updated in October 2008, the CETV figures have been restated at 31 March 2009. As a result of this the opening CETV of the 2009-10 calculations is different to the closing CETV from the 2008-09 calculations.

## **i. Civil Service Pensions**

Pension benefits are provided through the Civil Service Pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a ‘final salary’ scheme (Classic, Premium or Classic Plus) or a ‘whole career’ scheme (Nuvos). These schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with changes in the Retail Prices Index (RPI). New entrants after 1 October 2002 may opt for either the appropriate defined benefit arrangement or a good quality ‘money purchase’ stakeholder pension 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, Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years’ pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in Classic and benefits for service from October 2002 calculated as in Premium. In Nuvos a member builds up a pension based on their

pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with RPI. In all cases members may opt to give up (commute) pension for a lump sum to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3.0% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3.0% 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).

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

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

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

#### k. Real Increase in Cash Equivalent Transfer Value

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

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## I. Non-Executive Board Members (audited)

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

	2009-10 Total Fees and Expenses £'000s	2008-09 Total Fees and Expenses £'000s
John Clare CBE	21	21
Sarah Anderson CBE	23	23
Kenneth Ludlam	21	21



**Darra Singh**  
Jobcentre Plus Accounting Officer  
7 July 2010

# Appendix 1

## External recruitment for 2009-2010

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

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

From 1 April 2009 to 31 March 2010, 16,671 people were recruited into Jobcentre Plus to deal with increased workloads. Our workforce strategy was to retain flexibility in managing staffing levels by not adding to permanent workforce levels. The bulk of recruitment was therefore into fixed-term appointments (FTAs) with 14,069 people recruited into FTAs/temporary posts and 2,602 into permanent posts. Included in these numbers are 156 employees who were recruited through programmes to help the unemployed such as Local Employment Partnerships.

External recruitment for 2009-2010		
Gender	Number of people <sup>10</sup>	%
Female	9,333	56%
Male	7,338	44%
<b>Total</b>	<b>16,671</b>	
<b>People in the above with disabilities</b>	<b>151</b>	<b>1%</b>
Ethnicity	Number of people <sup>10</sup>	%
Asian (Bangladeshi)	51	0.31%
Asian (Indian)	168	1.00%
Asian (other origin)	19	0.11%
Asian (Pakistani)	93	0.56%
Black (African)	124	0.74%
Black (Caribbean)	73	0.44%
Black (other origin)	25	0.15%
Chinese	8	0.05%
White	3,261	19.56%
Mixed ethnic background	Number of people <sup>10</sup>	%
Asian and white	19	0.11%
Black African and white	13	0.08%
Black Caribbean and white	15	0.09%
Mixed ethnic (other)	54	0.32%
Other ethnic origin	17	0.10%
No response/unclear response	12,731	76.38%
<b>Total</b>	<b>16,671</b>	<b>100%</b>

<sup>10</sup> This figure represents the number of people regardless of full or part time working patterns.



### Use of permitted exceptions

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

Permitted exception category	Total
Appointment under government programmes to assist the long term unemployed for example Local Employment Partnerships	156
Extensions over 12 months	0
Extensions of short-term appointments beyond the initially published period including conversions to permanency	270
Extensions to secondments with reasons	0
Secondments	0
Transfers of staff with their work (not under TUPE)	0
Reappointment of former civil servants	50
Appointments of surplus acceptable applicants to shortage posts.	0
<b>Total</b>	<b>476</b>



# Annual Accounts

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# Statement of Jobcentre Plus and Accounting Officer's Responsibilities

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

The Accounts are prepared on an accruals' basis and must give a true and fair view of the income and expenditure, changes in taxpayers' equity and cash flow of Jobcentre Plus for the financial year, and of the state of affairs as at 31 March 2010.

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

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

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

# Jobcentre Plus Statement on Internal Control

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## Scope of responsibility

1. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Jobcentre Plus 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 Managing Public Money.
2. Jobcentre Plus is an Executive Agency of the Department for Work and Pensions (DWP). I am accountable to the DWP Permanent Secretary via the Department's Executive Team.
3. I am responsible for the delivery of Jobcentre Plus objectives. I deliver these objectives within a framework of policies developed by Ministers, and the Client Groups as outlined in the Department's Public Service Agreement. I am responsible for developing business strategies and plans to deliver the 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 the Client Groups. Links have been established between Jobcentre Plus and other parts of DWP to ensure that our respective customers receive the help and support that they require.
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. These contracts are managed through the Department's Commercial Directorate, which ensures all commercial activity is carried out legally and provides best value for money. My Employers and Stakeholders Directorate oversees and advises my Board on Jobcentre Plus' role in Employment

Programme delivery and partnership activities, particularly those that fall within the overall control environment of the Agency.

5. Alongside our external partners, a high level of Jobcentre Plus activity is delivered by the Department and managed on my behalf, through contractual arrangements, for example with Telereal Trillium for estates work and with HP Enterprise Services Ltd for our IT services. The Department also provides a Shared Services function for specific finance and human resource work. Where appropriate, the main relationships between Jobcentre Plus and the Department are managed through Service Level Agreements (SLAs) and Partnership Agreements. The work of Jobcentre Plus is increasingly reliant on data sharing with other Government Departments and other organisations. My Finance Directorate is continuing work to mitigate risks associated with the sharing and use of information.

## The purpose of the system of internal control

6. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going 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 2010 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury (HMT) guidance.

## Capacity to handle risk

7. The Jobcentre Plus Board considers the strategic risks to delivering its business objectives and reports these in the Jobcentre Plus Strategic Risk Register. As Board Directors for the Agency, they also have a clear accountability framework to ensure that systems are in place to effectively manage risk within their Directorates and are required to provide an assurance as to the effectiveness of their risk management arrangements through the Letter of Assurance (LoA) process.
  8. Executive Board Directors have specific responsibility for identifying their highest risks and longer-term threats in the context of the 3 Year Strategic Plan. The risks were managed through a process of independent challenge, initially through the Jobcentre Plus Planning Performance and Risk Committee (JPPRC). Subsequent oversight and challenge is provided by the Corporate Governance Committee (CGC) who review the Strategic Risk Register at 6 monthly intervals.
- The risk and control framework**
9. On behalf of the Board, the JPPRC, chaired by the Directors of Business Strategy & Planning, provided oversight to the risk management process. For 2010-11, this oversight role will be undertaken by the Jobcentre Plus Executive Team. Accountable risk owners are nominated at Board Director level and the Departmental methodology is used to identify and assess the risks. Risks are rated and prioritised and the level of control applied is relative to the Agency's tolerance levels.
  10. This oversight ensures that management focus remains on the most significant risks facing the business and ensures mitigation activities are being actively managed. The JPPRC provided an independent challenge to the information referred to the main Board with opportunity to review Governance Forums and Management Group risk registers to ensure that the correct risks have been captured and that they are being managed effectively.
  11. Additional reviews are undertaken by the Risk Assurance Division (RAD), who also provide our internal audit function, and active management is provided by the Board. In addition, the Non-Executive members of the Jobcentre Plus Board have taken the lead for specific areas of risk to allow a more robust challenge. Internal Audit's work programme is aligned with the strategic risks and their regular meetings with Directors help inform their future work programme, capturing key concerns within the control environment.
  12. Less significant risks to the business are managed through a series of Governance Forums and Management Groups which report to the main Jobcentre Plus Board. Each of these is chaired by an Executive Board member having responsibility for managing risk within their specific business area. Underlying risks are managed at all different levels of the organisation providing a robust audit trail. This approach ensures that risks are managed at the most appropriate level within the organisation.
  13. Information Security risks are identified and managed using the standard Departmental Risk Framework providing the basis for consistent evaluation and management of risks, including an assessment of the control environment and, where appropriate, risk escalation and de-escalation. An overarching Information Security risk is captured within the Strategic Risk Register with oversight control and challenge provided by JPPRC.

14. The Agency recognises the importance of risk management principles and a dedicated team of specialists, within the Finance Directorate, act as the focal point within Jobcentre Plus supporting the business in managing risks and promoting good practice through the provision of advice to managers on risk management issues. Jobcentre Plus operates an integrated risk-based planning process which is aligned to the DWP standardised risk management framework.
15. The Jobcentre Plus approach is constantly reviewed to support continuous improvement in the standard of risk management and opportunities have been taken to engage with other Departments to explore alternative approaches, most recently around risk-based scenario planning using different drivers. We are currently working with the Corporate Risk Management Team and other Agency colleagues in reviewing the end-to-end risk management process. The ‘Lean’ outcomes have informed the development of new standardised risk processes and associated products to secure improvement in risk management and Jobcentre Plus is involved in piloting this.
16. The Department’s risk management internet-based learning product, together with the Jobcentre Plus planning guidance and on-going support from risk specialists, ensures consistency in our approach to risk management and standardisation with the Department’s policies in this area. A risk management Learning and Development suite of products can also be accessed by all staff and forms part of Jobcentre Plus’s blended learning approach to risk management.

### Review of effectiveness

17. As Agency Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review 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 CGC and plans to address weaknesses and ensure continuous improvement of the system are in place.
18. The Jobcentre Plus CGC incorporates the functions and responsibilities of an audit committee for the Agency and works with RAD to focus on those areas of the business at greatest risk. The Committee has adopted HM Treasury best practice by comprising of four non-executives, and is chaired by Kenneth Ludlam, a non-executive Director of the Board. The CGC receives regular updates on actions to address identified weaknesses within the Jobcentre Plus system of internal control. This allows them to assess the effectiveness of mitigation actions and, where appropriate, request further work to be undertaken to strengthen the control environment.
19. RAD undertakes a risk-based work programme of reviews as agreed by the CGC, taking into account the business risks identified in collaboration with Jobcentre Plus senior management. The work undertaken by RAD allows the Director of Risk Assurance Division to provide his independent opinion on the level of assurance provided by the Jobcentre Plus governance, risk and control framework.

Based on the scope and results of the RAD independent assurance work undertaken during 2009-10, Jobcentre Plus' governance, risk management and control arrangements provide 'Reasonable Assurance' that material risks are identified and managed effectively with the exception of Social Fund and Information Security which have both concluded with 'Limited Assurance' rating.

20. Jobcentre Plus Executive Board Directors are required to confirm the effectiveness of their internal control systems and risk management procedures through the LoA process. Challenge or support to these statements is provided through the Business Controls Dashboard. These control reporting systems, developed by my Finance Directorate, aggregate information from various sources to determine the effectiveness of Jobcentre Plus internal controls and levels of policy and procedural compliance. The Dashboard is presented quarterly to the Jobcentre Plus CGC. In developing these monitoring and reporting control systems, my Agency remains closely engaged with the Departmental-led Compliance Project.
21. A consequence of the increased volumes of business arising from the economic downturn was an increased risk of non-compliance with key policies and procedures. In order to mitigate this risk, work was undertaken to further strengthen the identification and reporting of non-compliance. From 2009-10, we introduced a specific targeted attestation-based Board Director LoA process, whilst further developments to the Business Controls Dashboard continued to improve CGC insight into levels of control and compliance within Jobcentre Plus.
22. The introduction of Employment and Support Allowance (ESA) highlighted a potential capacity and capability challenge

for our medical examinations supplier, responsible for Work Capability Assessments (WCA), which could impact on Jobcentre Plus performance. Effective risk management measures are in place and we will continue to monitor both the number of WCAs required and undertaken by the supplier and number of appeals received and outstanding.

