



Jobcentre Plus

Annual Report & Accounts

2007 – 2008

jobcentreplus

Part of the Department for Work and Pensions



Jobcentre Plus

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2007 – 2008

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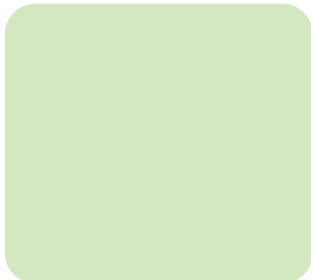
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Chief Executive review

During 2007 – 2008 Jobcentre Plus completed the rollout of our national network of jobcentres, contact centres and benefit delivery centres which provide a modern, integrated service to our customers in a professional environment.



“I am proud of the significant contribution Jobcentre Plus made to enable the Department for Work and Pensions to exceed its challenging efficiency target for the Spending Review 2004 period.”

A recent National Audit Office (NAO) report recognised “the considerable achievement that has been made in delivering over 800 centres to a high quality standard, under budget” and reflects the skills and dedication of our people in making this happen.

We expect to meet at least four of our six targets for 2007 – 2008. We have made good progress in making improvements that matter to our customers. The time we take to deal with claims to benefit has reduced and our contact centres’ performance is now at or above industry standards, an achievement recognised by professional accreditation. We have involved our people in re-designing processes around customer needs and eliminating wasteful activities and talked to our customers about how we can improve their experience.

We have supported the Government’s welfare reforms by extending our help to more lone parents and people with a health condition or disability in looking for work. During 2007 – 2008 we introduced new services for lone parents and the Pathways to Work programme for customers on Incapacity Benefit.

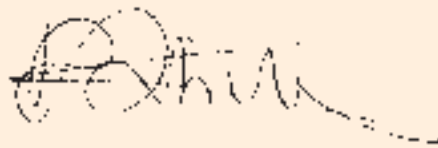
I am proud of the significant contribution Jobcentre Plus made to enable the Department for Work and Pensions to exceed its challenging efficiency target for the Spending Review 2004 period. We have delivered our services within reduced staffing levels while improving customer service.

Jobcentre Plus continues to play an important role in the UK recruitment market. At the beginning of 2007-2008 Jobcentre Plus handled around six million job searches a week through its website, an increase of 23% from the previous year. Our internet based service Employer Direct Online allows employers to post their vacancies at any time. During 2007 – 2008 employers posted 704,000 vacancies in this way, an increase of 62% from 2006 – 2007.

We continued to work with employers and our partners to help customers to find and remain in employment and to get the support they need. The past year has been notable for the Local Employment Partnerships we have agreed. These help us to ensure that our customers have access to appropriate work preparation and training to give them the skills which meet the needs of employers.

January 2008 saw the 10th anniversary of the introduction of the New Deal. Over this time more than 1.8 million people have been helped into jobs by the New Deals, lifting 600,000 children out of poverty. We look forward to the next phase of the New Deal due to be implemented in 2009 – 2010.

I draw huge confidence from our achievements in the last year as we look forward to tackling the challenges facing us, and delivering our vision of making a positive difference to people's lives.



Lesley Strathie

Chief Executive
8 July 2008

Our services

Jobcentre Plus is an executive agency of the Department for Work and Pensions. The aim of the Department is to 'promote opportunity and independence for all'. Jobcentre Plus continues to play a major role in delivering this aim through providing 'work for those who can, and support for those who cannot', while becoming more productive, efficient and effective to provide value for money.

We help our customers find work by:

- helping them to find and apply for jobs, including increasing personal adviser support to lone parents, whilst contributing towards the Government's aim to eradicate child poverty
- giving specialist help to people who face disadvantage in the labour market (such as lone parents, older people, people from ethnic minorities and people with health problems or disabilities), to help them find and stay in work, and
- giving them the skills they need to help them compete for jobs and to move up in their careers.



We support our customers by:

- paying their benefits accurately and on time
- giving advice to parents about formal childcare
- making payments or loans from the Social Fund
- helping them understand the conditions for receiving benefits, which helps prevent fraud and abuse, and
- referring them to appropriate skills training to support entry to employment.

We help our employer customers by:

- encouraging more people to apply for their vacancies
- advertising jobs and finding people with the right skills to apply for them
- providing advice about the labour market and recruitment, including advice on diversity
- providing support and advice on employing people with disabilities, and
- developing an employment and skills service with our partners to realise the Government's ambition for workers to have world-class skills.

Our priorities for 2007 – 2008



Transforming our services

To complete the modernisation of the way we deliver our benefit services and introduce Pathways to Work nationally, while preparing for the introduction of the Employment and Support Allowance in 2008 and to work together to ensure that the services we offer to all of our customers – individuals and employers – are high quality, accessible, easy to use, effective and compliant with our equality schemes.

Delivery of performance

To continue to deliver high quality services to our customers, meeting the targets set by Ministers, including supporting people into jobs, helping employers fill their vacancies, and clearing benefit claims swiftly and accurately.

Delivering services more efficiently and effectively

To continuously improve the efficiency and effectiveness of our service delivery, by standardising our processes to drive out waste, increasing our productivity and reducing levels of fraud and error in the benefits system.

Delivering our Values through our people

To demonstrate our Values in our day-to-day work to make them a reality for all our customers and our people. To listen to, develop and recognise our people so that together we focus on delivering high quality customer services in an environment that makes full use of our people's skills and rewards commitment.

Transforming our services

Our achievements in 2007 – 2008

A key achievement in 2007 – 2008 has been the rapid mobilisation of our Local Employment Partnerships. Over 600 employers are now signed up which has exceeded our original commitment to March 2008 by more than 300. By 31st March 2008 over 3,750 priority customers had found work through a Local Employment Partnership.

To help people who have health problems or disabilities return to work we have:

- continued with extensive preparations for the launch of the new Employment and Support Allowance, planned to commence in October 2008 to improve the support and work opportunities for people who have health problems or a disability, and
- rolled out the majority of the Pathways to Work programme, a national network of Jobcentre Plus-led and provider-led arrangements to provide back to work help to customers with a health problem or disability.

To support lone parents we have:

- introduced more support for lone parents who have children aged between 5-13 years old through face-to-face interviews with personal advisers
- worked with local partners to offer new advice on formal childcare and other family services
- introduced new financial incentives to encourage lone parents to find and stay in work, such as extended 'In Work Credit' and the 'In Work Emergency Discretion Fund', and
- increased the incentive to take up employment, including short-term periods of work, by simplifying the reclaiming of benefit and offering access to employment through the Guaranteed Job Interview Scheme.

To offer people more tailored support we have:

- secured over 600 Local Employment Partnerships to create employment opportunities for those customers who need our help most
- worked to introduce measures to ensure pre-employment training supports industry and sector requirements
- worked to develop our partnerships with the Learning and Skills Council, Learndirect and others, to help people gain and develop skills throughout their working life, and
- continued to review our services to make sure they are easy to use, available and appropriate to all.



To change our business to meet customers' needs we have:

- completed the rollout of Jobcentre Plus to establish a network of modern, accessible Jobcentres. The NAO report 'The rollout of the Jobcentre Plus Office network' was very positive, concluding that the programme had been well managed and successfully delivered
- completed putting in place our benefit delivery centres which provide a more consistent and efficient service to customers claiming benefit
- built on the continued success of our **www.jobcentreplus.gov.uk** website, with job searches increasing by 23% (to 303 million) and visits increasing by 35% (to 103 million)
- improved our telephone systems in a third of our contact centres, with plans to improve all of them by July 2008. Our contact centres' performance has now been recognised and accredited as being at or above industry standards, and
- launched our business-wide Diversity Challenge and developed action plans to help us deliver our services in ways that are accessible and appropriate to all our customers. The challenge goes together with our commitment to our Equality Schemes and supports our legal requirement to treat people equally.



To meet employers' needs we have:

- reviewed the service we offer to employers promoting the role of our employer engagement teams and recruitment advisers, who provide a link to employers, and
- encouraged more employers to use the internet to place and manage their vacancies with us. In 2007 – 2008 employers posted 704,000 vacancies through the Employer Direct Online service, which is an increase of 62% on the 435,000 posted in 2006-2007.

To improve the effectiveness of the services we provide with other organisations we have:

- worked with other parts of the Department for Work and Pensions to consider ways to improve our services, including reporting changes of circumstances and smoothing the transition from working age benefits to pension benefits
- worked with HM Revenue and Customs and Local Authorities to create and trial simple, efficient processes for customers receiving a working age benefit, Tax Credits and Housing and Council Tax Benefits and to ease their transition into work
- made an important contribution to the Department's Cities Strategy, which will help us tackle the problems in our cities and promote employment opportunities for the most disadvantaged in society
- contributed to the development of Local Area Agreements in partnership with public organisations, including Local Authorities, to tackle areas with high unemployment, and
- contributed to the introduction of a new Working Neighbourhoods Fund to target selected areas in England by combining funds with Local Authorities.

Delivery of performance

Our achievements in 2007 – 2008

Our targets support the achievement of the Department for Work and Pensions' objectives, promoting work as the best form of welfare, improving opportunities for customers to move into work, ensuring the best start for all children and modernising the delivery of welfare.

Our targets help us focus on helping customers from priority groups move into work, reducing losses through fraud and error and improving the accuracy and speed of benefit processing; alongside delivering our commitments to customer service. Our targets for 2007 – 2008 were challenging and had to be met against a background of major changes to our service.

A key change for 2007 – 2008 was the introduction of a new Interventions Delivery Target designed to ensure that we deliver key work-focused interventions with our customers on time, in line with the Government's welfare to work strategy.



Summary of overall performance

2007 – 2008

We met the 2007 – 2008 Customer Service, Employer Outcome and Benefit Clearance Times targets. Forecasts indicate that we will meet the Interventions Delivery Target.

We will publish the results of our targets for Job Outcome, Interventions Delivery and Monetary Value of Fraud and Error for 2007 – 2008 on the Jobcentre Plus website by January 2009.

2006 – 2007

You can find the achievement of our targets for Job Outcome, Business Delivery and Monetary Value of Fraud and Error for 2006 – 2007 on the Jobcentre Plus website.

www.jobcentreplus.gov.uk

Job Outcome Target

The Job Outcome Target measures the total number of people we have helped into work. We measure this by matching our customer records with information from HM Revenue and Customs on people starting work and paying tax.

The Job Outcome Target recognises that customers now have a greater choice in how they find work and that our added-value includes advice that enables people to help themselves find work. We encourage customers who are able to use self-help services to do so. This helps us to concentrate our support on those who need it the most.

Job outcomes are awarded points ranging from 1 to 12 and the most disadvantaged people in the labour market, who are the focus of adviser activity, attract a higher number of points.

In 2007 – 2008 we aimed to achieve a total points score of 11.2 million. The most recent performance data to September 2007 shows achievement of 93% against profile.¹

Average Actual Clearance Times Target

This target measures the average number of working days it takes to process claims for benefit, to help improve the speed and efficiency of benefit processing.

In 2007 – 2008 we achieved our best performance since the target was introduced with an average of 9.2 days for Income Support claims against a target of 11 days; 10.6 days for Jobseeker's Allowance claims against a target of 12 days; and 13.1 days for Incapacity Benefit claims against a target of 18 days.

Monetary Value of Fraud and Error Target

This target aims to ensure fraud and error losses in working age Income Support and Jobseeker's Allowance are reduced. The long-term goal is to reduce losses from fraud and error in these benefits by 15% from the 2005-2006 baseline by March 2010. This baseline was not available when the 2007 – 2008 target was set, so the target was expressed as ensuring by March 2008 the level of loss was no greater than the new 2005 – 2006 baseline. Our 2007 – 2008 performance will be available in November 2008.

Customer Service Target

This target measures our performance against the standards and commitments set out in 'Our Service Standards' and the 'Employers' Charter'. You can find these on our website at www.jobcentreplus.gov.uk. The target is measured independently by mystery shoppers in three areas:

- timeliness – how quickly we deal with customers and the availability of our services
- professionalism – how professional, polite and sympathetic we are to customer needs, and
- information – whether the information we give to customers is accurate and comprehensive

The target is measured by:

- visits – to Jobcentres, and
- telephone calls – telephoning Jobcentres and some of the telephone services in our contact centres and benefit delivery centres; and testing our website for accuracy.

In 2007 – 2008 we achieved a level of 92.8%, exceeding our target level of 84% by nearly 9 percentage points.

Employer Outcome Target

This target is designed to measure how we offer employers the best possible service for their recruitment needs. We monitor our performance through an independent research company who carry out a survey with a random sample of employers. The target measures performance against 3 areas:

- resolution – whether the employer's vacancy was filled
- responsiveness – whether the vacancy was filled within a timescale which met the employer's needs, and
- matching – whether the employer thought that the people who applied for the job matched the vacancy or job details.

We achieved a performance level of 86% during 2007 – 2008 against a target of 84%.

Interventions Delivery Target

The Interventions Delivery Target is a new target that focuses on help we give customers by providing work-focused support at the right time to customers entitled to Incapacity Benefit, Jobseeker's Allowance and lone parents receiving Income Support.

Latest performance for 2007 – 2008 shows we have achieved 91.9%, which exceeds the target of 85% by 6.9 percentage points.

¹ Due to delays associated with employers notifying HM Revenue and Customs when an employee starts work, there is usually a period of approximately 7 months before Jobcentre Plus is able to publish the final Job Outcome Target performance.

Performance results for 2007 – 2008

Job Outcome Target

| | | |
|---|--|---------------|
| To achieve a total points score of 11.2 million based on job outcomes Jobcentre Plus achieves | Target to September 2007 | 5,875,398 pts |
| | Achievement to September 2007 ² | 5,440,750 pts |
| | Variance | -7% |

Average Actual Clearance Times Target

| | | |
|-----------------------|-------------|-----------|
| Income Support | Target | 11 days |
| | Achievement | 9.2 days |
| Jobseeker's Allowance | Target | 12 days |
| | Achievement | 10.6 days |
| Incapacity Benefit | Target | 18 days |
| | Achievement | 13.1 days |

Customer Service Target

| | | |
|---|-------------|-------|
| To achieve an 84% customer service level in the delivery of standards set out | Target | 84% |
| | Achievement | 92.8% |

Customer Service Target component elements³

| | | |
|-----------------|-------------|-------|
| Timeliness | Achievement | 96.3% |
| Professionalism | Achievement | 97.4% |
| Information | Achievement | 90.5% |

Employer Outcome Target

| | | |
|---|-------------|-----|
| At least 84% of employers placing their vacancies with Jobcentre Plus will have a positive outcome. | Target | 84% |
| | Achievement | 86% |

Employer Outcome Target component elements

| | | |
|----------------|-------------|-------|
| Resolution | Achievement | 91.8% |
| Responsiveness | Achievement | 92.8% |
| Matching | Achievement | 73.5% |

Interventions Delivery Target

| | | |
|---|----------------------------------|-------|
| To ensure labour market interventions take place within set timescales in 85% of cases. | Target | 85% |
| | Interim achievement ⁴ | 91.9% |

Intervention Delivery Target component elements

| | | |
|--|------------------------------------|---|
| Conduct 80% of Incapacity Benefit work focused interviews after the end of the 8th week and before the end of the 13th week of the claim | Planning assumption Achievement | 80% 86.9% (Apr 2007- Mar 2008) |
| Conduct 85% of Income Support lone parent work focused interview reviews that become due, within 3 months | Planning assumption Achievement | 85% 90.6% (Apr 2007- Jan 2008) |
| Conduct 85% of 13 and 26 week Jobseeker's Allowance advisory interviews that become due, within 6 weeks | Planning assumption Achievement | 85% 92.4% (Apr-Dec 2007) |
| Ensure Jobseeker's Allowance labour market interventions and follow up activity are conducted in 90% of cases | Planning assumption Achievement | 90% 97.6% (Apr-Dec 2007) |

Other performance indicators

In addition to the targets above, there are two other performance measures for which Jobcentre Plus is held to account but which are not full targets because we share these responsibilities within the Department.

Managing attendance

This indicator emphasises our commitment to reducing staff sickness absence levels to maximise our resources. Sickness absence this year has improved to an average of 10.1 working days lost against a milestone target of 8.9 days per employee per year. We are pressing to reduce this level further through active management, adopting best practice from the public and private sectors and focusing on our offices with higher than average absence levels.

Payment modernisation

We have continued to maintain the level of customers getting their benefit paid directly into a bank account at 96% against our original target of 95%, in order to increase their job readiness and minimise payment fraud.

² Due to delays associated with employers notifying HM Revenue and Customs when an employee starts work, there is usually a period of approximately 7 months before Jobcentre Plus is able to publish the final Job Outcome Target performance.

³ These figures represent the main elements of the target.

⁴ Final 2007 – 2008 IDT performance will be available in August 2008.

Delivering services more efficiently and effectively

Our achievements in 2007 – 2008

Improving our customers' experience of working with us, while continuously improving our service, using less resource and maximising results.



In May 2008 the Department for Work and Pensions confirmed it had achieved the efficiency target set as part of the 2004 Spending Review, to make a reduction of 30,000 in its staffing. The Jobcentre Plus contribution to this was a reduction of 16,450 in staff. As part of this, in 2007 – 2008 Jobcentre Plus reduced its staffing by 1,568 to 66,378 full time equivalent staff. This has primarily been achieved through normal turnover, a proactive redeployment programme and voluntary early release.

We have also successfully reduced various non-staff costs from 2006 – 2007 by reviewing contracts for printing and stationery, rationalising usage of office space and focusing on ways to reduce staff travel costs.

Increasing our efficiency and effectiveness

We have:

- delivered our commitment to continuous improvement by reducing waste in our policies and processes, and commenced a programme of training in these techniques for our people
- continued to play a key role in supporting the Department's strategy to reduce fraud and error for customers receiving Jobseeker's Allowance and Income Support, including reviewing ways we can work in partnership and share data with other organisations and Government Departments where this is appropriate
- improved our contact centre performance answering over 16 million calls in 2007 – 2008, successfully answering over 92% of calls
- listened to and acted on feedback to improve customers' experience of dealing with us, and
- reviewed our 0800 and 0845 telephone service messaging and introduced a consistent greeting which includes warnings on call costs for customers calling from mobiles and certain landlines.

Managing our staff and resources

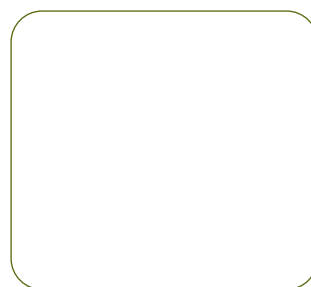
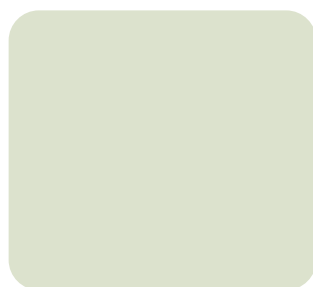
We have:

- focused on improving attendance and reducing the number of working days lost to sickness
- developed full workforce plans, which use the skills of our people better and allow us to manage our staffing targets, and
- introduced a system for managing resources to increase efficiency by combining systems for human resources, finances and buying goods and services.

Sustainable development

To support the Department's sustainable development action plan, we have:

- launched the Jobcentre Plus sustainable development action plan 2008 – 2011
- set out an ambitious programme of work to embed sustainable development principles in all aspects of our business, from policy development and change implementation to the way we deliver services to our customers
- put in place a suite of supporting products and tools to help our people contribute fully to sustainable development within the business and within their local communities, and
- launched 'SEEDS', the Jobcentre Plus sustainable development awards scheme, to recognise and celebrate the contributions our people make.



Delivering our Values through our people

Our achievements in 2007 – 2008

Our Values, while shared with the rest of the Department for Work and Pensions (DWP), are unique to Jobcentre Plus and describe how we intend to take the Values forward within our own business.

Our Values

Our Values encourage people to work in a consistent way using a common approach. They underpin all that we do.

Achieving the best

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

Respecting people

By 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. 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 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.

Looking outwards

We will demonstrate our Values in our day-to-day work to make them a reality for our customers and all our people, focused on delivering high quality customer services in an environment that makes full use of their skills and rewards their contribution.

Our people

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

Supporting our staff

To make sure our staff are in the best position to meet our business needs we have:

- supported our people to develop their skills in their current roles and learn new job roles and new ways of working, through a constant review of our learning products and our new Foundation Learning Routeway
- built our managers' skills so they can lead, train, support and develop their people, for example through our new professional skills programme, 'Managers who Deliver – Leaders who Inspire'
- improved our people's performance by rewarding and recognising the contribution they make
- identified and built on the ability of our people by recognising their talent and using the Professional Skills for Government framework, including a talent management programme, to provide structured developmental opportunities with a business focus



- developed succession planning processes that encourage individuals and managers to plan and manage career moves to new roles, in order to increase an individual's business knowledge and skills, and
- initiated a people strategy to align human resource activities to our business priorities, as well as those of DWP as a whole.

To support our people during a period of change to our business we have:

- improved internal communications to explain change to our people
- put in place a programme of activities aimed at helping to build the appropriate level of capabilities to deliver the new change, and
- provided human resource support for change, including effective workforce management and a programme of work to develop improved ways of working.

Delivering more effective human resource (HR) policies and processes

To deliver more effective HR policies and processes we have:

- worked with the rest of DWP to put in place simpler staff policies that best support our business
- refreshed our Staff Diversity Network groups to make them more reflective of our current business structure and extended their focus to include customer service issues, and

- built and developed a diverse workforce and worked hard to be one of the best employers to work for.

To work more closely with our people to build a positive relationship we have:

- improved the way we inform our people about changes and involved them in the change
- taken action to progress issues raised in the DWP's annual staff survey to improve engagement leading to the best ever numbers of participants returning the survey
- increased the channels for our people to engage directly with the Jobcentre Plus Board by introducing phone-ins and meetings with the Board, Talk Direct and establishing Back to the Floor activities for senior managers, and
- maintained a positive relationship with our trades unions.