### Significant control challenges

23. The rise in unemployment levels, resulting from the economic downturn, impacted on all aspects of Jobcentre Plus business and changed the environment in which our internal control regime operates, for example the increase in the level of benefit expenditure has resulted in increased levels of overpayment through official error. Despite this, Jobcentre Plus maintained service levels whilst being challenged by unprecedented levels of recruitment and associated training; streamlined several business processes, including the New Jobseeker Interview and the 13 Week Review; and introduced Lean initiatives, including a Conditionality Fortnight Review which aids customer flows by encouraging the self-management of jobsearch activities. Within the Jobcentre Plus control framework, systems are in place to ensure that effective and proportionate risk mitigation action is taken to address control challenges resulting from any future shift in the economic position.
24. Within the 2008-09 Statement of Internal Control (SIC), Jobcentre Plus reported significant control challenges in relation to ATOS Healthcare, Debt Referrals and National Insurance and PAYE Service (NPS) record discrepancies. Over the course of the year, these matters have been successfully mitigated as follows and, therefore, no longer present significant control challenges:

- **ATOS Healthcare:** The level of ATOS Healthcare practitioners was insufficient to meet Jobcentre Plus business demands and, as a result, performance in delivering WCA's was being effected. A re-alignment plan was introduced and a number of policy easements were secured in order to manage demand on ATOS Healthcare capacity.
  - **Debt Referrals:** Jobcentre Plus reported potential control challenges relating to the incompleteness of Debt Referrals. We have subsequently implemented a series of actions to strengthen the Debt Referral control environment, including the introduction of Business Controls System (BCS) mandatory checks, enhancements to the quality checking arrangements and improvements to Management Information (MI) capture, thus providing robust site level information, and providing clearly defined roles and responsibilities for Site Debt Leads. Sufficient levels of resource have been made available to effectively strengthen control in this area but, given the pressures of the current economic climate, there is uncertainty as to whether this resource commitment can be sustained.
  - **National Insurance and PAYE Service (NPS) record discrepancies:** Jobcentre Plus has focussed its activity on resolving discrepancies in those National Insurance (NI) records where Her Majesty's Revenue and Customs (HMRC) have requested a review. This action was completed in November 2009. We continue to be fully engaged at Departmental level, through a Cross Government Steering Group, in providing governance to the NI crediting regime with a view to further strengthening the overall control environment.
25. The CGC has identified the following areas where further improvement action is required:
- a. **Information Security:** During 2009-10, the focus continued to remain on improving awareness and behaviour in order to strengthen the security of the information that we hold and prevent data loss. A range of information security improvements have been implemented or are planned to prevent data loss and to improve awareness and our processes for allocating, recording and monitoring access to our systems and data. These are based on both Internal Audit and Cabinet Office recommendations, and examples include e-mail content filtering and blocking, e-learning security training for all staff, improving controls over multiple systems accesses and blocking memory storage devices from accessing our systems.  
In line with Departmental requirements, the Finance Director continues to be accountable as the Jobcentre Plus Information Asset Owner (IAO), and is supported by the Head of Business Controls and Security and his Division, for example through maintaining the Jobcentre Plus information asset inventory and authorising Agency data transfers. The increased senior focus continues to have an impact on driving forward improvements in the management of risk, for example in managing Data Handling Review requirements.
  - b. **Document storage and retrieval:** In order to improve the level of storage capacity available, the Jobcentre Plus Paper Reduction Programme continues to work closely with Commercial, Operational and Capita colleagues to identify efficiencies in the way we manage our documentation. A number of actions have been undertaken or are planned to continue our improved performance in this area and, subsequently, address capacity issues, including:
    - the roll-out of the Social Fund record scanning process which will be completed towards the end of 2010; and

- the issue of monthly reports to nominated business contacts to reduce the numbers of lost files and identify offices with high levels of “non-conformance” with the required processes.

Work is also progressing to investigate the introduction of an IT-based reconciliation systems for boxes sent to storage.

**c. Monetary Value of Fraud & Error:**

The monetary value of fraud and error in Jobcentre Plus is a contributory factor to qualification of the DWP Resource Accounts. The economic downturn resulted in a substantial rise in benefit expenditure and, consequently, an increase to the monetary value of fraud and error. For 2009-10, the estimated value of Jobcentre Plus administered benefit overpayments equated to £920m and the value of underpayments totalled £190m. In order to drive forward improvement activity, a national Error Reduction Team has been established and a number of performance improvement initiatives are progressing or are planned. These include analysing and addressing causes of official error through enhanced information technology systems, improving the communication streams to raise the profile of error and reviewing the effectiveness of the current benefit checking regime.

**d. Non-compliance with mandatory checks:**

Throughout 2009-10, information sources highlighted consistently high levels of non-compliance in relation to the completion and recording of mandatory checks.

In order to strengthen control within this area, my Finance Directorate is leading on work to improve performance, initially, through working with check owners to review the relevance and appropriateness of mandatory checks. This work has ensured that those checks that are considered to be mandatory are clearly focussed towards areas of highest risk.

Following enhancements to improve management information, further work is progressing with Operational colleagues to improve compliance with these remaining checks.

We are also engaged with a Departmental project aimed at piloting a suite of risk-based security checks. This work should, ultimately, improve compliance with the security checking regime by ensuring that checks generated remain relevant and clearly focussed towards the key risks faced by the organisation.

- e. Resource Management (RM) manual payments:** A weakness has been identified in the end-to-end process for making certain types of payment through the Department's Shared Services. I have agreed with the Finance Director General that a revised process will be introduced which will tighten control in this area.
- f. Social Fund:** The Jobcentre Plus Chief Executive is the Accountable Officer for the Social Fund and is responsible for the provision of the annual Social Fund White Paper Account. This is provided by the Department's Accounting Shared Services Organisation with assurance and scrutiny undertaken by Jobcentre Plus Finance. The Account has been qualified for a number of years, primarily due to errors identified in the decision-making process and issues with document management and the ability to retrieve original case papers as required. This qualification is likely to be extended to also cover Sure Start Maternity Grants this year. To improve the quality of Social Fund decision making, a number of initiatives are progressing largely centred on the Quality Assurance Framework, (QAF). To further support the significant work progressing to strengthen the Social Fund control environment, I have now created a Social Fund Task Force, led by myself as Chief Executive, to address the control

challenges. In this light I am reporting the following control challenges for 2009-10:

- **Addressing the financial discrepancies arising from the methodology used in the Social Fund Account's production process:** The SIC for 2008-09 referred to issues relating to the production of the Social Fund Account. The process has developed to become very complex, manually drawing information from a number of different systems in the absence of a single integrated system from which to extract the Account.

A review looking at the end-to-end processes for the production of the Account was carried out in Accounting Shared Services, and endorsed by Jobcentre Plus Finance, as representing a positive plan to improve the accounting framework.

Whilst the revised approach, as detailed within the action plan, alleviates concerns about the integrity of the existing methodology, which uses accounting information from both the Programme Accounting Computer System (PACS) and Social Fund Computer System (SFCS) systems, there remain issues relating to the substantiation of the debtor balance that need further detailed investigation. The Social Fund Task Force, referred to above, will provide the appropriate focus and commitment to ensure fundamental improvement and enhancement to the control framework for producing the Social Fund White Paper Account.

- **Strengthening debt recovery processes and addressing levels of aged debt:** Improvement action is progressing through increasing active recovery from benefit, increasing referrals to Debt Management for off-benefit customers and also through the consideration of a proportion of debt stock appropriate to write-off.

- **Grant overpayments:** It has been identified that there are inadequate procedures for the recording of overpayments from recipients who no longer qualify for a Social Fund grant as a result of loss of the underlying benefits. Supporting guidance and instructions for Benefit Processors has been strengthened in order to ensure Social Fund Processors are informed of cases where qualifying benefits are fully withdrawn, and to ensure resulting referrals to Debt Management are carried out. As benefits administered by HMRC can provide entitlement to Social Fund grants, steps will be taken to similarly align processes.
- **Improving document management systems:** Following the incorrect destruction of 170,000 case files, actions have been taken to reduce the future likelihood of erroneous case file destruction. Work is also progressing to remove instances of missing documentation through the full national roll-out of the electronic scanning solution. The new National Social Fund Performance Team has now taken full management responsibility for case retrieval.
- **Case recording:** An issue relating to the full recording of cases on the SFCS is also being addressed to ensure that awards are recorded promptly on SFCS. The absence of case details from SFCS could impact on the integrity of the overall Social Fund debt balance and the completeness of individual customer debt. Resource has been focused on clearing this backlog and on reducing the likelihood of future backlog issues.



Darra Singh  
Jobcentre Plus Accounting Officer  
7 July 2010

# The Certificate and Report of the Comptroller and Auditor General to the House of Commons

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I certify that I have audited the financial statements of Jobcentre Plus for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of Jobcentre Plus, the Chief Executive and auditor

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

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Agency; and the overall presentation of the financial statements.

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

## Opinion on Regularity

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

## Opinion on the financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Agency's affairs as at 31 March 2010 and of the net operating cost, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Chief Executive Review, Performance Results for 2009-10, Delivering a Sustainable Future, Management Commentary and the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit.
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

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

23 July 2010

# Jobcentre Plus Operating Cost Statement

For the year ended 31 March 2010

	Note	2009-10 £'000s	Restated 2008-09 £'000s
<b>Administration Costs</b>			
Staff Costs	4	2,163,213	1,785,116
Other Administration Costs	5	1,602,363	1,400,067
<b>Gross Administration Costs</b>		<b>3,765,576</b>	<b>3,185,183</b>
Operating Income	7	(18,728)	(18,757)
<b>Net Administration Costs</b>		<b>3,746,848</b>	<b>3,166,426</b>
<b>Net Programme Costs</b>	8	—	549
<b>Net Operating Cost</b>		<b>3,746,848</b>	<b>3,166,975</b>

All income and expenditure is derived from continuing operations.

*The notes on pages 60 - 101 form part of these Accounts.*

# Jobcentre Plus

## Statement of Financial Position

As at 31 March 2010

	Note	31 March 2010 £'000s	Restated 31 March 2009 £'000s	Restated 1 April 2008 £'000s
<b>Non-current assets</b>				
Property, plant & equipment	9	22,493	17,380	14,212
Intangible assets	10	154,725	144,891	100,002
Trade and other receivables falling due after one year	12a	154	188	216
<b>Total non-current assets</b>		<b>177,372</b>	<b>162,459</b>	<b>114,430</b>
<b>Current assets</b>				
Trade and other receivables falling due within one year	12a	17,628	19,183	16,878
Cash and cash equivalents	13	477	383	398
<b>Total current assets</b>		<b>18,105</b>	<b>19,566</b>	<b>17,276</b>
<b>Total assets</b>		<b>195,477</b>	<b>182,025</b>	<b>131,706</b>
<b>Current liabilities</b>				
Trade and other payables falling due within one year	14a	(227,633)	(208,089)	(253,870)
<b>Total current liabilities</b>		<b>(227,633)</b>	<b>(208,089)</b>	<b>(253,870)</b>
<b>Total assets less net current liabilities</b>		<b>(32,156)</b>	<b>(26,064)</b>	<b>(122,164)</b>
<b>Non-current liabilities</b>				
Provisions	15	(3,408)	(5,927)	(7,865)
<b>Total non-current liabilities</b>		<b>(3,408)</b>	<b>(5,927)</b>	<b>(7,865)</b>
<b>Assets less liabilities</b>		<b>(35,564)</b>	<b>(31,991)</b>	<b>(130,029)</b>
<b>Taxpayers' Equity</b>				
General Fund		(47,263)	(32,287)	(131,436)
Revaluation Reserve		11,699	296	1,407
<b>Total Taxpayers' Equity</b>		<b>(35,564)</b>	<b>(31,991)</b>	<b>(130,029)</b>

The notes on pages 60 - 101 form part of these Accounts.

Darra Singh  
Jobcentre Plus Accounting Officer  
7 July 2010

# Jobcentre Plus

## Statement of Cash Flows

For the year ended 31 March 2010

	Note	2009-10 £'000s	Restated 2008-09 £'000s
<b>Cash flows from operating activities</b>			
Net operating cost		(3,746,848)	(3,166,975)
Adjustments for non-cash and notional transactions	5	761,599	624,011
Decrease in trade and other receivables	12a	1,555	78
<i>Less movements in receivables relating to items not passing through the Operating Cost Statement</i>		(947)	(739)
<i>Increase/(Decrease) in trade and other payables</i>	14a	19,544	(45,781)
<i>Less movements in payables relating to items not passing through the Operating Cost Statement</i>		2,938	5,856
Use of provisions	15	(3,400)	(3,656)
<b>Net cash outflow from operating activities</b>		<b>(2,965,559)</b>	<b>(2,587,206)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9b	(11,176)	(15,792)
Purchase of intangible assets	10	(36,205)	(72,099)
<b>Net cash outflow from investing activities</b>		<b>(47,381)</b>	<b>(87,891)</b>
<b>Cash flows from financing activities</b>			
Funding from DWP		2,539,185	2,257,147
Net financing from the National Insurance Fund		476,194	419,868
Payments of amounts to the Consolidated Fund		(2,345)	(1,933)
<b>Net financing</b>		<b>3,013,034</b>	<b>2,675,082</b>
<b>Net increase/(decrease) in cash and cash equivalents in the year</b>	13	<b>94</b>	<b>(15)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	13	<b>383</b>	<b>398</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>477</b>	<b>383</b>

The notes on pages 60 - 101 form part of these Accounts.

# Jobcentre Plus Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2010

	Note	General Fund £'000s	Revaluation Reserve £'000s	Total £'000s
Balance at 31 March 2008		381,908	296	382,204
Restatements – changes in accounting policy	2c	(513,344)	1,111	(512,233)
Restated balance at 1 April 2008		<u>(131,436)</u>	<u>1,407</u>	<u>(130,029)</u>
<b>Change in taxpayers' equity for 2008-09</b>				
Net (loss) on revaluation of intangible assets		–	(1,111)	(1,111)
Cost of capital	5	(4,356)	–	(4,356)
Auditor's remuneration	5	357	–	357
Non-cash capital additions		202	–	202
Intra-departmental charges	5	597,173	–	597,173
Net operating cost for the year		(3,166,975)	–	(3,166,975)
<b>Total recognised income and expense for 2008-09</b>		<u>(2,573,599)</u>	<u>(1,111)</u>	<u>(2,574,710)</u>
Funding from DWP		2,257,147	–	2,257,147
National Insurance Fund		419,868	–	419,868
CFERs repayable to the Consolidated Fund	7	(4,267)	–	(4,267)
Balance at 31 March 2009		<u>(32,287)</u>	<u>296</u>	<u>(31,991)</u>
<b>Change in taxpayers' equity for 2009-10</b>				
Net gain on revaluation of intangible assets		–	12,924	12,924
Transfers between reserves		1,521	(1,521)	–
Cost of capital	5	1,776	–	1,776
Auditor's remuneration	5	412	–	412
Non-cash capital additions	10	358	–	358
Intra-departmental charges	5	713,012	–	713,012
Net operating cost for the year		(3,746,848)	–	(3,746,848)
<b>Total recognised income and expense for 2009-10</b>		<u>(3,029,769)</u>	<u>11,403</u>	<u>(3,018,366)</u>
Funding from DWP		2,539,185	–	2,539,185
National Insurance Fund		476,194	–	476,194
CFERs repayable to the Consolidated Fund	7	(586)	–	(586)
Balance at 31 March 2010		<u>(47,263)</u>	<u>11,699</u>	<u>(35,564)</u>

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

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

*The notes on pages 60 - 101 form part of these Accounts.*

# Notes to the Accounts

## Note 1 Statement of accounting policies

### 1.1 Basis of Preparation and Statement of Compliance

#### a. Application of the Government *Financial Reporting Manual (FReM)*

The Accounts have been prepared in accordance with the 2009-10 *FReM* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the Public Sector context.

These Accounts are the first Jobcentre Plus Accounts to be prepared in accordance with IFRS and accordingly IFRS 1 *First Time Adoption of International Financial Reporting Standards* has been applied. Reconciliations disclosing the effect of the transition from UK GAAP to IFRS on the Jobcentre Plus Accounts are shown in Note 2. Comparative figures in respect of 2008-09 have been restated to reflect these adjustments.

Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to Jobcentre Plus for the purpose of giving a true and fair view has been selected.

The accounting policies adopted by Jobcentre Plus are set out below. They have been applied consistently in dealing with items that are considered material in relation to the Accounts.

#### b. Going Concern

Jobcentre Plus has prepared these Accounts on a going concern basis. As a direct result of adjustments to the Accounts required on transition to IFRS, the Jobcentre Plus Statement of Financial Position at 1 April 2008, 31 March 2009 and at 31 March 2010 indicates more liabilities than assets.

Jobcentre Plus receives its funding from the Department for Work and Pensions (DWP), as part of the Government's Spending Review 2007. The funding settlement for Jobcentre Plus provides funding through to 2010-11.

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

### 1.2 Accounting Standards, Interpretations and Amendments

#### a. Effective in these Accounts

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2010, have been adopted for the first time in these Accounts, taking the specific interpretations and adaptations included within the *FReM*.

In addition, early adoption of changes to IFRS 8 *Operating Segments* has been agreed by the Financial Reporting Advisory Board for public sector bodies and therefore disclosure of total assets by operating segment is no longer mandatory unless already reported to the management board. The effective date of the revision is 1 January 2010.

#### b. Effective for Future Financial Years

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

IAS 24 *Related Party Transactions* (effective 1 January 2011). The amendment provides exemption for full disclosure of transactions

with state-controlled entities and is not expected to impact the current exemption allowed within the *FReM*. IAS 24 also extends the definition of a related party to include relationships where joint control exists.

*IFRS 9 Financial Instruments: Classification and Measurement* (effective 1 January 2013). IFRS 9 is a replacement for IAS 39 and introduces new requirements for the classification and measurement of financial assets, together with the elimination of two categories. The Standard does not include financial liabilities. Further proposals are to be introduced during 2010 and Jobcentre Plus will undertake an assessment of the impact of IFRS 9 once these are known.

The HM Treasury Clear Line of Sight Project aims to align budgets, estimates and accounts. As a result of amendments to the *FReM*, there will be an impact on accounts from 1 April 2010 in respect of the following:

- IAS 36 *Impairment of Assets* – Impairments of property, plant and equipment that arise from a clear consumption of economic benefits are to be taken direct to the Operating Cost Statement; and
- cost of capital charges are to be removed from accounts in line with corresponding changes to budgets and estimates.

### **1.3 Accounting Convention**

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

### **1.4 Accounting Estimates and Judgements**

The preparation of the Accounts in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying DWP accounting policies. Estimates are continually evaluated and are

based on historical experience and other factors that are believed to be reasonable.

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

#### **a. Impairment of Trade and Other Receivables**

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

The impairment percentage is calculated using the prevailing recovery rates exhibited by the respective receivable profile for Jobcentre Plus by receivable category type and by calculating the actual recovery rates from a recent preceding 12-month period. The calculation includes instalment payments but excludes Other Government Department (OGD) receivables due within one year.

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

#### **b. Employee Leave Accrual**

*IAS19 Employee Benefits* requires Jobcentre Plus to determine the employee benefit liability for employee leave as at the end of the financial year. Jobcentre Plus had originally been relying on a planned Resource

Management system upgrade to collect data for each employee that would calculate the respective employee leave accrual figures at a specific point in time. Delays to the implementation of the upgrade have resulted in Jobcentre Plus developing an interim proxy measure using a sampling approach for calculating both the restated IFRS accrual at 31 March 2009 and the year end accrual for 31 March 2010. The Department (including its statisticians) and Jobcentre Plus have worked to develop and implement the appropriate methodology that provides a statistically valid sample from Jobcentre Plus, the results of which may be extrapolated across the population to establish a reliable estimate for both 2008-09 and 2009-10.

To calculate the accrual as at 31 March 2008, the employee leave accrual calculation as at 31 March 2009 has been applied retrospectively to the population at 31 March 2008, adjusting for average salaries in total and full time equivalent staff numbers to provide a valid estimate.

### c. Revaluation of Intangible Assets

The *FReM* interpretation of IAS 38 requires Jobcentre Plus to revalue its intangible assets to depreciated replacement cost as a proxy for fair value. As suggested in the *FReM*, Jobcentre Plus has applied appropriate indices to revalue internally developed software and software licence assets from 1 April 2007 (when prior year indexation ceased under UK GAAP) to 31 March 2010. The rationale to support the selection of the respective indices is detailed below:

#### i. Internally Developed Software

Following extensive consideration and a review of alternative indices, Jobcentre Plus, in line with the Department, has selected the Average Weekly Earnings (AWE) Private Sector index to revalue its internally developed software assets. Management

consider this to be the most suitable proxy to fair value for internally developed software given the labour intensive nature of software development. The main assumption held in coming to this conclusion is that the costs incurred to replace such assets are correlated to movements in the cost of labour within the private sector. Application of this index has resulted in a devaluation in 2008-09. Management believe this is in line with expectations and that Jobcentre Plus would have been able to command a better price given the sensitivity of this market sector to the economic downturn and therefore increased competition. The reduction in value is more than reversed in 2009-10 with an average annual growth rate in the index used over the 3 year period of 3.2% which is not materially out of line with the Retail Prices Index.

#### ii. Software Licences

Experts across the Department have liaised extensively to establish a considered and informed view of the most appropriate basis on which to perform the revaluation. There is a consensus of opinion that there is no index currently available that provides a flawless result and due to organisational and pricing structure changes among software suppliers, no trend information is available on the specific licences held by Jobcentre Plus. As the next best alternative, the index viewed by management as most appropriate in achieving the requirement of IAS 38 and the *FReM* to establish a suitable proxy for fair value is MM 17: Price Index Numbers for Current Cost Accounting – Indices PQEK Computers & other information processing equipment.

The main assumption being that although this includes movements in IT hardware as well as licence prices it adequately reflects the movements in the costs of licences during the changing market conditions experienced over this period.

## **1.5 Administration and Programme Expenditure**

The Operating Cost Statement is analysed between Administration and Programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition set out in the *FReM*.

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

Accountability for the majority of Programme income and expenditure transferred from Jobcentre Plus to the Welfare and Wellbeing Group and Employment Group on 1 April 2007. The only remaining Programme expenditure relates to Invest to Save funding in 2008-09.