To modernise our HR services we have:

- expanded the range of learning available, making it easier to participate in learning and development at the right time and at the right cost
- continued to build a team of HR professionals, enriched with expertise from both government and commercial sectors, and
- supported our managers through our expert HR business partners.

Management commentary on the annual accounts

a. Statutory background

Jobcentre Plus presents its accounts for the financial year ended 31 March 2008. The accounts have been prepared in accordance with the direction given by HM Treasury in pursuance of Section 7(2) of the Government Resources and Accounts Act 2000.

Jobcentre Plus was established as an Executive Agency of the Department for Work and Pensions (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 Department's Resource Account.

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 behalf of HM Revenue and Customs. 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 Notes to the Accounts 13 & 15c).

b. Scope of Jobcentre Plus' Accounts

These financial statements relate solely to Jobcentre Plus' administrative expenditure. In previous years they have also included Employment Programme expenditure. From 1st April 2007 responsibility for Employment Programme expenditure was transferred to the Work, Welfare and Equality Group and accordingly no longer features in these accounts. The 2006 – 2007 accounts have been restated to remove the impact of Employment Programmes. Jobcentre Plus falls within the resource accounting boundary of the DWP and its Agency Accounts are consolidated along with Employment Programme expenditure within the Department's Resource Accounts.

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

As part of the DWP, the Agency has to manage its business and meet its objectives within the resource constraints set by the Department. In 2007 – 2008 Jobcentre Plus shared a Request for Resource with the Work, Welfare and Equality 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 the Agency Accounts. Jobcentre Plus is also subject to administrative control exercised by HM Treasury.

The Spending Review in 2004 set the basis for the funding available for Jobcentre Plus in 2007 – 2008.

c. International Financial Reporting Standards

International Financial Reporting Standards (IFRS) will be introduced across Central Government in the 2009 – 2010 financial year. Although the current accounts exclude any IFRS impacts the 2008 – 2009 accounts will be re-stated in accordance with IFRS principles as part of the 2009 – 2010 accounts.

d. Results for the year

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

The net operating cost amounted to £3,363.0 million (2006 – 2007 £3,541.1 million (re-stated)). Capital expenditure for the year, full details of which are given in Notes to the Accounts 7 & 8, amounted to £14.8 million (2006 – 2007 £109.6 million).

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

e. Employment of Disabled Persons

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

f. Commitment to Equality and Diversity

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

g. Employee involvement and engagement

Jobcentre Plus respects its people and values their contribution. There is 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 open to people across the organisation and Team Talk events, where Board members visit our teams across the UK involved in serving our customers, to invite questions and sharing in a dialogue with teams about how services can be improved.

We respond actively to the issues arising from the annual staff survey through senior management commitment to address them and through the application of consultation tools such as Working Together and Stop, Start, Change. We recognise where our people make outstanding achievements through our annual awards events.

Regular news and information is provided to our people through the Jobcentre Plus and Department for Work and Pensions communication sites held on the intranet, as well as through regular bulletins and messages cascaded through team meetings.

An employee assistance programme is provided to support staff and managers in handling difficult/critical incidents and which also promotes well-being in the workplace.

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

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

h. 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 2c.

i. Payments to suppliers

Jobcentre Plus is committed to the prompt payment of bills for goods and services received. Payments are normally made as specified in the supplier's contract. If there is no contractual provision or other understanding, they should be paid within 30 days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. A review of all payments made during the twelve month period of this account, conducted to measure how promptly Jobcentre Plus pays its bills, found that 95.6% (2006 – 2007 : 75.8%) of bills were paid within this standard.

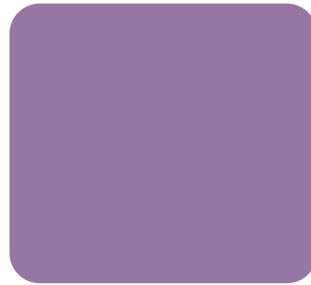
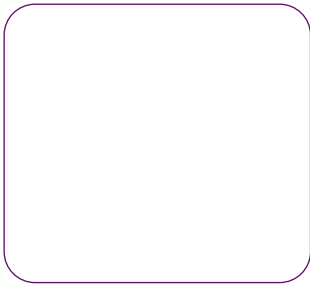
j. External auditors

The accounts have been audited by the Comptroller and Auditor General whose certificate and report appear on pages 36 and 37.

k. Board of Management

Members of the Jobcentre Plus Board during the year were:

| | |
|-----------------------|--|
| Lesley Strathie | Chief Executive |
| Phil Bartlett | Director, Employment & Support Allowance Programme |
| Roland Ginn | Director, Finance |
| Jeremy Groombridge CB | Director, Transformation and Product Management |
| Mel Groves CBE | Chief Operating Officer |
| Matthew Nicholas | Director, External Relations & Communications |
| Ruth Owen | Director, Business Strategy & Planning |
| Jane Saint | Director, Human Resources (until 10 June 2007) |
| Doug Watkins | Acting Director, Human Resources (from 11 June 2007) |
| Malcolm Whitehouse | Director, IS/IT |
| Stephen Martin | Advisory Director, Welfare to Work (from 1 April 2007) |
| Sarah Anderson CBE | Non-executive Director |
| John Clare CBE | Non-executive Chair |
| David Coles | Non-executive Director (until 30 October 2007) |
| Kenneth Ludlam | Non-executive Director (from 4 February 2008) |



I. Board of Management responsibilities

The Board of Management have approved the accounts for the year ended 31 March 2008 and have confirmed that they give a true and fair view of the state of affairs and the results of Jobcentre Plus for the year. In the preparation of the accounts, the Board of Management have selected suitable accounting policies and applied them consistently; made judgements and estimates that are reasonable and prudent; and have prepared the accounts on the going concern basis.

As far as the Jobcentre Plus Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware.

The Jobcentre Plus Accounting Officer has taken all the steps she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

A register of 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

Lesley Strathie

Jobcentre Plus Accounting Officer
8 July 2008

Remuneration report

a. Remuneration policy

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

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

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

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

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

b. Service contracts

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.gov.uk.

c. Salary and pension entitlements

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

d. Remuneration (audited)

| Officials | 2007-08 | | 2006-07 | |
|-----------------------|---------|------------------------------------|---------|---|
| | Salary | Benefits in kind (to nearest £100) | Salary | Benefits in kind (to nearest £100) Restated |
| | £'000s | £ | £'000s | £ |
| Lesley Strathie | 155-160 | - | 145-150 | - |
| Phil Bartlett | 85-90 | - | 60-65 | - |
| Kevin Bone* | - | - | 20-25 | - |
| Roland Ginn | 110-115 | - | 100-105 | - |
| Jeremy Groombridge CB | 100-105 | 2,600 | 95-100 | 1,400 |
| Mel Groves CBE | 130-135 | 2,000 | 125-130 | 1,900 |
| Matthew Nicholas | 95-100 | 1,800 | 90-95 | 5,100 |
| Ruth Owen | 100-105 | 500 | 80-85 | 400 |
| Jane Saint | 25-30 | - | 115-120 | - |
| Doug Watkins | 75-80 | - | - | - |
| Malcolm Whitehouse | 115-120 | - | 90-95 | - |
| Stephen Martin** | - | - | - | - |

*Kevin Bone received compensation for loss of office under the terms of an approved scheme.

** DWP Work, Welfare and Equality Group employ Stephen Martin. Jobcentre Plus do not incur any element of the cost of his salary or pension entitlement (see also note g).

e. Salary

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

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

f. Benefits in kind

The estimated monetary value of benefits in kind covers any benefits provided by the employer and treated by 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 age 60 | Real increase in lump sum at age 60 | Accrued pension at age 60 at 31 March 2008 | Accrued lump sum at age 60 at 31 March 2008 | CETV at 31 March 2007 Restated | CETV at 31 March 2008 | Real increase in CETV |
|-----------------------|------------------------------------|-------------------------------------|--|---|--------------------------------|-----------------------|-----------------------|
| | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s |
| Lesley Strathie | 2.5-5 | 10-12.5 | 65-70 | 195-200 | 1,091 | 1,330 | 76 |
| Phil Bartlett | - | - | 30-35 | 90-95 | 519 | 595 | - |
| Roland Ginn | 0-2.5 | - | 5-10 | - | 33 | 69 | 27 |
| Jeremy Groombridge CB | 0-2.5 | 0-2.5 | 40-45 | 120-125 | 693 | 810 | 13 |
| Mel Groves CBE | 0-2.5 | 0-2.5 | 60-65 | 180-185 | 1,432 | 1,534 | 11 |
| Matthew Nicholas | - | - | 45-50 | - | 770 | 868 | - |
| Ruth Owen | 0-2.5 | 5-7.5 | 15-20 | 55-60 | 205 | 266 | 22 |
| Jane Saint | 0-2.5 | 2.5-5 | 5-10 | 25-30 | 96 | 136 | 20 |
| Doug Watkins | 0-2.5 | 5-7.5 | 20-25 | 65-70 | 241 | 356 | 35 |
| Malcolm Whitehouse | 0-2.5 | - | 5-10 | - | 89 | 136 | 29 |

h. Restatement

The benefits in kind disclosures have been restated for 2006 – 2007 to include the figure for Jeremy Groombridge CB. The Cash Equivalent Transfer Value (CETV) figures have been restated at 31 March 2007, where applicable, to be on the same basis and comparable with those calculated in 2007 – 2008.

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 1 October 2002 calculated as in Premium. In Nuvos a member builds up a pension based on his 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 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. 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.

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 CETV figures, and from 2003 – 2004 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Civil Superannuation Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETV's are calculated within the guidelines 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 drawn.

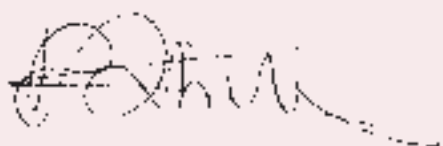
k. Real increase in Cash Equivalent Transfer Value

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

I. Non-executive Board Members (audited)

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

| | 2007-08 Total Fees and Expenses £'000s | 2006-07 Total Fees and Expenses £'000s |
|--------------------|---|---|
| Sarah Anderson CBE | 22 | 21 |
| David Coles | 13 | 20 |
| John Clare CBE | 20 | 2 |
| Kenneth Ludlam | 3 | - |



Lesley Strathie

Jobcentre Plus Accounting Officer

8 July 2008

Appendix 1

External recruitment for 2007 – 2008

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 2007 to 31 March 2008, 2612 people were successful at interview for permanent posts in Jobcentre Plus. During the same period 11 New Deal employees were also recruited.

| Gender | Staff in post | % |
|--|---------------|----------------|
| Female | 1613 | 61.75% |
| Male | 999 | 38.25% |
| Total | 2612 | 100.00% |
| People in the above with disabilities | 33 | 1.26% |
| Ethnicity | Staff in post | % |
| Asian (Bangladeshi) | 10 | 0.38% |
| Asian (Indian) | 72 | 2.76% |
| Asian (other origin) | 11 | 0.42% |
| Asian (Pakistani) | 57 | 2.18% |
| Black (African) | 29 | 1.11% |
| Black (Caribbean) | 35 | 1.34% |
| Black (other origin) | * | * |
| Chinese | * | * |
| White | 1647 | 63.06% |
| Mixed Ethnic background | Staff in post | % |
| Asian & White | * | * |
| Black African & White | * | * |
| Black Caribbean & White | * | * |
| Mixed ethnic (other) | * | * |
| Other ethnic origin | * | * |
| No response/unclear response | 706 | 27.03% |
| Total | 2612 | 100.00% |

*Figures have not been provided as below 10.