## **1.6 Northern Ireland Social Security Agency**

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

## **1.7 Employee Benefits**

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

## **1.8 Value Added Tax**

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

## **1.9 Insurance**

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

## **1.10 Cost of Capital Charge**

A charge reflecting the cost of capital utilised by Jobcentre Plus is included in expenditure. The charge is calculated at the real rate set by HM Treasury (currently 3.5% – 2008-09 3.5%) on the average carrying amount of all assets less liabilities, except for:

- cash balances with the Office of the HM Paymaster General (OPG), where the charge is nil; and
- assets and liabilities in respect of amounts due from, or due to be surrendered to, the Consolidated Fund where the charge will be at a nil rate.

## **1.11 Operating Income**

Operating income relates directly to the operating activities of Jobcentre Plus. It comprises fees and charges for services provided on a full-cost basis to external customers, as well as public repayment work.

Operating income is retained as Appropriations-in-Aid and is stated net of VAT. Where income is received over and above the budgeted Appropriation-in-Aid, this income is surrendered back to the Consolidated Fund in the form of a Consolidated Fund Extra Receipt (CFER).

## 1.12 Operating Segments

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

Early adoption of changes to IFRS 8 *Operating Segments* has been agreed by the Financial Reporting Advisory Board for public sector bodies and therefore disclosure of total assets by operating segment is no longer mandatory unless already reported to the management board. The effective date of the revision is 1 January 2010.

## 1.13 Property, Plant and Equipment

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

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the capitalisation threshold of £5,000.

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

IT Hardware	3 to 7 years
Plant and Machinery	5 to 10 years
Furniture and Fittings	2 to 15 years

Depreciation is calculated from the month following acquisition.

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

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

All expenditure on repairs and maintenance is charged to the Operating Cost Statement during the financial year in which it is incurred.

## 1.14 Land and Buildings

Jobcentre Plus does not include land and buildings that it occupies in its Statement of Financial Position. All properties are leased, the majority under a DWP Departmental Private Finance Initiative (PFI) with Telereal Trillium. These assets are included on the DWP Resource Accounts and there is an operating lease arrangement with DWP for the buildings occupied by Jobcentre Plus.

## 1.15 Intangible Assets

Purchased software licences and applications with a licence period of more than one year are capitalised at cost and subsequently reported at depreciated replacement cost as a proxy for fair value.

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

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

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

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

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

Purchased Software Licences	5 years or period remaining on licence if shorter
Internally Developed Software	5 years
Websites	5 years

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

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

### **1.16 Leases**

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

### **1.17 Financial Assets and Liabilities**

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

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

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

Cash and cash equivalents comprise cash in hand.

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

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

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows and is recognised in the Operating Cost Statement. Future cash flows for a group of financial instruments that are collectively evaluated for impairment are

estimated on the basis of expected cash flows for the assets and historical loss experience for assets with credit risk characteristics similar to those in the group.

### **1.18 Inventories**

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

### **1.19 Provisions**

Provisions are recognised when Jobcentre Plus has a present legal obligation as a result of a past event, it is reliably measurable and it is probable that the Agency will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, and are discounted to the present value using the real rate set by HM Treasury where the effect is material.

### **1.20 Pensions**

The provisions of the Principal Civil Service Pension Scheme (PCSPS), details of which are described in Note 4c, cover past and present employees. The defined benefit schemes are unfunded and are non-contributory except in respect of dependents' benefits. Jobcentre Plus recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, Jobcentre Plus recognises the contributions payable for the

year. There is a separate scheme statement for the PCSPS as a whole. Details can be found in the Resource Accounts of the Cabinet Office; Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

### **1.21 Early Departure Costs**

Jobcentre Plus meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. Jobcentre Plus provides for this cost in full when the early retirement programme becomes binding by establishing a provision for the estimated payments, discounted by the HM Treasury discount rate of 1.8% (2008-09: 2.2%) in real terms. Where the DWP funds early release schemes centrally then a provision is created in the DWP Resource Accounts with notional costs of lump sum and annual compensation payments recharged to Jobcentre Plus.

### **1.22 Contingent Liabilities**

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

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

These comprise:

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

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

### **1.23 Funding from Department for Work and Pensions**

The DWP's main source of funding is the annual Parliamentary Grant. This is held in the Consolidated Fund by the OPG and drawn down as required to cover payments made. The Department uses its account with the OPG to fund three sub-accounts, each used by different business areas. All bank accounts are held centrally and cash balances are reported in the DWP Resource Accounts.

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

## Note 2 First-time adoption of IFRS

This is the first year that Jobcentre Plus has presented its Accounts under IFRS.

The accounting policies set out in Note 1 have been applied in preparing the Accounts for the year ended 31 March 2010, the restated comparative information presented for the year ended 31 March 2009 and in the preparation of an opening IFRS Statement of Financial Position as at 1 April 2008, the Jobcentre Plus date of transition to IFRS.

The effect of the transition on the Jobcentre Plus financial position, operating costs and cash flows is set out in the following tables and the accompanying notes.

### a. Impact of transition to IFRS

The most significant adjustments arising from the transition to IFRS are set out below.

#### i. Intangible Assets (IAS 38)

Intangible assets were previously valued at depreciated historic cost using the cost model. On application of the *FReM* interpretation of IAS 38 the cost option has been withdrawn and assets have been revalued, using indices, to depreciated replacement cost as a proxy for fair value.

Under UK GAAP, software purchases and capitalised software development costs were included within tangible fixed assets in the Statement of Financial Position. Under IAS 38, such items are reclassified and disclosed as intangible assets.

In addition, retrospective application of IAS 38 has resulted in both the requirement to capitalise expenditure which had been previously expensed under UK GAAP with the associated amortisation charges and the requirement to amortise from when the asset is available for use rather than in use.

#### ii. Property, Plant and Equipment (IAS 16)

The retrospective application of IAS 16 also identified additional expenditure to be capitalised and the associated depreciation.

#### iii. Service Concession Arrangements (IFRIC 12)

The introduction of IFRS has resulted in a review of property related assets across DWP. The PRIME estate, accommodation provided under a DWP held PFI contract with Telereal Trillium, has been recognised in the DWP Resource Accounts as a finance lease.

As part of this exercise, the PRIME properties were revalued at March 2010 to enable an accurate asset valuation to be included in the DWP Resource Accounts. The valuation, also took into consideration the refurbishment and improvements made to properties as part of the Jobcentre Plus Rollout. These were previously capitalised under UK GAAP as leasehold improvement assets on the Jobcentre Plus Statement of Financial Position. Therefore to be consistent with the treatment of PRIME recognition in the DWP Resource Accounts the leasehold improvement assets have been derecognised in the Jobcentre Plus Accounts.

The TIES prepayment was in respect of the transfer of Employment Services estate to Telereal Trillium following the creation of DWP. Therefore this prepayment has been transferred to DWP also in line with PRIME estate recognition under IFRS.

#### iv. Employee Benefits (IAS 19)

Jobcentre Plus has recognised accruals in relation to holiday leave and flexi-leave which has been earned by employees as at the reporting date. In-year movements in the accrual are reflected within the Operating Cost Statement.

v. As a result of the IFRS adjustments detailed above, capital charges have reduced.

## b. Reconciliation of Net Operating Costs for the year ended 31 March 2009

The table below shows the impact of applying IFRS to the Accounts for the year ended 31 March 2009.

	Note	£'000s
<b>Net operating cost for the year ended 31 March 2009 under UK GAAP</b>		<b>3,314,891</b>
Adjustments for:	2a	
IAS 38 <i>Intangible Assets</i>		
Revaluation	i	3,226
Capitalisation of Employment & Support Allowance software development	i	(46,326)
Capitalisation of other software development and licences	i	(8,992)
Amortisation of SIEBEL & CURAM licences	i	4,457
IAS 16 <i>Property, Plant and Equipment – Capitalisation and depreciation of IT hardware</i>	ii	(5,316)
IFRIC 12 <i>Service Concession Arrangements</i>		
De-recognition of leasehold improvements	iii	(77,394)
Transfer of TIES prepayment to Corporate in line with PRIME estate recognition	iii	(2,791)
IAS 19 <i>Employee Benefits – In-year movement of employee leave accrual</i>	iv	510
Cost of capital adjustment	v	<u>(15,290)</u>
Total adjustments		<u>(147,916)</u>
<b>Net operating cost for the year ended 31 March 2009 under IFRS</b>		<b><u>3,166,975</u></b>

### c. Reconciliation of Financial Position as at 31 March 2008

The table below shows the impact of applying IFRS to the closing UK GAAP balance as at 31 March 2008.

	Note 2a	UK GAAP published Accounts as at 31 March 2008	IFRS Adjustments	IFRS Statement of Financial Position as at 1 April 2008
		£'000s	£'000s	£'000s
<b>Non-current assets</b>				
Property, plant and equipment	ii & iii	536,054	(521,842)	14,212
Intangible assets	i	26,442	73,560	100,002
Trade and other receivables falling due after one year	iii	25,332	(25,116)	216
<b>Total non-current assets</b>		<b>587,828</b>	<b>(473,398)</b>	<b>114,430</b>
<b>Current assets</b>				
Trade and other receivables falling due within one year	iii	19,669	(2,791)	16,878
Cash and cash equivalents		398	—	398
<b>Total current assets</b>		<b>20,067</b>	<b>(2,791)</b>	<b>17,276</b>
<b>Total assets</b>		<b>607,895</b>	<b>(476,189)</b>	<b>131,706</b>
<b>Current liabilities</b>				
Trade and other payables falling due within one year	iv	(217,826)	(36,044)	(253,870)
<b>Total current liabilities</b>		<b>(217,826)</b>	<b>(36,044)</b>	<b>(253,870)</b>
<b>Assets less net current liabilities</b>		<b>390,069</b>	<b>(512,233)</b>	<b>(122,164)</b>
<b>Non-current liabilities</b>				
Provisions		(7,865)	—	(7,865)
<b>Total non-current liabilities</b>		<b>(7,865)</b>	<b>—</b>	<b>(7,865)</b>
<b>Assets less liabilities</b>		<b>382,204</b>	<b>(512,233)</b>	<b>(130,029)</b>
<b>Taxpayers' Equity</b>				
General Fund		381,908	(513,344)	(131,436)
Revaluation Reserve		296	1,111	1,407
<b>Total Taxpayers' Equity</b>		<b>382,204</b>	<b>(512,233)</b>	<b>(130,029)</b>

#### d. Reconciliation of Financial Position as at 31 March 2009

The table below shows the impact of applying IFRS to the closing UK GAAP balance as at 31 March 2009.

	Note 2a	UK GAAP Published Accounts as at 31 March 2009	IFRS Adjustments	IFRS Statement of Financial Position as at 31 March 2009
		£'000s	£'000s	£'000s
<b>Non-current assets</b>				
Property, plant and equipment	ii & iii	447,336	(429,956)	17,380
Intangible assets	i	27,602	117,289	144,891
Trade and other receivables falling due after one year	iii	22,514	(22,326)	188
<b>Total non-current assets</b>		<b>497,452</b>	<b>(334,993)</b>	<b>162,459</b>
<b>Current assets</b>				
Trade and other receivables falling due within one year	iii	21,974	(2,791)	19,183
Cash and cash equivalents		383	—	383
<b>Total current assets</b>		<b>22,357</b>	<b>(2,791)</b>	<b>19,566</b>
<b>Total assets</b>		<b>519,809</b>	<b>(337,784)</b>	<b>182,025</b>
<b>Current liabilities</b>				
Trade and other payables falling due within one year	iv	(171,536)	(36,553)	(208,089)
<b>Total current liabilities</b>		<b>(171,536)</b>	<b>(36,553)</b>	<b>(208,089)</b>
<b>Assets less net current liabilities</b>		<b>348,273</b>	<b>(374,337)</b>	<b>(26,064)</b>
<b>Non-current liabilities</b>				
Provisions		(5,927)	—	(5,927)
<b>Total non-current liabilities</b>		<b>(5,927)</b>	<b>—</b>	<b>(5,927)</b>
<b>Assets less liabilities</b>		<b>342,346</b>	<b>(374,337)</b>	<b>(31,991)</b>
<b>Taxpayers' Equity</b>				
General Fund		342,050	(374,337)	(32,287)
Revaluation Reserve		296	—	296
<b>Total Taxpayers' Equity</b>		<b>342,346</b>	<b>(374,337)</b>	<b>(31,991)</b>

## e. Reconciliation of Cash Flows for the year ended 31 March 2009

The table below shows the impact of applying IFRS to cash flows for the year ended 31 March 2009.

	Restated* UK GAAP 2008-09	IFRS Adjustments (Note 2a)	IFRS Statement of Cash Flows for the year ended 31 March 2009
	£'000s	£'000s	£'000s
<b>Cash flows from operating activities</b>			
Net operating cost	(3,314,891)	147,916	(3,166,975)
Adjustments for non-cash and notional transactions*	699,987	(75,976)	624,011
Decrease in trade and other receivables	78	–	78
<i>Less movements in receivables relating to items not passing through the Operating Cost Statement</i>	(739)	–	(739)
(Decrease) in trade and other payables	(46,291)	510	(45,781)
<i>Less movements in payables relating to items not passing through the Operating Cost Statement</i>	5,856	–	5,856
Use of provisions	(3,656)	–	(3,656)
<b>Net cash outflow from operating activities</b>	<b>(2,659,656)</b>	<b>72,450</b>	<b>(2,587,206)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(12,839)	(2,953)	(15,792)
Purchase of intangible assets	(2,602)	(69,497)	(72,099)
<b>Net cash outflow from investing activities</b>	<b>(15,441)</b>	<b>(72,450)</b>	<b>(87,891)</b>
<b>Cash flows from financing activities</b>			
Funding from DWP*	2,257,147	–	2,257,147
Net financing from the National Insurance Fund	419,868	–	419,868
Payments of amounts due to the Consolidated Fund	(1,933)	–	(1,933)
<b>Net financing</b>	<b>2,675,082</b>	<b>–</b>	<b>2,675,082</b>
Net decrease in cash and cash equivalents in the year	(15)	–	(15)
Cash and cash equivalents at the beginning of the year	398	–	398
<b>Cash and cash equivalents at the end of the year</b>	<b>383</b>	<b>–</b>	<b>383</b>

\* The 2008-09 cash flow has been restated under UK GAAP and as a result has increased by £4.8m as fleet vehicles are no longer notionally recharged from DWP to Jobcentre Plus but are charged direct to the Agency.

## f. Reconciliation of Taxpayers' Equity at 31 March 2009

The table below shows the impact of applying IFRS to the Accounts for the year ended 31 March 2009.

		General Fund £'000s	Revaluation Reserve £'000s
<b>Taxpayers' equity at 31 March 2009 under UK GAAP</b>		<b>342,050</b>	<b>296</b>
Adjustments for:	Note 2a		
IAS 38 <i>Intangible Assets</i>			
Revaluation	i	(3,805)	
Capitalisation of Employment & Support			
Allowance software development	i	98,280	–
Capitalisation of other software development and licences	i	20,640	–
Amortisation of SIEBEL & CURAM licences	i	(15,398)	–
IAS 16 <i>Property, Plant and Equipment</i> – Capitalisation and depreciation of IT hardware	ii	16,127	–
IFRIC 12 <i>Service Concession Arrangement</i>			
De-recognition of leasehold improvements	iii	(428,512)	–
Transfer of TIES prepayment to Corporate in line with PRIME estate recognition	iii	(25,116)	–
IAS 19 <i>Employee Benefits</i> – Employee leave accrual	iv	<u>(36,553)</u>	–
Total adjustments		<u>(374,337)</u>	–
<b>Taxpayers' equity at 31 March 2009 under IFRS</b>		<b><u>(32,287)</u></b>	<b><u>296</u></b>

## Note 3 Analysis of net operating cost by segment

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

The four separately identified Directorates reported as operating segments are all areas under the control of the Chief Operating Officer. Together these Directorates make up 93% in 2009-10 (85% in 2008-09) of the total Jobcentre Plus net operating costs.

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

The Directorates aggregated in ‘Other’ are:

- Business Strategy and Planning Directorate;
- Employers and Stakeholders Directorate;
- Finance Directorate;
- Human Resources Directorate;
- Information Technology Directorate; and
- Transformation and Product Management Directorate.

a. Net Operating Cost by Segment 2009-10

	Customer Services Directorate	Benefit & Fraud Directorate	Contact Centre Directorate	Operational Delivery Support Directorate	Other	2009-10 Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Administration Costs	1,280,230	774,719	186,386	535,920	226,722	3,003,977
Non-Cash Charges:						
Depreciation and Amortisation	17,204	8,311	4,305	322	14,395	44,537
Intra Departmental Charges	400,087	198,475	101,358	(5,772)	18,864	713,012
Other	735	423	140	413	2,339	4,050
Gross Administration Costs	<u>1,698,256</u>	<u>981,928</u>	<u>292,189</u>	<u>530,883</u>	<u>262,320</u>	<u>3,765,576</u>
Operating Income	<u>(5,947)</u>	<u>(2,758)</u>	<u>(402)</u>	<u>(2,320)</u>	<u>(7,301)</u>	<u>(18,728)</u>
Net Operating Cost	<u><u>1,692,309</u></u>	<u><u>979,170</u></u>	<u><u>291,787</u></u>	<u><u>528,563</u></u>	<u><u>255,019</u></u>	<u><u>3,746,848</u></u>

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**b. Net Operating Cost by Segment 2008-09**

	Customer Services Directorate	Benefit & Fraud Directorate	Contact Centre Directorate	Operational Delivery Support Directorate	Other	2008-09 Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Administration Costs	913,411	656,018	134,025	437,332	420,386	2,561,172
Non-Cash Charges:						
Depreciation and Amortisation	3,707	2,588	699	8	19,646	26,648
Intra Departmental Charges	299,264	225,096	60,006	(8,589)	21,396	597,173
Other	(5,835)	(4,763)	(1,198)	193	11,793	190
<b>Gross Administration Costs</b>	<b>1,210,547</b>	<b>878,939</b>	<b>193,532</b>	<b>428,944</b>	<b>473,221</b>	<b>3,185,183</b>
Operating Income	(9,493)	(3,041)	(478)	(73)	(5,672)	(18,757)
<b>Net Administration Costs</b>	<b>1,201,054</b>	<b>875,898</b>	<b>193,054</b>	<b>428,871</b>	<b>467,549</b>	<b>3,166,426</b>
<b>Net Programme Costs</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>549</b>	<b>549</b>
<b>Net Operating Cost</b>	<b>1,201,054</b>	<b>875,898</b>	<b>193,054</b>	<b>428,871</b>	<b>468,098</b>	<b>3,166,975</b>

## Note 4 Staff numbers and related costs

### a. Staff Costs

	2009-10			Restated 2008-09
	Staff with a permanent UK employment contract	Others	Total	Total
	£'000s	£'000s	£'000s	£'000s
Wages and Salaries	1,740,491	21,547	1,762,038	1,436,208
Employers' National Insurance	112,828	1,293	114,121	94,935
Superannuation and Pension Costs	286,846	208	287,054	253,973
<b>Total Staff Costs</b>	<b>2,140,165</b>	<b>23,048</b>	<b>2,163,213</b>	<b>1,785,116</b>
Less: recoveries in respect of outward secondments	(2,649)	—	(2,649)	(3,580)
<b>Total Net Staff Costs</b>	<b>2,137,516</b>	<b>23,048</b>	<b>2,160,564</b>	<b>1,781,536</b>

### b. Average number of persons employed

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

	2009-10			2008-09
	Staff with a permanent UK employment contract	Others	Total	Total
Average number of persons employed	75,448	3,178	78,626	67,308

The average staff figure excludes 290 (2008-09: 504) full-time equivalent staff on loan to Jobcentre Plus at 31 March 2010. This is made up of 102 staff on loan from other parts of DWP and 188 staff from other Government Departments. A total of £6.1m (£3.3m in 2008-09) has been included in Note 4a for the cost of these staff to Jobcentre Plus.

### c. Pensions

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

For 2009-10, employer's pension contributions of £286.9m (2008-09 restated: £248.3m) were payable to the PCSPS, at one of four rates in the range 16.7% to 24.3% (2008-09, 17.1% to 25.5%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the scheme.

Outstanding contributions amounting to £28.2m (2008-09: £27.3m) were payable to the Civil Superannuation Vote at 31 March 2010 and are included in other payables (see Note 14).

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £1,342,841 (2008-09: £546,351) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer's contributions are age-related and range from 3% to 12.5% (2008-09: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer's contributions of £88,944 (2008-09: £37,533), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill-health retirement of these employees. Contributions due to the partnership pension providers were £181,184 (2008-09: £70,414). Contributions prepaid were £nil at 31 March 2010 and 2009.

In 2009-10: 87 (2008-09: 121) persons retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £132,084 (2008-09: £166,145). These liabilities are not the responsibility of Jobcentre Plus but are to be paid by the Civil Superannuation Vote.

## Note 5 Other administration costs

	Note	2009-10 £'000s	Restated 2008-09 £'000s
Goods and Services:			
IT Services		41,266	57,716
Medical Services		95,913	89,961
Contracted Out Services		78,666	74,989
Telephone and Postage		19,778	16,573
Office Supplies		2,782	4,630
Printing & Stationery		20,754	20,381
Publicity		(767)	3,049
Consultancy & Professional Fees		22,318	16,971
Project Recharge		(4,254)	(5,544)
Other		11,739	2,124
		<u>288,195</u>	280,850
Service Charges	5a	237,857	226,856
Accommodation Costs	5b	139,743	96,693
Rentals under Operating Leases			
Hire of plant and machinery		2,813	3,155
Other operating leases		115,403	118,728
Compensation Payments to Customers	5c	2,096	1,883
Staff Related:			
Travel, subsistence and hospitality		33,371	29,537
Other	5d	21,286	18,354
		<u>54,657</u>	47,891
Non-Cash Charges:			
Intra departmental charges	6	713,012	597,173
Depreciation	9a	4,885	4,634
Amortisation	10	39,652	22,014
Impairment of Intangible Assets	5e	–	4,087
Provisions:			
Movement in Year	15	814	1,649
Unwinding of Discount	15	67	69
Movement in Provision for Impairment	12a	34	(2,355)
Receivables Provision Utilised		947	739
Cost of Capital charges	1.10	1,776	(4,356)
Auditors' Remuneration – Statutory Audit	5f	412	350
Auditors Remuneration – IFRS (Non-statutory Audit)	5f	–	7
Total		<u>761,599</u>	<u>624,011</u>
		<u>1,602,363</u>	<u>1,400,067</u>

### **a. Service Charges**

The charge of £237.9m for 2009-10 (2008-09 restated: £226.9m) is for the Private Sector Resource Initiative for the Management of the Estate (PRIME) rental and variable costs paid to Telereal Trillium in respect of accommodation provided under a DWP held PFI contract which is re-charged to Jobcentre Plus.