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 permitted exceptions to fair and open competition and selection on merit have been used is set out below.

| Permitted Exception Category | TOTAL |
|---|------------|
| Appointment under government programmes to assist the long term unemployed for example New Deal | 22 |
| Extensions over 12 months | 0 |
| Extensions of short-term appointments beyond initially published period including conversions to permanency | 98 |
| Extensions to secondments with reasons | 7 |
| Secondments | 0 |
| Transfers of staff with their work (not under TUPE) | 2 |
| Reappointment of former civil servants | 7 |
| Appointments of surplus acceptable applicants to shortage posts. | 0 |
| TOTAL | 136 |



Annual accounts

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Statement of Agency's and Accounting Officer's Responsibilities

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

The accounts are prepared on an accruals basis and must give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows of Jobcentre Plus for the financial year, and of the state of affairs as at 31 March 2008.

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

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

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

Jobcentre Plus Statement on Internal Control

1 April 2007 – 31 March 2008

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 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 Work Welfare and Equality Client Group (WWEG) 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 WWEG. Links have been established between Jobcentre Plus and other Agencies of DWP to ensure that our respective customers receive the help and support they 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 who ensure 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. Jobcentre Plus is also directly accountable, on behalf of DWP, for the contract with Atos Origin for the delivery of medical services in support of Employment and Support Allowance, Incapacity and other benefits. This contract is overseen by an Executive Board with the chair accountable to my Director for Transformation and Product Management.
5. Alongside our external partners, a good deal of Jobcentre Plus activity is delivered by DWP through shared services such as Estates, IT, etc. These are also managed on my behalf through contractual arrangements. The work of Jobcentre Plus is increasingly reliant on data sharing with other Government Departments and my Finance Directorate are leading work on developing systems to gain assurance that risks are mitigated in the sharing and use of information in these instances.
6. From April 2007 responsibility for Employment Programme funds transferred from Jobcentre Plus to WWEG, and procurement and contracting management to the Department. The relationships between WWEG, the Department and Jobcentre Plus are managed through a number of Service Level Agreements (SLAs).

The purpose of the system of internal control

7. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify 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 2008 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to handle risk

8. The Jobcentre Plus Board considers the strategic risks to delivering the Jobcentre Plus business objectives and reports these in the 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.
9. The Agency recognises the importance of risk management principles and a dedicated team of specialists are responsible for embedding best practice throughout the business. Jobcentre Plus operates an integrated risk based planning process which this year has been updated to incorporate the DWP standardised risk management framework. Underpinning guidance is available to all planners via the intranet in the 'Jobcentre Plus Planning Framework' and where necessary one to one support is provided by the specialist risk team; including the facilitation of Control & Risk Self Assessment workshops.
10. A revised approach was introduced to risk identification and management during 2007 – 2008 whereby 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 are managed through a process of independent challenge initially through the Strategic Planning and Finance Matters Board (SP&FMB), with further review being undertaken by Risk Assurance Division (RAD), who also provide our internal audit function, before being actively managed by the Jobcentre Plus Board.

11. Less significant risks to the business are managed through a series of governance sub-boards. Each of these governance sub-boards is chaired by a Board member having responsibility for managing risk within their specific business area. This approach ensures that risks are managed at the most appropriate level within the organisation.

The risk and control framework

12. On behalf of the Board, the SP&FMB chaired by the Director of Business Strategy and Planning oversees the risk management process. The Departmental methodology is used to identify and assess the risks and accountable risk owners are nominated at Board Director level. Risks are rated and prioritised within agreed tolerance levels which demonstrate the Agency's risk appetite.
13. This oversight ensures that management focus remains on the most significant risks facing the business and ensures mitigation activities are being actively managed. The SP&FMB provides an independent challenge to the information on both the main board and the governance sub-board risk registers to ensure that the right risks have been captured and that they are being managed effectively.

14. The Strategic Planning Division also 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.

15. The Department's risk management Internet based learning product became available in April 2007 and this, together with the Jobcentre Plus planning guidance, 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

16. As Agency Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within Jobcentre Plus who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Corporate Governance Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

17. The Jobcentre Plus Corporate Governance Board incorporates the functions and responsibilities of an audit committee for the Agency and works with

the RAD to focus on those areas of the business at greatest risk. The Board is chaired by Kenneth Ludlam, a non-executive Director of the Board whose appointment commenced on 4th February 2008. The Corporate Governance Board received regular updates on actions to address previously identified weaknesses with the Jobcentre Plus system of internal control. This allowed them to assess the effectiveness of mitigation actions and, where appropriate, request further work to be undertaken to strengthen the control environment.

18. Jobcentre Plus Board Directors are required to comment on the effectiveness of their internal control systems and risk management procedures through the Letters of Assurance (LoA) process. From April 2007 procedures have been introduced to allow better challenge or support to these statements through the introduction of a quarterly Assurance Framework Report (AFR). This report pulls together information from various sources to determine how well Jobcentre Plus internal controls are working and how effectively risks are being managed. The report was presented quarterly to the Jobcentre Plus Corporate Governance Board.

19. The RAD undertakes a risk-based work programme, taking into account the business requirements in collaboration with Jobcentre Plus senior management, and provides a quarterly assurance report to the Corporate Governance Board.

20. Reliable information is a key requirement of an effective internal control system. The new Business Control System (BCS) was fully rolled out in the latter part of 2007 – 2008 and was established to provide a compliance and assurance system to support the performance of mandatory management checks.

The IT system provides the management information to allow informed business decisions at all levels and should assist with improved levels of compliance with the checking regime.

21. My agency is closely engaged on the Departmental led Compliance Project which covers a comprehensive programme of action with the ultimate aim of improving compliance in DWP. During 2007 – 2008 compliance issues were regularly reported to the Corporate Governance Board as part of the Assurance Framework Report and work in this area will continue. From 2008 – 2009 Board Directors will be required to provide assurances that they have effective systems in place to comply with specific identified key policies and procedures.

Emerging issues not yet quantifiable

22. RD23 notifications enable Jobcentre Plus to identify discrepancies in customers' National Insurance (NI) records and therefore prevent or detect under or overpayments of benefits. There is a possibility that Benefit Delivery Centres did not receive or action all RD23 notifications required from Her Majesty's Revenue and Customs (HMRC) National Insurance Records System (NIRS2). The potential impact of this is that a number of customers may have incorrect benefit awards.
23. The Departmental Audit Committee commissioned a pan DWP review of these issues in April 2008, the results of which will establish the full nature and extent of this issue and inform any remedial action required. Additionally, an enhancement to the NIRS2 system which recognises discrepancies in customers' paid and credited NI contributions is planned for October 2008.

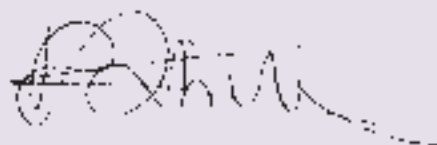
Significant control challenges

24. The RAD provides an overall assessment of the Jobcentre Plus performance risk and control framework in-year. For 2007 – 2008 the overall assessment remains at Limited Assurance.
25. The Corporate Governance Board with input from RAD identified the following key areas where further improvement action was required:
 - a. **Information Security:** We continue to experience weaknesses in our internal security systems, which have been highlighted by RAD throughout the year. These include an increase in the number of bogus calls and a large number of security checks outstanding across all benefits. Jobcentre Plus has recently appointed a security check owner, to help progress issues relating to the clearance of security checks. During 2007 – 2008 I assigned responsibility for Information Security to my Finance Director, to enhance the controls in this area. An Information Security Action Plan is now in place including key risks, mitigation action and accountabilities.
 - b. **Document Retrieval:** The overall position surrounding document retrieval has continued to improve during the year although ongoing issues and increases in storage and retrieval requirements has had a consequential impact on our external contractor's ability to deliver to agreed service standards. The Department is working closely with the contractor to address these issues.
 - c. **Monetary Loss through Fraud & Error:** Monetary loss through fraud and error in Jobcentre Plus is a contributory factor to qualification of the Departmental Resource Account. Within Jobcentre Plus, Income Support and Jobseekers Allowance losses from fraud is around

2.9% – a total of £330m as at September 2007 (the most recent data available). This is 60% less than in 1997 – 1998 when reporting began. Jobcentre Plus is working through a series of initiatives to further reduce fraud and error, including developments in the use of Voice Risk Analysis technology, Credit Reference Agency data matching, and the new Fraud Referral and Case Management System which has been fully rolled out during 2007 – 2008 and will simplify the referral of potential benefit fraud. Jobcentre Plus is also fully engaged on the Departmental Error Reduction Strategy. Several key initiatives have been implemented by Jobcentre Plus to reduce errors including IT enhancements and the setting up of action teams within the Benefit Fraud Directorate to drive down error using additional data scans and targeted reviews which have delivered £16.9m in benefit savings against a target of £16.4m.

d. Debt Recovery: Whilst there has been a significant increase in the amount of Jobcentre Plus debt being referred to Debt Management for recovery, in periods of 2007 – 2008 not all potential debt identified in the normal course of business was referred in a timely or complete fashion. We have worked closely with the DWP Debt Action Team led by the Head of Financial Policy and supported by RAD. At the close of 2007 – 2008 RAD were able to conclude that our Debt Referral processes were working to a "Substantial" level of assurance.

e. Social Fund: Jobcentre Plus is also responsible for the production of the Social Fund White Paper Account. The Social Fund Account was qualified in 2006 – 2007 due to the error rate across three award types: Budgeting Loans, Crisis Loans and Community Care Grants and there is evidence of continuing difficulties throughout 2007 – 2008. These errors arose primarily through Social Fund operational staff either not following Secretary of State directions or not adequately documenting their reasons for making an award and also for cases where we were unable to retrieve either the whole case file or the signed loan agreement. Jobcentre Plus, Products and Service Management Division continue to take forward initiatives to improve the standards of decision making in processing Social Fund claims and improve compliance with procedures. These include the introduction of a new standard application form which has been designed to capture all of the relevant information upon which a sound decision can be made. The increased volume of Social Fund applications in 2007 – 2008 has resulted in Contact Centres becoming involved in the Social Fund process and pilots to streamline the application and decision making process. Performance is being closely monitored to assess the effectiveness of these initiatives.



Lesley Strathie

Jobcentre Plus Accounting Officer
8 July 2008

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

I certify that I have audited the financial statements of Jobcentre Plus for the year ended 31 March 2008 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Agency, the Chief Executive and Auditor

The Agency and Chief Executive, as Jobcentre Plus Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Jobcentre Plus Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Chief Executive's review, 2007 – 2008 achievements, performance against 2007 – 2008 targets, the Management Commentary and the unaudited part of the Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of Audit Opinion

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

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

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs

as at 31 March 2008, and of the net operating cost, recognised gains and losses and cashflows for the year then ended;

- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- the information given within the Annual Report, which comprises the Chief Executive's review, 2007 – 2008 achievements, performance against 2007 – 2008 targets, the Management Commentary and the unaudited part of the Remuneration Report, is consistent with the financial statements.

Audit 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.

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS

16 July 2008

Jobcentre Plus Operating Cost Statement

for the year ended 31 March 2008

| | Note | 2007-08 | | 2006-07 Restated | |
|-----------------------------------|------|-------------------------|--------------------------------|-------------------------|--------------------------------|
| | | £'000s | £'000s | £'000s | £'000s |
| Administration costs | | | | | |
| Staff costs | 2 | 1,793,695 | | 1,810,541 | |
| Other administration costs | 3 | 1,584,745 | | 1,748,116 | |
| Gross administration costs | | <u>3,378,440</u> | | <u>3,558,657</u> | |
| Administration income | 5 | <u>(18,012)</u> | | <u>(20,997)</u> | |
| Net administration costs | | | 3,360,428 | | 3,537,660 |
| Net programme costs | 6 | | <u>2,617</u> | | <u>3,487</u> |
| Net operating cost | | | <u><u>3,363,045</u></u> | | <u><u>3,541,147</u></u> |

All income and expenditure is derived from continuing operations.

Restatement

Restatement relates to the transfer of Contracted Employment Programmes (CEP's) to the Work, Welfare and Equality Group (WWEG). See Note 27 for further details.

The notes on pages 42 to 70 form part of these accounts

Jobcentre Plus Statement of Recognised Gains and Losses

for the year ended 31 March 2008

| | Note | 2007-08 £'000s | 2006-07 £'000s |
|---|------|-------------------|-------------------|
| Net gain on revaluation of tangible fixed assets | 14 | - | 126 |
| Recognised gains and losses for the financial year | | <u>-</u> | <u>126</u> |

The notes on pages 42 to 70 form part of these accounts

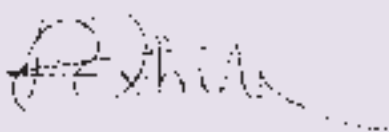
Jobcentre Plus Balance Sheet

as at 31 March 2008

| | Note | 31 March 08 | | 31 March 07 Restated | |
|--|------|------------------|------------------|-------------------------|----------------|
| | | £'000s | £'000s | £'000s | £'000s |
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | 536,054 | | 633,432 | |
| Intangible assets | 8 | <u>26,442</u> | | <u>27,458</u> | |
| | | | 562,496 | | 660,890 |
| DEBTORS: Amounts falling due after one year | | | | | |
| | 9 | | 25,332 | | 28,169 |
| CURRENT ASSETS | | | | | |
| Debtors: amounts falling due within one year | 9 | 21,142 | | 20,224 | |
| Cash in hand | 10 | <u>398</u> | | <u>397</u> | |
| | | 21,540 | | 20,621 | |
| CURRENT LIABILITIES | | | | | |
| Creditors: amounts falling due within one year | 11 | <u>(217,826)</u> | | <u>(215,309)</u> | |
| NET CURRENT LIABILITIES | | | | | |
| | | | (196,286) | | (194,688) |
| Total Assets less Current Liabilities | | | | | |
| | | | 391,542 | | 494,371 |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | | | |
| | 12 | | <u>(7,865)</u> | | <u>(9,600)</u> |
| | | | 383,677 | | 484,771 |
| FINANCED BY: | | | | | |
| Taxpayers Equity: | | | | | |
| General Fund | 13 | | 383,381 | | 484,321 |
| Revaluation Reserve | 14 | | <u>296</u> | | <u>450</u> |
| | | | 383,677 | | 484,771 |

Restatement

Restatement relates to the transfer of Contracted Employment Programmes (CEP's) to the Work, Welfare and Equality Group (WWEG). See Note 27 for further details.



Lesley Strathie

Jobcentre Plus Accounting Officer
8 July 2008

The notes on pages 42 to 70 form part of these accounts

Jobcentre Plus Cash Flow Statement

for the year ended 31 March 2008

| | Note | 2007-08 £'000s | 2006-07 Restated £'000s |
|--|------|--------------------|-------------------------------|
| Net cash outflow from operating activities | 15a | (2,613,089) | (2,767,181) |
| Capital expenditure and financial investment | 15b | (50,564) | (126,877) |
| Net Financing from the Consolidated Fund | 15c | 2,207,183 | 2,430,489 |
| Net Financing from the National Insurance Fund | 15c | 456,903 | 467,841 |
| Payments of amounts to the Consolidated Fund | | (432) | (4,384) |
| | | <hr/> | <hr/> |
| Increase / (Decrease) in cash in the period | | <u>1</u> | <u>(112)</u> |

Restatement

Restatement relates to the transfer of Contracted Employment Programmes (CEP's) to the Work, Welfare and Equality Group (WWEG). See Note 27 for further details.

The notes on pages 42 to 70 form part of these accounts

Notes to the Accounts

Note 1 Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2007 – 2008 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by Jobcentre Plus are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

a. Accounting Convention

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

b. Tangible Fixed Assets

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

Computer hardware and owned software, where out of the scope of the Transformation of Electronic Data Systems (TREDSS) contract and over the capitalisation threshold of £100 are treated as capital assets. For plant and machinery assets the prescribed capitalisation level is £5,000. Where an item costs less than the capitalisation level, but forms an integral part of a package whose total value is greater than the capitalisation level, then the item is treated as a capital asset. On initial recognition assets are measured at cost, including any costs such as installation directly attributable

to bringing them into working condition.

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

Internally developed software is capitalised if it meets the criteria specified in the FReM which are adapted from SSAP 13 to take account of the not-for-profit context. Costs are classified as assets under construction until the asset is brought into service. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year which it is incurred.

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

During this accounting period, the Department entered into a new contract with a third party (Inchcape) for the provision of fleet management services. This covers running the fleet, fuel costs, maintenance of the fleet and lease of the vehicles. In August 2007, on signing of the contract the Department sold all its vehicles to the new service provider and leased vehicles from them. These vehicles do not belong to the Department and hence are not declared as fixed assets on the Balance Sheet.

With the publication of Treasury's Resource Accounting and Budgeting Implementation Group (RABIG) 32/(2006) letter, which gave Departments more flexibility in revaluing assets, where the revaluation was proven to be immaterial in comparison to the total asset base or total value of the Balance Sheet, the Department opted to cease revaluing its assets using indices from 1st April 2007. Hence there is no impairment in this year's financial accounts. (See notes 3 & 14).

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

c. Land and Buildings

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

d. Depreciation

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

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

| | |
|------------------------|---|
| Leasehold Improvements | 10 years (or period remaining on lease if less than 10 years) |
| Fixtures & Fittings | 7 – 15 years |
| Vehicles | 4 – 8 years |
| Plant & Machinery | 5 – 10 years |
| IT Equipment | 3 – 7 years |

e. Intangible Fixed Assets

Expenditure on purchased computer software licences covering a period of more than one year is capitalised at cost as intangible fixed assets. Expenditure on annual software licences is charged to the Operating Cost Statement. Should the Department purchase licences in advance they are only subject to amortisation once they are brought into use.

In view of the large number of software licences purchased across the Department, those capitalised are accounted for on a pooled basis with any items/pools amounting to over £100,000 identified individually. The licences are amortised, on a straight line basis, over the shorter of the licence period or 5 years.

f. Stocks

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

g. Provisions

Jobcentre Plus provides for legal or constructive obligations as a result of a past event, which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the HM Treasury discount rate of 2.2% (2006 – 2007: 2.2%) in real terms.

h. Financing from the Consolidated Fund

The DWP's main source of funding is the annual Parliamentary Grant. This is held in the Consolidated Fund by the Office of HM Paymaster General (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 (see Note 10).

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

i. Administration and Programme Expenditure

The Operating Cost Statement is analysed between Administration and Programme income and expenditure. The classification of expenditure and income as Administration or as Programme follows the definition of administration costs set out in the FReM. Accountability for the majority of Programme income and expenditure transferred from Jobcentre Plus to WWEG on 1 April 2007 (Refer to Note 27).

j. Operating Income

Operating Income relates directly to the operating activities of Jobcentre Plus. It principally comprises of fees and a charge 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 Valued Added Tax (VAT).

k. Pensions

The provisions of the Principal Civil Service Pension Scheme (PCSPS), which are described in Note 2c, cover past and present employees. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. Jobcentre Plus recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, Jobcentre Plus recognises the contributions payable for the year.

I. Early Departure Costs

Jobcentre Plus is required to meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Agency provides for this cost in full when the early retirement programme has been announced and becomes binding, by establishing a provision for the estimated payments discounted by the HM Treasury discount rate of 2.2% (2006 – 2007: 2.2%) in real terms (see Note 12). Where the DWP funds early release schemes centrally then a provision is created in the Departmental Resource Account with notional costs of lump sum and annual compensation payments recharged to Jobcentre Plus.

m. Cost of Capital Charge

A charge, reflecting the cost of capital utilised by Jobcentre Plus, is included in Other Administration Costs (Note 3). The charge is calculated at the real rate set by HM Treasury (currently 3.5%, 2006 – 2007: 3.5%) on the average carrying amount of all assets less liabilities, except for:

- cash balances with 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 nil rate.

n. Operating Leases

Operating lease costs are charged to expenditure as they are incurred (Note 3).

o. Value Added Tax (VAT)

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

p. Insurance

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

q. Private Finance Initiative (PFI) Transactions

PFI transactions have been accounted for in accordance with HM Treasury's Technical Note No.1 (Revised), entitled 'How to Account for PFI Transactions'. Where the balance of the risks and rewards of ownership are borne by the PFI operator, the PFI payments are recorded as operating cost, details of which, and the committed contractual payments, are shown in Note 18.

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

r. Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, Jobcentre Plus discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of 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 the Department 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 resource accounts), which are required by the FrM to be noted in the Resource Accounts.