### **b. Accommodation**

Total accommodation costs include property maintenance costs paid directly by Jobcentre Plus and property rates and utilities paid to Telereal Trillium in respect of accommodation provided under a DWP held PFI contract. The accommodation assets in respect of this contract are shown within the DWP Corporate Statement of Financial Position.

### **c. Compensation Payments to Customers**

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

### **d. Other Staff Related**

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

### **e. Impairment of Intangible Assets**

On transition to IFRS, Jobcentre Plus has applied appropriate indices to revalue internally developed software and software licence assets from 1 April 2007 to 31 March 2010. Overall, application of the indices results in a downwards revaluation of intangible assets in 2008-09. The devaluation in 2008-09 was in excess of previous increases in value taken to the revaluation reserve, resulting in a charge to the Operating Cost Statement of £4.1m.

### **f. 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. Non-audit work during 2008-09 of £7,000 related to activity to confirm the Agency's preparedness for adopting IFRS, which have been adopted in line with HM Treasury directions. During 2009-10, this work is classified as statutory audit activity and included within the statutory audit costs.

## Note 6 Intra departmental charges

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

	Note	2009-10 £'000s	Restated 2008-09 £'000s
<b>Charges Received</b>			
PFI service charges	6a	—	25
Corporate and Shared Services	6b	306,683	269,563
Information Technology	6c	404,964	333,088
Early Departure Scheme	6d	825	1,978
Office Services Support		29	60
Other Business Units		<u>3,999</u>	<u>3,476</u>
		<u>716,500</u>	<u>608,190</u>
<b>Services Provided</b>			
Accommodation for other parts of DWP		(6,458)	(9,416)
Other Business Units		<u>2,970</u>	<u>(1,601)</u>
		<u>(3,488)</u>	<u>(11,017)</u>
<b>Total</b>		<b><u>713,012</u></b>	<b><u>597,173</u></b>

### a. PFI Service Charge

The PFI service charge related to the provision of Payroll and Human Resources managed services by Northgate Rebus HR. The charge represents costs incurred that are paid by the Department then recharged to Jobcentre Plus. This contract ended on 31 August 2008.

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### **b. Corporate and Shared Services**

The charge of £306.7m (2008-09 restated: £269.6m) covers services provided by other DWP Business Units. The main elements are:

- Employee Services, Financial Services and Debt Recovery Services supplied by DWP Shared Services of £66.3m (2008-09: £61.9m);
- encashment services provided by Post Office Counters Limited and Alliance and Leicester Commercial Bank via a Departmental arrangement of £73.0m (2008-09: £86.6m); and
- Corporate IT charges of £67.5m (2008-09: £45.3m).

### **c. Information Technology**

DWP has a central contract with Hewlett Packard Enterprise Services for the provision of a wide range of IT hardware, software and associated maintenance services.

Jobcentre Plus receives its share of these services via a rental arrangement in place with the Department, which is charged on a notional basis.

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

The 2009-10 expenditure is £405.0m, a 21.6% increase on the £333.1m charged in 2008-09. This increase is caused by additional costs due to the increased demand as a result of the economic downturn.

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### **d. Early Departure Scheme**

Provisions in respect of the Departmental Early Release Schemes have been created within the DWP Resource Accounts.

The costs of lump sum payments and Annual Compensation Payments (ACPs) have been recharged to Jobcentre Plus on a notional basis, pro-rata to the number of surpluses declared by each Agency. Where departures are funded by Jobcentre Plus they are provided for within the Jobcentre Plus Accounts and shown in Note 15.

## Note 7 Operating income

	Note	2009-10 £'000s	2008-09 £'000s
<b>Income from External Customers</b>			
Recovery of Costs		4,711	6,216
Fees and Charges	7a	1,457	2,441
		<u>6,168</u>	<u>8,657</u>
<b>Income from Other Government Departments</b>			
Recovery of Costs		5,539	2,844
Fees and Charges	7b	6,435	2,989
		<u>11,974</u>	<u>5,833</u>
<b>Consolidated Funds Extra Receipts (CFERs)</b>			
Recovery of Costs		586	4,267
<b>Total</b>		<u><b>18,728</b></u>	<u><b>18,757</b></u>

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

Where income from external customers and Other Government Departments is separately identified it matches the costs incurred within Jobcentre Plus.

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

### a. Fees and charges to External Customers

	Cost £'000s	Income £'000s	2009-10 Surplus/ Deficit £'000s	Cost £'000s	Income £'000s	2008-09 Surplus/ Deficit £'000s
Work on behalf of Working Neighbourhoods Fund	312	312	–	1,365	1,365	–
Direct payments of benefits to Mortgage Lenders	714	714	–	481	481	–
Other	431	431	–	595	595	–
<b>Total</b>	<u><b>1,457</b></u>	<u><b>1,457</b></u>	<u><b>–</b></u>	<u><b>2,441</b></u>	<u><b>2,441</b></u>	<u><b>–</b></u>

The Working Neighbourhoods Fund is a dedicated fund for local councils and communities to develop more concentrated, concerted, community-led approaches to getting people in the most deprived areas of England back to work. The income provides additional support for customers who are hardest to help.

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

#### **b. Fees and charges to Other Government Departments**

	Cost	Income	2009-10 Surplus/ Deficit	Cost	Income	2008-09 Surplus/ Deficit
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Provision of Medical Examinations	2,141	2,141	—	2,489	2,489	—
Provision of Drugs Advisors	4,000	4,000	—	500	500	—
Other	294	294	—	—	—	—
<b>Total</b>	<b>6,435</b>	<b>6,435</b>	<b>—</b>	<b>2,989</b>	<b>2,989</b>	<b>—</b>

Jobcentre Plus provides access to its Medical Services contract for HM Revenue and Customs, the Tribunal Services and Veterans Agency.

The Department of Health has provided funding for Jobcentre Plus Drug Co-ordinators across England. These co-ordinators act as a regional and local resource in the development and co-ordination of the Employment and Drugs Pathway.

#### **Note 8 Net programme costs**

Invest to Save	2009-10 £'000s	2008-09 £'000s
	—	549

The accountabilities in respect of Contracted Employment Services funded through Departmental Expenditure Limit Programmes transferred from Jobcentre Plus to the Welfare and Wellbeing Group and Employment Group on 1 April 2007. The only remaining Programme expenditure related to Invest to Save funding in 2008-09.

## Note 9 Property, plant and equipment

	Note	IT Hardware £'000s	Plant & Machinery £'000s	Furniture & Fittings £'000s	Total £'000s
<b>Cost or Valuation</b>					
At 1 April 2009 Restated		68,594	8,069	3,664	80,327
Additions		874	207	8,917	9,998
Transfers		(80)	—	—	(80)
<b>At 31 March 2010</b>		<b>69,388</b>	<b>8,276</b>	<b>12,581</b>	<b>90,245</b>
<b>Depreciation</b>					
At 1 April 2009 Restated		51,864	7,969	3,114	62,947
Charged in year	9a	4,261	59	565	4,885
Transfers		(80)	—	—	(80)
<b>At 31 March 2010</b>		<b>56,045</b>	<b>8,028</b>	<b>3,679</b>	<b>67,752</b>
<b>Net Book Value at 31 March 2010</b>		<b>13,343</b>	<b>248</b>	<b>8,902</b>	<b>22,493</b>
Net Book Value at 31 March 2009 Restated		<b>16,730</b>	<b>100</b>	<b>550</b>	<b>17,380</b>

	Note	IT Hardware £'000s	Plant & Machinery £'000s	Furniture & Fittings £'000s	Total £'000s
<b>Cost or Valuation</b>					
At 1 April 2008 Restated		61,040	8,069	3,664	72,773
Additions		7,554	—	—	7,554
<b>At 31 March 2009 Restated</b>		<b>68,594</b>	<b>8,069</b>	<b>3,664</b>	<b>80,327</b>
<b>Depreciation</b>					
At 1 April 2008 Restated		47,888	7,898	2,775	58,561
Charged in year	9a	3,976	71	339	4,386
<b>At 31 March 2009 Restated</b>		<b>51,864</b>	<b>7,969</b>	<b>3,114</b>	<b>62,947</b>
<b>Net Book Value at 31 March 2009 Restated</b>		<b>16,730</b>	<b>100</b>	<b>550</b>	<b>17,380</b>
Net Book Value at 31 March 2008 Restated		<b>13,152</b>	<b>171</b>	<b>889</b>	<b>14,212</b>

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

There are no land and buildings that Jobcentre Plus occupies in the Statement of Financial Position. All properties are leased, the majority under a DWP held PFI contract with Telereal Trillium, and these assets are included in the DWP Resource Accounts.

Leasehold Improvements of £350.7m as at 31 March 2010 relating to the refurbishment and improvements to Jobcentre Plus occupied buildings have been derecognised from the Jobcentre Plus Accounts on transition to IFRS. As part of the 2009-10 estate valuations, the DWP Resource Accounts Statement of Financial Position now recognises these building improvements as part of the PRIME valuations.

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

a. Total depreciation in the year was £4.9m (2008-09 restated: £4.4m). This consisted of £4.9m (2008-09 restated: £4.6m) charged to the Operating Cost Statement and £nil (2008-09: (£0.2m)) relating to assets purchased in a prior year charged to the General Fund.

#### b. Cash Flow Reconciliation

	Note	2009-10 £'000s	Restated 2008-09 £'000s
Capital Payables and Accruals at 1 April	14a	1,178	9,368
Capital Additions		9,998	7,602
Capital Payables and Accruals at 31 March	14a	—	(1,178)
<b>Purchases of property, plant and equipment as per Statement of Cash Flows</b>		<b><u>11,176</u></b>	<b><u>15,792</u></b>

## Note 10 Intangible assets

	Websites £'000s	Purchased Software Licences £'000s	Internally Developed Software £'000s	Assets Under Construction £'000s	Total £'000s
<b>Cost or Valuation</b>					
At 1 April 2009 Restated	–	28,505	153,643	2,563	184,711
Additions	–	8,857	6,796	20,552	36,205
Transfers in	–	–	–	2,686	2,686
Reclassifications	2,686	364	10,827	(13,877)	–
Transfers out	(2,686)	–	–	–	(2,686)
Revaluations	–	5,975	11,406	–	17,381
<b>At 31 March 2010</b>	<b>–</b>	<b>43,701</b>	<b>182,672</b>	<b>11,924</b>	<b>238,297</b>
<b>Amortisation</b>					
At 1 April 2009 Restated	–	16,378	23,442	–	39,820
Charged in year	358	6,716	32,578	–	39,652
Transfers out	(358)	–	–	–	(358)
Revaluations	–	3,227	1,231	–	4,458
<b>At 31 March 2010</b>	<b>–</b>	<b>26,321</b>	<b>57,251</b>	<b>–</b>	<b>83,572</b>
<b>Net Book Value</b>					
<b>At 31 March 2010</b>	<b>–</b>	<b>17,380</b>	<b>125,421</b>	<b>11,924</b>	<b>154,725</b>
Net Book Value at 31 March 2009 Restated					
	–	12,127	130,201	2,563	144,891