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

Note 2 Staff numbers and related costs

a) Staff Costs

| | 2007-08 | | | 2006-07 Restated |
|--|-------------------------|--|----------------------|-------------------------|
| | Total £'000s | Staff with a permanent UK employment contract £'000s | Others £'000s | |
| Wages and Salaries | 1,405,653 | 1,387,296 | 18,357 | 1,433,458 |
| Employers' National Insurance | 91,854 | 90,934 | 920 | 95,435 |
| Superannuation and Pension Costs | 296,188 | 295,640 | 548 | 281,648 |
| TOTAL STAFF COSTS | <u>1,793,695</u> | <u>1,773,870</u> | <u>19,825</u> | <u>1,810,541</u> |
| Less recoveries in respect of outward secondments | <u>(4,099)</u> | <u>(4,099)</u> | <u>–</u> | <u>(2,720)</u> |
| TOTAL | <u>1,789,596</u> | <u>1,769,771</u> | <u>19,825</u> | <u>1,807,821</u> |

Restatement

Restatement relates to the transfer of Contracted Employment Programmes (CEP's) to the Work, Welfare and Equality Group (WWEG). See Note 27 for further details.

b) Average number of persons employed

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

| | 2007-08 | | | 2006-07 |
|------------------------------------|---------------|---|--------------|---------------|
| | Total | Staff with a permanent UK employment contract | Others | Total |
| Average number of persons employed | <u>67,110</u> | <u>65,940</u> | <u>1,170</u> | <u>70,042</u> |

c) Pensions

The PCSPS is an unfunded multi-employer defined benefit scheme, which prepares its own scheme statements, but Jobcentre Plus is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2007 – 2008, employer's pension contributions of £244.7 million (2006 – 2007: £251.5 million) were payable to the PCSPS, at one of four rates in the range 17.1% to 25.5% (2006 – 2007, 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. From 1 April 2007 the salary bands have been revised, but the rates will remain the same. 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 £23.0 million (2006 – 2007: £22.4 million) were payable to the Civil Superannuation Vote at 31 March 2008 and are included in creditors (See Note 11).

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £318,327 (2006 – 2007: £259,103) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age related and range from 3% to 12.5% (2006 – 2007: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. Contributions due to the partnership pension providers at 31 March 2008 were £34,013 (2006 – 2007: £22,279 Restated). Contributions prepaid at 31 March 2008 were £nil (2006 – 2007: £nil).

In 2007 – 2008: 78 (2006 – 2007: 135) persons retired on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £115,121 (2006 – 2007: £196,334). These liabilities are not the responsibility of the Agency but are to be paid by the Civil Superannuation Vote.

Note 3 Other administration costs

| | Note | 2007-08 | | 2006-07 Restated | |
|--|--------|---------|------------------|---------------------|-----------|
| | | £'000s | £'000s | £'000s | £'000s |
| Accommodation | 3a | | 129,012 | | 172,823 |
| PFI Service Charges | 3b | | 363,370 | | 383,081 |
| Rentals under Operating Leases: | | | | | |
| Other | | | 2,286 | | 2,763 |
| Compensation payments to customers | 3c | | 1,247 | | 1,405 |
| Goods and Services: | | | | | |
| Computer Services | | 121,993 | | 73,732 | |
| Medical Services | | 70,294 | | 60,297 | |
| Contracted Out Services | | 62,802 | | 58,099 | |
| Telephone and Postage | | 17,355 | | 16,720 | |
| Office Supplies | | 14,926 | | 12,790 | |
| Printing & Stationery | | 14,858 | | 18,429 | |
| Publicity | | 790 | | 2,116 | |
| Consultancy & Professional Fees | | 22,381 | | 17,331 | |
| Other | | 3,142 | | 2,078 | |
| | | | 328,541 | | 261,592 |
| Staff Related: | | | | | |
| Travel, Subsistence and Hospitality | | 29,171 | | 37,054 | |
| Other | 3d | 13,141 | | 9,460 | |
| | | | 42,312 | | 46,514 |
| Non-Cash Items: | | | | | |
| Intra Departmental Charges | 4 | 600,515 | | 733,016 | |
| Depreciation – Tangible Fixed Assets | 7c | 87,344 | | 95,254 | |
| Notional Cost of Capital | 3e | 15,044 | | 16,465 | |
| Impairment of Fixed Assets | 7,8,3f | – | | 21,992 | |
| Amortisation – Intangible Fixed Assets | 8 | 875 | | 258 | |
| Amortisation of TIES Prepayment | 18 | 2,791 | | 2,791 | |
| Loss on Disposal of Fixed Assets | 7c,8 | 7,401 | | 66 | |
| Provisions: | | | | | |
| Movement in year | 12 | 1,908 | | 6,704 | |
| Unwinding of discount | 12 | 42 | | 78 | |
| Notional Auditors' Remuneration | 3g | 337 | | 471 | |
| Doubtful Debt Provision | 9 | 1,720 | | 2,843 | |
| | | | 717,977 | | 879,938 |
| TOTAL | | | 1,584,745 | | 1,748,116 |

a. Accommodation

Total accommodation costs include property maintenance costs paid directly by Jobcentre Plus and property rates and utilities paid to Land Securities Trillium in respect of accommodation provided under a centrally held PFI contract.

b. PFI Service Charges

The PFI charge of £363.4 million for 2007 – 2008 is for the Private Sector Resource Initiative for the Management of the Estate (PRIME) rental and variable costs paid to Land Securities Trillium in respect of accommodation provided under a centrally held PFI contract.

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 staff training costs, membership fees to professional bodies and permanent transfer expenses in respect of employees posted to a new location at the Agency's expense.

e. Notional Cost of Capital

Notional cost of capital has been calculated on a monthly basis by applying the HM Treasury Cost of Capital Charge of 3.5% to the average of the opening and closing balances of assets less liabilities, excluding cash balances held at Paymaster and amounts due from, or due to be surrendered to, the Consolidated Fund. See Note 1m.

f. Impairment

Impairment for the year is £nil (2006 – 2007: £22.0 million). From 1st April 2007 the Department ceased using indices to revalue its fixed assets in accordance with more flexible Treasury guidance on revaluation (Note 1b).

g. Notional Auditors' Remuneration

The National Audit Office's fees reflect the notional cost of undertaking the audit of the statutory accounts. These accounts have been audited by the Comptroller and Auditor General, the fee for their services being £337,000 (2006 – 2007: £471,000).

The audit fee represents the cost of the audit of the financial statements carried out by the Comptroller and Auditor General. There were nil fees in respect of non-audit work during 2007 – 2008.

Restatement

Restatement relates to the transfer of Contracted Employment Programmes (CEP's) to the Work, Welfare and Equality Group (WWE) and the restatement of Consolidated Fund Extra Receipts (CFER's) to comply with the FReM. See Note 27 for further details.

Note 4 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 these transactions is summarised in the following table. The most significant transactions with the Department occur with its Corporate Shared Services Directorate and these are highlighted separately.

Intra departmental charges

| | Note | 2007-08 £'000s | 2006-07 £'000s |
|---------------------------------|------|-------------------|-------------------|
| Services Received | | | |
| PFI service charges | a | 950 | 3,296 |
| Corporate Services Directorate: | | | |
| Corporate Services | b | 248,503 | 313,694 |
| Information Technology | c | 353,694 | 427,000 |
| Early Departure Scheme | d | 19,664 | 12,555 |
| Corporate Other | | 427 | 190 |
| Other | | 1,514 | 2,477 |
| | | 624,752 | 759,212 |
| Services Provided | | | |
| Corporate Services Directorate: | | | |
| Accommodation | | (20,340) | (21,656) |
| Other | | (3,897) | (4,540) |
| | | (24,237) | (26,196) |
| Total | | 600,515 | 733,016 |

a. Private Finance Initiative Service Charge

The PFI charge for the provision of Payroll and Human Resources Managed Services by Northgate Rebus HR is £1.0 million (2006 – 2007: £3.3 million). The charge represents costs incurred that are paid by the Department then recharged to Jobcentre Plus. Full details of the contract are given in Note 18 Commitments under PFI Contracts.

b. Corporate Services

The charge of £248.5 million (2006 – 2007: £313.7million) covers services provided by other DWP Business Units. The main elements are HR, Financial and Debt Recovery Services supplied by DWP Shared Services (£60.4m) and encashment services provided by Post Office Counters Ltd and Alliance and Leicester Commercial Bank PLC (£85.3m).

The basis of the apportionment of recharges for Corporate services supplied to Jobcentre Plus has been updated in 2007 – 2008 following a thorough review to more accurately reflect the level of services received.

c. Information Technology

The Information Technology recharge reflects costs met centrally by DWP Corporate IT under the TREDSS contract and recharged to the Agency. The 2007 – 2008 figures of £353.7 million represents a 17% reduction on the £427.0 million charged in 2006 – 2007 and is generated by moving from Transitional Mode of Operation (TMO) in TREDSS to Future Mode of Operation (FMO) whereby Jobcentre Plus has the advantage of reduced rates or charges relating to volume rather than fixed prices.

d. Early Departure Scheme

Provisions in respect of the new Early Release Schemes have been created within the DWP Resource Account. The costs of lump sum payments and Annual Compensation Payments (ACPs) have been recharged to Jobcentre Plus on a notional basis, pro-rata to the number of surpluses declared by each Agency.

Note 5 Operating Income

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

Operating income analysed by classification and activity as follows:

| | 2007-08 | 2006-07 |
|--|----------------------|----------------------|
| | £'000s | Restated £'000s |
| Administration Income | | |
| Income from external customers | 13,811 | 14,631 |
| Income from other Government Departments | <u>4,201</u> | <u>6,366</u> |
| Total Administration Income | 18,012 | 20,997 |
| Total Programme Income | <u>–</u> | <u>–</u> |
| TOTAL | <u>18,012</u> | <u>20,997</u> |

Analysis of Administration Income

| | 2007-08 | 2006-07 |
|---|----------------------|----------------------|
| | £'000s | £'000s |
| Fees and Charges to External Customers | | |
| Secondments | 4,099 | 2,720 |
| Miscellaneous administration income | 8,762 | 11,038 |
| Consolidated Funds Extra Receipts | 437 | 303 |
| Mortgage lenders | <u>513</u> | <u>570</u> |
| | 13,811 | 14,631 |
| Fees and Charges to Other Government Departments | | |
| Recovery of administration costs | 188 | 210 |
| Other | <u>4,013</u> | <u>6,156</u> |
| | 4,201 | 6,366 |
| TOTAL | <u>18,012</u> | <u>20,997</u> |

Restatement

Restatement relates to the transfer of Contracted Employment Programmes (CEP's) to the Work, Welfare and Equality Group (WWEG) and the restatement of Consolidated Fund Extra Receipts (CFER's) to comply with the FReM. See Note 27 for further details.

Note 6 Net programme costs

Invest to Save

2007-08

£'000s

2,617

2,617

2006-07
Restated
£'000s

3,487

3,487

The accountabilities in respect of Contracted Employment Services (CEP's) funded through Departmental Expenditure Limit Programmes (DELP) transferred from Jobcentre Plus to the Work, Welfare and Equality Group (WWEG) on 1 April 2007 (see Note 27). The only remaining Programme expenditure relates to Invest to Save funding.