	Purchased Software Licences £'000s	Internally Developed Software £'000s	Assets Under Construction £'000s	Total £'000s
<b>Cost or Valuation</b>				
At 1 April 2008 Restated	28,335	90,460	191	118,986
Additions	2,602	66,892	2,605	72,099
Reclassifications	–	233	(233)	–
Revaluations	(2,432)	(3,942)	–	(6,374)
<b>At 31 March 2009 Restated</b>	<b>28,505</b>	<b>153,643</b>	<b>2,563</b>	<b>184,711</b>
<b>Amortisation</b>				
At 1 April 2008 Restated	11,797	7,187	–	18,984
Charged in year	5,550	16,464	–	22,014
Revaluations	(969)	(209)	–	(1,178)
<b>At 31 March 2009 Restated</b>	<b>16,378</b>	<b>23,442</b>	<b>–</b>	<b>39,820</b>
<b>Net Book Value</b>				
<b>At 31 March 2009 Restated</b>	<b>12,127</b>	<b>130,201</b>	<b>2,563</b>	<b>144,891</b>
Net Book Value at 31 March 2008 Restated	<u>16,538</u>	<u>83,273</u>	<u>191</u>	<u>100,002</u>

All intangible assets are owned by Jobcentre Plus.

a. The FReM interpretation of IAS 38 requires the application of the revaluation model for measurement of asset values. Assets have been revalued from 1 April 2007 to 31 March 2010 using appropriate indices to indicate depreciated replacement cost as a proxy for fair value. By comparison, the carrying value for these assets using depreciated historic cost would have been £16.4m for purchased software licences at 31 March 2010 (31 March 2009: £13.5m, 1 April 2008: £17.1m) and £118.8m for internally developed software at 31 March 2010 (31 March 2009: £132.7m, 1 April 2008: £82.2m). Following revaluation, the balance on the revaluation reserve is £11.7m, £0.3m of which relates to the historical application of indices to 1 April 2007, the rest relates to intangible assets.

b. Intangible assets include the recognition of additional expenditure to be capitalised and the associated amortisation charges as part of the IFRS restatement of the Accounts. The largest intangible asset on the Jobcentre Plus Statement of Financial Position relates to software development to support the launch of the Employment and Support Allowance (ESA). The carrying value of the ESA asset is £80.3m as at 31 March 2010. The remaining amortisation period of the asset is 43 months.

**c.** Assets under construction relate to software development costs mainly in respect of work to support the migration of customers from Incapacity Benefit to ESA and expenditure on the Customer Management System. Expenditure is initially classed as assets under construction until assets are ready for use. Once in use they are reclassified and amortisation applied accordingly. For subsequent measurement of asset values, depreciated replacement cost is used as a proxy for fair value in line with the FReM requirements.

**d.** The website transfer and amortisation applies to the recognition of the Jobseekers Allowance Online website between the go-live date of 1 August 2009 and its transfer to DWP on 31 March 2010 when it became part of the Directgov website.

## Note 11 Financial instruments

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

### a. Financial Assets

	Note	31 March 2010 £'000s	Restated 31 March 2009 £'000s	Restated 1 April 2008 £'000s
Trade Receivables	12a	5,443	6,045	10,239
Deposits and Advances	12a	1,250	3,634	2,453
Amounts due from Other Government Departments	12a	2,270	2,830	1,228
Other Receivables	12a	3,661	1,780	960
Cash and cash equivalents	13	477	383	398
<b>Total</b>		<b>13,101</b>	<b>14,672</b>	<b>15,278</b>

## b. Financial Liabilities

	Note	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
		£'000s	£'000s	£'000s
Trade Payables	14a	4,821	7,677	23,111
Amounts due to Other Government Departments	14a	48	933	992
Other Payables	14a	1,529	1,885	1,936
Accruals and Deferred Income	14a	<u>152,407</u>	<u>134,052</u>	<u>172,560</u>
<b>Total</b>		<b><u>158,805</u></b>	<b><u>144,547</u></b>	<b><u>198,599</u></b>

## c. Fair value of Financial Instruments

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair value.

## d. Exposure to Risk

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

### *Credit risk*

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

### *Liquidity risk*

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

### *Market risk*

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

### *Interest rate risk*

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

### *Foreign currency risk*

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

### **e. Aged Analysis of Financial Assets**

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

	0-30 days past due	30-60 days past due	60-90 days past due	90-180 days past due	180-360 days past due	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Trade Receivables	22	79	20	97	125	343
Amounts due from Other Government Departments	183	—	—	62	23	268
At 31 March 2010	<u>205</u>	<u>79</u>	<u>20</u>	<u>159</u>	<u>148</u>	<u>611</u>

## Note 12 Trade and other receivables

### a. Analysis by type

	31 March 2010 £'000s	Restated 31 March 2009 £'000s	Restated 1 April 2008 £'000s
<b>Amounts falling due within one year</b>			
Trade Receivables	5,443	6,045	10,239
Deposits and Advances	1,250	3,634	2,453
Other DWP Agencies	58	625	360
Other Government Departments	2,270	2,830	1,228
Other Receivables	3,661	1,780	960
Less: Provision for Impairment	(3,715)	(3,681)	(6,036)
Prepayments and Accrued Income	<u>8,661</u>	<u>7,950</u>	<u>7,674</u>
	<b>17,628</b>	<b>19,183</b>	<b>16,878</b>
<b>Amounts falling due after one year</b>			
Deposits and Advances	154	188	216
<b>Total</b>	<b><u>17,782</u></b>	<b><u>19,371</u></b>	<b><u>17,094</u></b>

Deposits and advances due within one year includes £31,000 (2008-09: £29,000) of house purchase advances due from 26 (2008-09: 28) members of staff. Those due after more than one year is £154,000 (2008-09: £188,000) being house purchase advances due from 25 (2008-09: 26) members of staff.

### b. Intra-Government Balances

	31 March 2010 £'000s	Restated 31 March 2009 £'000s	Restated 1 April 2008 £'000s
<b>Amounts falling due within one year</b>			
Other DWP Agencies	58	625	360
<b>Other Government Departments</b>			
Other Central Government bodies	1,529	2,449	1,132
Local Authorities	255	381	96
NHS Trusts	448	–	–
Public Corporations and Trading Funds	<u>38</u>	<u>–</u>	<u>–</u>
<b>Intra-Government balances</b>	<b>2,328</b>	<b>3,455</b>	<b>1,588</b>
Bodies external to Government	<u>15,300</u>	<u>15,728</u>	<u>15,290</u>
<b>Total</b>	<b><u>17,628</u></b>	<b><u>19,183</u></b>	<b><u>16,878</u></b>

## Note 13 Cash and cash equivalents

	2009-10 £'000s	2008-09 £'000s	2007-08 £'000s
Balances at 1 April	383	398	397
Net change in cash and cash equivalent balances	<u>94</u>	<u>(15)</u>	<u>1</u>
<b>Balances at 31 March</b>	<b><u>477</u></b>	<b><u>383</u></b>	<b><u>398</u></b>

Bank balances are reported in the DWP Resource Accounts in line with the treatment of bank accounts in all other Executive Agencies of DWP. The above figures represent the petty cash holdings in Jobcentre Plus.

## Note 14 Trade and other payables

### a. Analysis by type

	31 March 2010 £'000s	Restated 31 March 2009 £'000s	Restated 1 April 2008 £'000s
<b>Amounts falling due within one year</b>			
Taxation and Social Security	39,342	33,933	32,266
Superannuation	28,240	27,255	22,983
Trade Payables	4,821	7,677	23,111
Other DWP Agencies	651	–	2
Other Government Departments	48	933	992
Other Payables	1,529	1,885	1,936
Accruals and Deferred Income	152,407	132,874	163,192
Capital Accruals	–	1,178	9,368
CFERs due to be paid to the Consolidated Fund – received	<u>595</u>	<u>2,354</u>	<u>20</u>
<b>Total</b>	<b><u>227,633</u></b>	<b><u>208,089</u></b>	<b><u>253,870</u></b>

## b. Intra-Government Balances

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

	31 March 2010 £'000s	Restated 31 March 2009 £'000s	Restated 1 April 2008 £'000s
<b>Amounts falling due within one year</b>			
Other DWP Agencies	651	—	2
Other central Government bodies	<u>68,225</u>	<u>64,475</u>	<u>56,261</u>
<b>Intra-Government balances</b>	<b>68,876</b>	<b>64,475</b>	<b>56,263</b>
Bodies external to Government	<u>158,757</u>	<u>143,614</u>	<u>197,607</u>
<b>Total</b>	<b><u>227,633</u></b>	<b><u>208,089</u></b>	<b><u>253,870</u></b>

## Note 15 Provisions

	Early Departure Costs (Note 15a)	Industrial Injuries Benefit Payments (Note 15b)	BPRP Provision (Note 15c)	Total
	£'000s	£'000s	£'000s	£'000s
<b>Balance as at 1 April 2009</b>	2,841	1,344	1,742	5,927
Provided in the year				
New Entrants	464	40	–	504
Uplift	39	41	–	80
Other changes to provision	66	164	–	230
Utilised in year (cash)	(1,580)	(78)	(1,742)	(3,400)
Unwinding of discount	38	29	–	67
<b>Balance as at 31 March 2010</b>	<u>1,868</u>	<u>1,540</u>	<u>–</u>	<u>3,408</u>
<b>Balance as at 1 April 2008</b>	2,923	1,460	3,482	7,865
Provided in the year				
New Entrants	1,639	99	–	1,738
Uplift	64	36	–	100
Other changes to provision	15	(204)	–	(189)
Utilised in year (cash)	(1,837)	(79)	(1,740)	(3,656)
Unwinding of discount	37	32	–	69
<b>Balance as at 31 March 2009</b>	<u>2,841</u>	<u>1,344</u>	<u>1,742</u>	<u>5,927</u>

- a.** Where departures are funded by Jobcentre Plus, there is a requirement to provide in these Accounts for the estimated future early departure costs of employees, discounted at the HM Treasury discount rate. The discount rate used is 1.8% (2008-09 2.2%). The provision for departures funded centrally by the DWP is recorded in the DWP Resource Accounts.
- b.** This provision represents the expected future costs of Industrial Injuries Benefit permanent allowance payments to Jobcentre Plus staff injured at work and unable to perform their job as a result. The amount provided for each individual is based on life expectancy taken from the Interim Life tables produced by the Government Actuary's Department, and discounted at the HM Treasury discount rate of 1.8% (2008-09 2.2%) in real terms.
- c.** The Benefit Processing Replacement Programme (BPRP) provision was in relation to two separate maintenance and support contracts which the department has contracted to in respect of the BPRP. The BPRP was formally closed in August 2006. There are no further future commitments.

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#### d. Analysis of expected timing of discounted flows

	Early Departure Costs  £'000s	Industrial Injuries Benefit Payments  £'000s	BPRP Provision  £'000s	Total  £'000s
In the remainder of the Spending Review period (to 2011)	1,474	143	—	1,617
Between 2012 and 2016	390	335	—	725
Between 2017 and 2021	4	306	—	310
Thereafter	—	756	—	756
<b>Balance at 31 March 2010</b>	<b><u>1,868</u></b>	<b><u>1,540</u></b>	<b><u>—</u></b>	<b><u>3,408</u></b>

No amounts are expected to be called in or after the period beginning 2061.

#### Note 16 Capital commitments

Contracted capital commitments not otherwise included in these Accounts:

	31 March 2010 £'000s  —	31 March 2009 £'000s  <u>5,783</u>	1 April 2008 £'000s  <u>441</u>
Intangible assets			

Jobcentre Plus has no capital commitments at 31 March 2010. At 31 March 2009, Jobcentre Plus had £5.8m of capital commitments for detailed design and build for the enhancement of the Fraud Referral and Intervention Management System (FRAIMS) and upgrading associated licences.