Note 7 Tangible fixed assets

| | Note | Leasehold Improvements | Fixtures & Fittings | Vehicles | Plant & Machinery | IT Equipm't | Assets Under Construction | Total |
|--|------|---------------------------|------------------------|-----------------|----------------------|----------------------|---------------------------------|-----------------------|
| | | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s |
| Cost or Valuation: | | | | | | | | |
| At 01 April 07 | | 710,703 | 3,664 | 19,569 | 8,176 | 92,357 | 79,081 | 913,550 |
| Additions | a | (2,844) | – | – | (6) | (6,085) | 20,906 | 11,971 |
| Disposals | | (12,119) | – | – | (56) | – | – | (12,175) |
| Transfers out | | – | – | (19,569) | (45) | (23,144) | – | (42,758) |
| Reclassification | f | <u>79,377</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>13,256</u> | <u>(92,633)</u> | <u>–</u> |
| At 31 March 08 | | 775,117 | 3,664 | – | 8,069 | 76,384 | 7,354 | 870,588 |
| Less Depreciation: | | | | | | | | |
| At 01 April 07 | | 192,639 | 2,409 | 12,068 | 7,892 | 65,110 | – | 280,118 |
| Charged in year | c | 82,161 | 366 | 895 | 102 | 10,006 | – | 93,530 |
| Disposals | | (4,806) | – | – | (53) | – | – | (4,859) |
| Transfers out | | <u>–</u> | <u>–</u> | <u>(12,963)</u> | <u>(43)</u> | <u>(21,249)</u> | <u>–</u> | <u>(34,255)</u> |
| At 31 March 08 | | 269,994 | 2,775 | – | 7,898 | 53,867 | – | 334,534 |
| Net Book Value at 31 March 08 | | <u>505,123</u> | <u>889</u> | <u>–</u> | <u>171</u> | <u>22,517</u> | <u>7,354</u> | <u>536,054</u> |
| Net Book Value At 01 April 07 | | <u>518,064</u> | <u>1,255</u> | <u>7,501</u> | <u>284</u> | <u>27,247</u> | <u>79,081</u> | <u>633,432</u> |

a. Total additions in the year were £12.0 million (2006 – 2007: £103.1 million). This consisted of £14.8 million (2006 – 2007: £102.1 million) of capital expenditure and (£2.8) million (2006 – 2007: £1.0 million) of assets which had been purchased prior to 2007 – 2008 but which had previously been charged as expenditure.

b. Assets under construction primarily relate to leasehold improvements and software development costs in respect of the Fraud Referral and Intervention Management System (FRAIMS) project.

c. Total depreciation in the year was £93.5 million (2006 – 2007: £104.8 million). This consisted of £87.3 million (2006 – 2007: £95.3 million) charged to the Operating Cost Statement and £6.2 million (2006 – 2007: £9.5 million) relating to assets purchased prior to 2007 – 2008 charged to the General Fund. The loss on disposal of fixed assets (incl. Intangible assets – Note 8) charged to the Operating Cost Statement in the year is £7.4 million (2006 – 2007: £0.1 million).

d. Jobcentre Plus does not include in its Balance Sheet capital values of the land and buildings that it occupies. All properties are leased, the majority under a PFI contract with Land Securities Trillium. Costs incurred during the year as part of the Jobcentre Plus Roll-out Project in respect of major refurbishment and improvement of these has been capitalised as Leasehold Improvements.

e. Jobcentre Plus owns all of the assets detailed in the table on the previous page.

f. Expenditure incurred on Leasehold Improvements and Software Purchases are initially classed as assets under the course of construction until they are brought into use. Once in use they are re-classified under the appropriate asset heading.

g. During this accounting period, the Department entered into a new contract with a third party (Inchcape) for the provision of fleet management services. On signing of the contract the Department sold all its vehicles to the new service provider and leased vehicles back from them. These vehicles do not belong to the Department and hence are not declared as fixed assets on the Balance Sheet.

h. Cash Flow Reconciliation

| | Note | 2007-08 £'000s | 2006-07 £'000s |
|---|------|----------------------|-----------------------|
| Capital Creditors and Accruals b/fwd | 11 | 45,111 | 62,394 |
| Capital Additions | 7a | 14,821 | 102,112 |
| Capital Creditors and Accruals at 31 March | 11 | (9,368) | (45,111) |
| Purchases of Tangible Fixed Assets as per Note 15b | | <u>50,564</u> | <u>119,395</u> |

Note 8 Intangible fixed assets

Intangible fixed assets comprise purchased software licences.

| | £'000s |
|-------------------------|----------------------|
| Cost or Valuation | |
| At 1 April 2007 | 27,762 |
| Prior year additions | – |
| In year additions | – |
| Disposals | <u>(87)</u> |
| At 31 March 2008 | <u>27,675</u> |
| Less Amortisation: | |
| At 1 April 2007 | 304 |
| Prior year charge | 54 |
| In year charge | <u>875</u> |
| At 31 March 2008 | <u>1,233</u> |
| NET BOOK VALUE | |
| At 31 March 2008 | <u>26,442</u> |
| At 1 April 2007 | <u>27,458</u> |

Note 9 Debtors

(a) Analysis by type

| | 2007-08 £'000s | 2006-07 Restated £'000s |
|--|-------------------|-------------------------------|
| AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
| Trade Debtors | 10,239 | 7,669 |
| Other Debtors | 960 | 306 |
| Other Government Departments | 1,228 | 2,755 |
| Other Department for Work and Pension Agencies | 360 | 445 |
| Accommodation Prepayment | 2,791 | 2,791 |
| Deposits and Advances | 2,453 | 1,042 |
| Prepayments and Accrued Income | 7,674 | 8,059 |
| Provision for Doubtful Debts | (4,563) | (2,843) |
| | 21,142 | 20,224 |
| AMOUNTS FALLING DUE AFTER ONE YEAR | | |
| Accommodation Prepayment | 25,116 | 27,907 |
| Deposits and Advances | 216 | 262 |
| | 25,332 | 28,169 |
| | 46,474 | 48,393 |

Deposits and advances due within one year includes £44,000 (2006 – 2007: £36,000) of house purchase advances due from 41 (2006 – 2007: 39) members of staff. Those due after more than one year is £216,000 (2006 – 2007: £262,000) being house purchase advances due from 40 (2006 – 2007: 49) members of staff (see Note 20e).

(b) Intra-Government Balances

| | Amounts falling due within one year | | Amounts falling due after more than one year | |
|---|-------------------------------------|--------------------|--|---------------|
| | 2007-08 | 2006-07 | 2007-08 | 2006-07 |
| | £'000s | Restated £'000s | £'000s | £'000s |
| Balances with other Departmental bodies | 426 | 445 | – | – |
| Balances with local authorities | 96 | 277 | – | – |
| Balances with other central Government bodies | 1,066 | 2,478 | – | – |
| Intra-Government balances | 1,588 | 3,200 | – | – |
| Balances with bodies external to Government | 19,554 | 17,024 | 25,332 | 28,169 |
| Total debtors at 31 March | 21,142 | 20,224 | 25,332 | 28,169 |

Restatement

Restatement relates to the transfer of Contracted Employment Programmes (CEP's) to the Work, Welfare and Equality Group (WWEG). See Note 27 for further details.

Note 10 Cash in hand

| | 2007-08 £'000s | 2006-07 £'000s |
|---|-------------------|-------------------|
| Balance at 1 April | 397 | 509 |
| Net change in cash balances | 1 | (112) |
| Balance at 31 March | 398 | 397 |
| The following balances at period end are held at: | | |
| Cash in hand | 398 | 397 |
| | 398 | 397 |

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 of the offices in the Jobcentre Plus organisation.

Note 11 Creditors

(a) Analysis by type

| | 2007-08 £'000s | 2006-07 Restated £'000s |
|---|-------------------|-------------------------------|
| AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
| Taxation and Social Security | 32,266 | 31,666 |
| Trade Creditors | 23,111 | 10,737 |
| Other Creditors | 1,936 | 131 |
| Other Department for Work and Pension Agencies | 2 | 2 |
| Amounts due to Other Government Departments | 992 | 16 |
| Accruals and Deferred Income | 127,148 | 105,203 |
| Capital Accruals | 9,368 | 45,111 |
| Superannuation | 22,983 | 22,428 |
| Consolidated Fund extra receipts due to be paid to the Consolidated Fund – received | 20 | 15 |
| TOTAL | 217,826 | 215,309 |

(b) Intra-Government Balances

| | Amounts falling due within one year | |
|---|-------------------------------------|-------------------------------|
| | 2007-08 £'000s | 2006-07 Restated £'000s |
| Balances with other Departmental bodies | 2 | 2 |
| Balances with other central Government bodies | 56,241 | 54,110 |
| Intra-Government balances | 56,243 | 54,112 |
| Balances with bodies external to Government | 161,583 | 161,197 |
| Total creditors at 31 March | 217,826 | 215,309 |

There are no creditors falling due after more than one year.

Restatement

Restatement relates to the transfer of Contracted Employment Programmes (CEP's) to the Work, Welfare and Equality Group (WWEG). See Note 27 for further details.

Note 12 Provisions for liabilities and charges

| | Early Departure Costs | Industrial Injuries Benefit Payments | BPRP Provision | Total |
|----------------------------------|-----------------------------|---|-------------------|--------------|
| | £'000s | £'000s | £'000s | £'000s |
| Balance as at 1 April 07 | 3,335 | 1,046 | 5,219 | 9,600 |
| Provided in the year | | | | |
| New Entrants | 1,460 | 224 | – | 1,684 |
| Uplift | 65 | 38 | – | 103 |
| Other changes to provision | (68) | 189 | – | 121 |
| Utilised in year (cash) | (1,889) | (59) | (1,737) | (3,685) |
| Unwinding of discount | 20 | 22 | – | 42 |
| Balance as at 31 March 08 | 2,923 | 1,460 | 3,482 | 7,865 |

Early Departure Costs

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

Industrial Injuries Benefit Payments

This provision represents the expected future costs of Industrial Injuries Benefit permanent allowance payments to staff injured at work and unable to perform their job as a result. The amount provided for each individual is based on life expectancy taken from the Interim Life Tables produced by The Government Actuary's Department, and discounted at the HM Treasury discount rate of 2.2% in real terms.

Benefit Processing Replacement Programme Provision

The Benefit Processing Replacement Programme (BPRP) provision is in relation to two separate maintenance and support contracts which the department has contracted to in respect of the BPRP. The BPRP programme was formally closed in August 2006, as explained further in Note 19.

Note 13 General Fund

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

| | Note | 2007-08 | | 2006-07 Restated | |
|--|------|-------------|--------------------|---------------------|-------------|
| | | £'000s | £'000s | £'000s | £'000s |
| Balance at 1 April | | 452,294 | | 384,337 | |
| Restatement | 27 | 32,027 | | 4,453 | |
| Adjusted opening balance | | | 484,321 | | 388,790 |
| Net Parliamentary Funding: | | | | | |
| Financing – Current year | 15c | | 2,207,183 | | 2,430,489 |
| National Insurance Fund: | 15c | | 456,903 | | 467,841 |
| Net Transfer from Operating Activities: | | | | | |
| Net Operating Cost | | (3,363,045) | | (3,541,147) | |
| CFER's repayable to Consolidated Fund | 5 | (437) | | (303) | |
| | | | (3,363,482) | | (3,541,450) |
| Non Cash Charges: | | | | | |
| Cost of Capital | 3 | 15,044 | | 16,465 | |
| Auditors' remuneration | 3 | 337 | | 471 | |
| Non-cash capital additions | | (17,594) | | (11,343) | |
| Notional charges | 3 | 600,515 | | 733,016 | |
| | | | 598,302 | | 738,609 |
| Transfer from Revaluation Reserve | 14 | | 154 | | 42 |
| Balance as at 31 March | | | 383,381 | | 484,321 |

Restatement

Restatement relates to the transfer of Contracted Employment Programmes (CEP's) to the Work, Welfare and Equality Group (WWEG), the reclassification of European Social Fund (ESF) related net salary costs from Programme to Administration and the restatement of Consolidated Fund Extra Receipts (CFER's) to comply with the FReM. See Note 27 for further details.