## Note 17 Commitments under non-PFI leases

### Operating Leases

At 31 March 2010, Jobcentre Plus was committed to making the following minimum lease payments under non-cancellable operating leases for each of the following periods.

	31 March 2010			Restated 31 March 2009		
	Land £'000s	Buildings £'000s	Other £'000s	Land £'000s	Buildings £'000s	Other £'000s
	54,289	55,663	6,220	56,466	57,877	6,317
Not later than one year						
Later than one year and not later than five years	—	555	8,494	56,467	57,616	8,849
	<b>54,289</b>	<b>56,218</b>	<b>14,714</b>	<b>112,933</b>	<b>115,493</b>	<b>15,166</b>

	Restated 1 April 2008		
	Land £'000s	Buildings £'000s	Other £'000s
	54,514	55,776	4,929
Not later than one year			
Later than one year and not later than five years	<b>109,029</b>	<b>111,511</b>	<b>7,110</b>
	<b>163,543</b>	<b>167,287</b>	<b>12,039</b>

There was no operating lease commitments later than five years. The most significant contracts assessed under IAS 17 *Leases* and determined as an operating lease included in the disclosure above are:

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

The Department has a contract with Telereal Trillium for the provision of fully serviced accommodation until 2018. Within the accommodation provision, Jobcentre Plus has a separate operating lease arrangement in place with DWP Corporate Centre for the properties, or parts thereof, which it occupies. This is provided by means of an Occupation Agreement which includes a maximum commitment of 3 years for Jobcentre Plus. The amounts shown reflect this commitment for the 3 year period beginning 1 April 2008.

#### **b. Newcastle Estates Accommodation**

The Department entered into an arrangement with HMRC for the provision of accommodation on the Newcastle Estate from 1 April 1999. Within the accommodation provision, Jobcentre Plus has a separate operating lease arrangement in place with DWP for the properties, or parts thereof, which it occupies. This is provided by means of a Memorandum of Terms of Occupation.

#### **c. Fleet Contract**

Jobcentre Plus has an arrangement in place with Inchcape plc, via a DWP contract, for the use and associated maintenance of motor vehicles over a 4 year period.

#### **d. Photocopiers**

Jobcentre Plus has an arrangement in place with Ricoh UK Ltd, via a DWP contract, for the use and maintenance of photocopiers over a 3 year rental period. From March 2010, the current photocopiers are being replaced with multi-function devices on a rolling basis. The contract with Ricoh has therefore been temporarily extended to cover the rollout period. The figures included above reflect the reduced commitments as photocopiers are removed from the estate.

#### **e. Sustainable Print Project**

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

#### **f. Northern Ireland Social Security Agency (NISSA) Accommodation**

Jobcentre Plus has a 3 year Service Level Agreement from 1 April 2007 with NISSA for the delivery of specified Social Security services on behalf of Jobcentre Plus. This work is carried out at 2 main sites, the Belfast Benefits Processing Centre and the Lisahally Site, both of which are owned by the Department for Social Development Northern Ireland. There is an operating lease arrangement for this accommodation. There is a replacement agreement for the three year period from 1 April 2010 which has been included in the commitments as at 31 March 2010.

## Note 18 Other financial commitments

Jobcentre Plus has entered into the following non-cancellable contracts (which are not leases or PFI contracts).

	31 March 2010 £'000s	Restated 31 March 2009 £'000s	Restated 1 April 2008 £'000s
Not later than one year	385	1,742	1,740
Later than one year and not later than five years	—	—	1,742
	<u>385</u>	<u>1,742</u>	<u>3,482</u>

Following the closure of the BPRP programme in August 2006, a review was undertaken of future unavoidable commitments. There were commitments of £1.7m for 2008-09 with no further future commitments for BPRP in 2009-10.

Jobcentre Plus has a contract with Vertex Data Science Ltd to provide contact centre services. Call volumes are forecast six weeks in advance and this is the minimum commitment payable for this period. Therefore the commitment in 2009-10 is the forecast call volumes as at 31 March 2010 for the first six weeks of 2010-11.

## Note 19 Contingent liabilities disclosed under IAS37

Jobcentre Plus had no contingent assets or liabilities at 31 March 2010 (31 March 2009: £nil).

## Note 20 Losses and special payments

### a. Losses Statement

Cash Losses : 2,548 cases (2008-09 : 3,360)	31 March 2010 £'000s	31 March 2009 £'000s
	1,355	739
	<u>1,355</u>	<u>739</u>

There were no cases exceeding £250,000. This has been restated from 2008-09 as the write-offs related to leasehold improvements. Leasehold improvements have now been derecognised as a result of the transition to IFRS.

During 2009-10 the Administration Debt Process Owner initiated a thorough review of the policy, processes, controls and recoverability status of the debt stock as a result of increasing levels of Administration Debt within the Department. The objective was to establish a framework to define how Shared Services and DWP should operate in the Administration Debt area, developing an environment where the business is pro-active in seeking recovery.

Extensive activity has taken place in respect of the aged debt stock, seeking recovery wherever possible. Where debt more than one year old has been deemed irrecoverable, the Department has written balances off. This amounted to £10.5m of which a total of £1.0m was in Jobcentre Plus. A key element of the work has been to identify the root causes of the build up of debt stock and develop appropriate remedial action to prevent recurrence, providing the tools and clear accountabilities to ensure debt is managed effectively.

This activity has been undertaken in full consultation with DWP Internal Audit and incorporates implementation of all their audit recommendations in this area. Shared Services have provided their full support and co-operation to ensure best practice is embedded in every aspect of the management of Administration Debt. Policy Groups, the Agencies and Commercial Directorate are also contributing to addressing the audit recommendations.

### b. Special Payments

	31 March 2010 £'000s	31 March 2009 £'000s
Total Cases : 6,429 (2008-09 : 7,617)	3,019	3,865
Details of cases over £250,000: Compensation payments : (2008-09 : 1)	<u>333</u> <u>3,352</u>	<u>320</u> <u>4,185</u>

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

## Note 21 Related party transactions

Jobcentre Plus is an Executive Agency of the DWP, which is regarded as a related party. During the year, Jobcentre Plus has had a significant number of transactions with the Department, its Agencies and associated NDPBs. See Note 6 for further details.

In addition, Jobcentre Plus has had a number of transactions with other Government Departments and other Central Government Bodies. The significant transactions have been with HMRC and PCSPS.

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

The Jobcentre Plus Chief Operating Officer has a close family relationship with a vice-president of Hewlett Packard Enterprise Services (HPES) who was employed by them until 31 January 2010. The Department's contract with HPES, who are the main supplier of IT Services to DWP, is managed by its Corporate IT Directorate and any decisions impacting Jobcentre Plus would fall to the Jobcentre Plus IS/IT Director. Governance processes are also in place within Jobcentre Plus to ensure that any officers must declare an interest in any procurement exercise they undertake.

## Note 22 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 2009-10 £nil (2008-09: £nil) of interest was paid under the 'Late Payment of Commercial Debts (Interest) Act 1998'.

## Note 23 Charitable donations

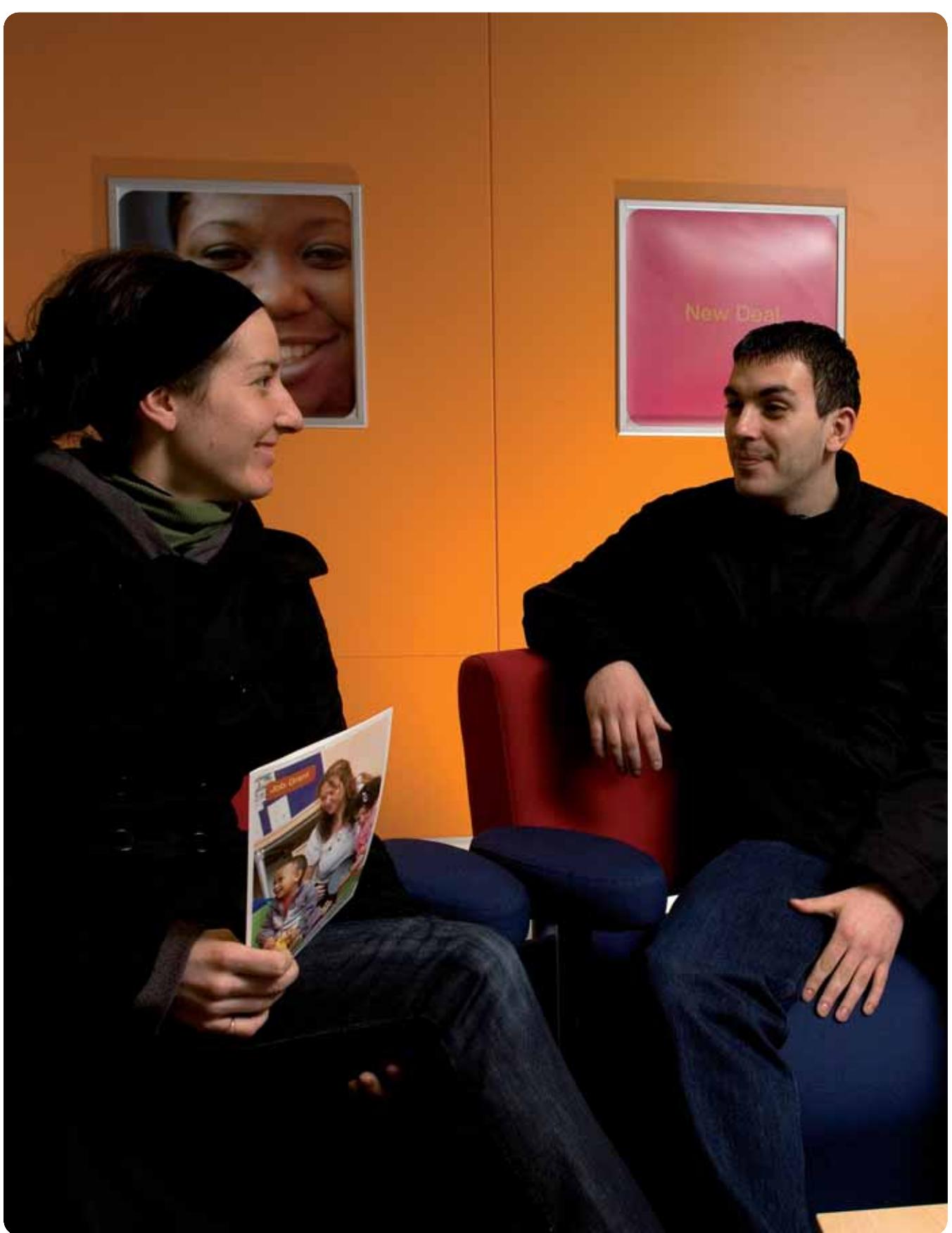
Jobcentre Plus made no charitable donations during the year (2008-09: £nil).

## Note 24 Events after the reporting period

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that Jobcentre Plus provides to employees but has no impact on these Accounts.

There have been no other material events since the reporting date that require disclosure in these Accounts.

IAS 10 requires Jobcentre Plus to disclose the date on which the Accounts are authorised for issue by the Accounting Officer. This is the date of the Certificate and Report of the Comptroller and Auditor General. The authorised date for issue is 23 July 2010.





[www.dwp.gov.uk/jobcentreplus](http://www.dwp.gov.uk/jobcentreplus)



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