Note 14 Reconciliation of movements in Revaluation Reserve

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

| | 2007-08 £'000s | 2006-07 £'000s |
|--|-------------------|-------------------|
| Balance as at 1 April | 450 | 366 |
| Arising on revaluation during the year | – | 126 |
| Transfer to General Fund in respect of realised element of Revaluation Reserve | <u>(154)</u> | <u>(42)</u> |
| Balance at 31 March | <u>296</u> | <u>450</u> |

Note 15 Notes to the Cash Flow Statement

(a) Reconciliation of operating cost to operating cash flows

| | Note | 2007-08 £'000s | 2006-07 Restated £'000s |
|--|------|--------------------|-------------------------------|
| Net operating cost | | (3,363,045) | (3,541,147) |
| Adjustments for non-cash transactions | 3 | 717,977 | 879,938 |
| Increase/(Decrease) in Debtors | | (2,592) | 31,714 |
| Increase/(Decrease) in Creditors | | 2,517 | (157,677) |
| Less movements in creditors relating to items not passing through the Operating Cost Statement | | 35,739 | 21,364 |
| Use of provisions | 12 | (3,685) | (1,373) |
| Net cash outflow from operating activities | | (2,613,089) | (2,767,181) |

(b) Analysis of capital expenditure and financial investment

| | Note | 2007-08 £'000s | 2006-07 £'000s |
|---|------|-------------------|-------------------|
| Tangible fixed asset additions | 7h | (50,564) | (119,395) |
| Intangible fixed asset additions | 8 | – | (7,482) |
| Net cash outflow from investing activities | | (50,564) | (126,877) |

(c) Analysis of financing

| | 2007-08 £'000s | 2006-07 Restated £'000s |
|--|-------------------|-------------------------------|
| From the Consolidated Fund (Supply) – current year | 2,207,183 | 2,430,489 |
| From the National Insurance Fund | 456,903 | 467,841 |
| Net Financing | 2,664,086 | 2,898,330 |

Restatement

Restatement relates to the transfer of Contracted Employment Programmes (CEP's) to the Work, Welfare and Equality Group (WWE) and the restatement of Consolidated Fund Extra Receipts (CFER's) to comply with the FReM. See Note 27 for further details.

Note 16 Capital commitments

Jobcentre Plus has been involved in a programme of capital investment to upgrade existing Jobcentres and Social Security offices to a network of integrated Jobcentre Plus offices.

The amount shown below represents expenditure committed as at 31 March 2008 on refurbishment works that have commenced and which will continue to the end of 2008 – 2009.

Contracted capital commitments at 31 March for which no provision has been made

**31 March
2008
£'000s**

441

**31 March
2007
£'000s**

8,572

Note 17 Commitments under non Private Finance Initiative contracts

Operating Leases

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

Expiry within 1 year
Expiry after 1 year but not more than 5 years

**31 March
2008
£'000s**

305

1,897

2,202

**31 March
2007
£'000s**

330

1,964

2,294

Note 18 Commitments under Private Finance Initiative contracts

Jobcentre Plus has two PFI contracts. These will be reviewed in regards to IFRS principles in 2008 – 2009 to assess any impact on the 2009 – 2010 financial year.

Payroll and HR Services

The former Employment Service entered into a contract with Northgate Rebus HR for Payroll and Human Resource Managed Services. The contract has been extended to run from 1 April 1999 to 31 March 2009. The estimated capital value is £5.8 million as calculated based on the level of assets transferred at contract commencement.

The total amount charged to the Operating Cost Statement in respect of off-balance sheet PFI transactions was £1.0 million (2006 – 2007: £3.3 million), and the payments to which the Department has committed to during 2007 – 2008, analysed by the period during which the commitment expires, are shown below.

| | 2008-09 £'000s | 2007-08 £'000s |
|----------------------|-------------------|-------------------|
| Expiry within 1 year | <u>3</u> | <u>550</u> |

Accommodation Services

The DWP holds a PFI contract with Land Securities Trillium for the provision of fully serviced accommodation under the PRIME contract. The entries in relation to the Jobcentre Plus account in respect of this contract are as follows:

- Note 3 shows the PFI charges of £363.4 million.
- In exchange for assets, Jobcentre Plus received a payment and a reduction in future years service charges that will be recharged by DWP and treated as a prepayment, included in Note 9, which is amortised on a straight-line basis over the remaining life of the contract. Note 3 shows the amortisation charge for the year to 31 March 2008 of £2.8 million.
- Full disclosure of this contract can be found in the DWP Resource Accounts.

Note 19 Other financial commitments

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

The TREDSS contract came into effect during 2005 – 2006. The Department has determined that TREDSS does not meet the criteria to be disclosed as a PFI contract. Details of other financial commitments under this arrangement are given in the Department's Resource Account.

Similarly, the Department has determined that the Integrated Communications Network Services (ICONS) contract (created following the consolidation of two existing BT contracts during 2005 – 2006) does not constitute a PFI arrangement. Details of other financial commitments under this arrangement are given in the DWP Resource Account.

Following the closure of the BPRP programme in August 2006, a review has been undertaken of future unavoidable commitments. Total future commitments of £3.5 million are analysed according to the period in which the lease expires as shown below:

| | 31 March 2008 £'000s | 31 March 2007 £'000s |
|---|-------------------------------------|-------------------------------------|
| Expiry within 1 year | – | – |
| Expiry after 1 year but not more than 5 years | 3,482 | 5,219 |
| | <u>3,482</u> | <u>5,219</u> |

Note 20 Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Short term debtors and creditors are excluded from FRS 13 disclosures.

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

a. Liquidity Risk

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

b. Foreign Currency Risk

The Agency has no foreign currency exposure.

c. Interest Rate Risk

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

d. Financial Liabilities

As at 31 March 2008 the financial liabilities of Jobcentre Plus totalled £2.9 million (31 March 2007: £2.5 million), all of which related to non-interest bearing financial liabilities. The weighted average period to maturity was 15.0 years (31 March 2007: 14.6 years).

e. Financial Assets

As at 31 March 2008 the financial assets of Jobcentre Plus totalled £216,000 (31 March 2007: £262,000), all of which related to non-interest bearing financial assets. The weighted average period to maturity was 5.0 years (31 March 2007: 6.5 years).

f. Fair Values

The book values of the Agency's financial assets and liabilities at 31 March 2008 are not materially different from their fair values. They have accordingly not been shown separately.

Note 21 Contingent Assets and Liabilities

Jobcentre Plus had no Contingent Assets or Liabilities at 31 March 2008.

Note 22 Losses and Special Payments

Jobcentre Plus had no material Losses or Special Payments in 2007 – 2008.

Note 23 Related party transactions

Jobcentre Plus is an Executive Agency of the DWP.

The Department is regarded as a related party. During the year, Jobcentre Plus has had a significant number of material transactions with the Department. See Note 4 for further details.

Other Government Departments and Public Bodies

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

Jobcentre Plus' Board Members, Non Executives, Key Managerial Staff

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

The Jobcentre Plus Director of Business Strategy and Planning has a close family relationship with a vice-president of Electronic Data Systems (EDS) the major supplier of IT Services to the DWP. The Department's contract with EDS is managed by their 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 24 Late payment of commercial debt

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

In 2007 – 2008 £2,354 (2006 – 2007: £22,097) of interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998. These are included in other administration costs (Note 3).

Note 25 Charitable donations

Jobcentre Plus made no charitable donations during the year.

Note 26 Post balance sheet events

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

Jobcentre Plus' financial statements are laid before the Houses of Parliament by the Secretary of State of the DWP. FRS 21 requires Jobcentre Plus to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by Jobcentre Plus' management to the Secretary of State of the DWP.

The authorised date for issue is 17 July 2008.

Note 27 Prior year restatement

Balance Sheet

| | Published accounts at 31 March 2007 £'000s | Transfer of Accountabilities £'000s | Other £'000s | Restated accounts at 31 March 2007 £'000s |
|--|--|---|-----------------|---|
| Fixed Assets | 660,890 | – | – | 660,890 |
| DEBTORS: Amounts falling due after more than one year | 28,169 | – | – | 28,169 |
| CURRENT ASSETS | | | | |
| Debtors: amounts falling due within one year | 98,286 | (78,062) | – | 20,224 |
| Cash in hand | 397 | – | – | 397 |
| | 98,683 | (78,062) | – | 20,621 |
| CURRENT LIABILITIES | | | | |
| Creditors: amounts falling due within one year | (325,398) | 110,089 | – | (215,309) |
| | (325,398) | 110,089 | – | (215,309) |
| NET CURRENT (LIABILITIES)/ASSETS | (226,715) | 32,027 | – | (194,688) |
| Total Assets less current liabilities | 462,344 | 32,027 | – | 494,371 |
| PROVISIONS FOR LIABILITIES AND CHARGES | (9,600) | – | – | (9,600) |
| | 452,744 | 32,027 | – | 484,771 |
| Taxpayers Equity: | | | | |
| General Fund | 452,294 | 32,027 | – | 484,321 |
| Revaluation Reserve | 450 | – | – | 450 |
| | 452,744 | 32,027 | – | 484,771 |

Operating Cost Statement

| | Published accounts at 31 March 2007 £'000s | Transfer of Accountabilities £'000s | Other £'000s | Restated accounts at 31 March 2007 £'000s |
|---------------------------------|--|---|-----------------|---|
| Administration costs | 3,555,208 | (4,022) | 7,471 | 3,558,657 |
| Administration income | (13,538) | 5 | (7,464) | (20,997) |
| Net Administration costs | 3,541,670 | (4,017) | 7 | 3,537,660 |
| Programme costs | 1,070,930 | (1,067,133) | (310) | 3,487 |
| Programme income | (118,482) | 118,482 | – | – |
| Net Programme costs | 952,448 | (948,651) | (310) | 3,487 |
| Net Operating cost | 4,494,118 | (952,668) | (303) | 3,541,147 |

Transfer of Accountabilities

The accountabilities in respect of Contracted Employment Programmes (CEP's) funded through Departmental Expenditure Limit Programmes (DELP) transferred from Jobcentre Plus to the Work, Welfare and Equality Group (WWEG) on 1 April 2007. These accountabilities transferred include Remploy and Pneumoconiosis. The transfer establishes end-to-end ownership of CEP's within WWEG.

Other

Salary costs relating to staff performing European Social Fund (ESF) work and the income received in relation to this were included within Programme Costs in the prior year. These have been reclassified as Administration costs.

Consolidated Fund Extra Receipts (CFER's) have been restated to comply with the FRM.



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