



# Disability and Carers Service

Annual Report and Accounts 2006–07

**DWP** Department for  
Work and Pensions  
**Disability and Carers Service**

In **2006–2007**

nearly **6,500** people working in the DCS

paid nearly **£14.6 billion** in DCS benefits

to over **5 million** disabled people  
and carers

and **86%** of our customers said that  
they were satisfied with our service.

Our Helpline answered over **5 million**  
telephone calls

and only **27.5** thousand callers received the  
engaged tone

compared to nearly **37 thousand**  
**in 2005–06** and nearly **20 million**  
**in 2004–05!**

# Disability and Carers Service

Annual Report and Accounts 2006–07

Presented to the House of Commons pursuant to section 7(2)  
of the Government Resources and Accounts Act 2000

Ordered by the House of Commons  
to be printed 24 July 2007

**© Crown Copyright 2007**

The text in this document (excluding any Royal Arms and departmental logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any queries relating to the copyright in this document should be addressed to The Licensing Division, HMSO, St Clements House, 2–16 Colegate, Norwich, NR3 1BQ. Fax: 01603 723000 or e-mail: [licensing@cabnet-office.x.gsi.gov.uk](mailto:licensing@cabnet-office.x.gsi.gov.uk).

# Financial Summary

	2006-07	2005-06	2004-05
<b>Benefit Payments Issued</b>	<b>£14,571.1m</b>	£13,743.2m	£12,899.1m
Disability Living Allowance	£9,190.0m	£8,652.9m	£8,108.8m
Attendance Allowance	£4,167.2m	£3,930.4m	£3,685.5m
Carers Allowance	£1,213.5m	£1,159.4m	£1,104.4m
Vaccine Damage	£0.4m	£0.5m	£0.4m
<b>Gross Administration Costs*</b>	<b>£306.9m</b>	£306.9m	£296.5m
<b>*Including Change Programme Investment Costs</b>	<b>£9.62m</b>	£9.88m	£15.02m
<b>Staff Costs/Net Operating Costs</b>	<b>49%</b>	51%	48%
<b>Non-Financial</b>			
Headcount Whole Time Equivalent <sup>1</sup> as at 31 March	<b>5972</b>	6405	6574

<sup>1</sup> Whole Time Equivalent include all staff in the headcount figure but reflects the hours worked by each member of staff. Full time staff count as "one" with part time staff counted proportionately by the hours worked.

# Key Highlights of the Year

## Improving Customer Service

- For the first time we have met all quality standard targets for initial decisions for Disability Living Allowance, Attendance Allowance and Carer's Allowance.
- We have met all of our business targets for Disability Living Allowance, Attendance Allowance and Carer's Allowance claims delivery within the agreed clearance times and funding.
- Improved the amount of customers satisfied with the service provided by the Disability and Carers Service to 86 per cent, an improvement of three per cent on last year's results.
- Launched the Diversity Equality Scheme which has been produced as part of the Disability Equality Duty that came into effect on 4 December 2006. Our scheme sets out how we are working towards equality for all of our customers and staff.

Our scheme incorporates our Disability Equality Scheme, Gender Equality Scheme, updates our existing Race Equality Scheme and covers the actions we are taking in relation to other aspects of diversity.

- Won the Cabinet Secretary's Award for Outstanding Performance by a Team at the Whitehall and Westminster World Civil Servants Awards for the telephone service delivered by the DLA/VAA Helpline.

## Working with partners and stakeholders

- Effectively transferred all work from Newcastle Disability Benefit Centre to other Disability and Carers Service offices and successfully transferred the staff and the site to the Child Support Agency.
- Successfully transferred our Office Services to an outside contractor, Haden Building Management Limited.

## Growing the capabilities of our staff

- Implemented the next phase of our work based learning programme and accreditation scheme, in partnership with the University of Chester.
- Received re-accreditation of the Investors in People standard.
- Completed the Community 500 initiative for the second year, enabling staff and managers to gain a greater understanding of our customers and providing valuable experience for members of staff. Community 500 has made a real difference for customers and staff, with Disability and





Carers Service receiving the runners-up award at the Blackpool Environmental Action Team Awards.

- Our Community 500 Programme has been adopted as a Departmental Programme – Community 5000.
- Embarked on initiatives to improve the leadership abilities of new line managers and to support the drive for continuous improvement by launching our Accredited Coaching Programme and with our first intake of managers onto the Gateway to Leadership Programme.

## Creating a modern service

- For the first time we have achieved Customer Contact Association accreditation for the Benefit Enquiry Line and the DLA/AA Helpline gained re-accreditation.

- Further improvements in medical guidance and evidence gathering have been achieved as part of the ongoing implementation of Customer Case Management – now available electronically on every desktop computer.
- Successfully implemented the new Human Resources and Payroll functions of the Resource Management System, changing the way we manage our personal information and work with line managers and the Department.

All of these significant highlights have been achieved with an efficient workforce that has reduced by 433 people.

Commenting on the Cabinet Secretary Award, Anne McGuire – Minister for Disabled People – said:

“Congratulations to DCS on being recognised for your outstanding achievement. I am aware of the hard work and commitment it takes to make the improvements we have seen in the delivery of DCS services to people across the country. On behalf of the Secretary of State and myself, well done and keep up the good work.”



**Page 18**  
**Our Performance Standards**

# CON



**Page 28**  
**Improving the service we provide for our customers**

“We will treat our customers and their representatives with respect and deliver an accessible, accurate and efficient service. We will keep our customers informed and will listen to what they tell us and learn from it.”

**Page 36**  
**Growing the capabilities of our staff**

This year was unique for DCS in that it was the first time operational staff who work closely with HR have received an award.





Page 8

**Foreword**

By Chief Executive Terry Moran

Financial Summary	3
Key Highlights of the Year	4
Contents	6
Chief Executive's Foreword	8
Background	10
Management Commentary	12
What we provide	14
Our Business Principles	16
Our Performance Standards	18
Resources	22
Improving the service we provide for our customers	28

# TENTS



Working together with our partners and stakeholders	32
Growing the capabilities of our staff	36
Delivering a more cost-effective and streamlined service	40
Remuneration Report	44
Statement of the Chief Executive's responsibilities	50
Statement on Internal Control	51
The certificate and report of the Comptroller and Auditor General to the House of Commons	58
Notes to the Accounts	64

## Foreword by the Chief Executive

I am pleased to present the Disability and Carers Service Annual Report and Accounts for 2006–07.

# WELCO

This last year has involved very real achievement across our entire agency and a significant improvement in the service we provide to our customers and partners.

We have performed well and for the first time we have seen all our quality and claims clearance targets for Disability Living Allowance, Attendance Allowance and Carer's Allowance met. Fewer appeal cases reached the Tribunal Service and those that did showed a steady reduction in the overturn rate. This demonstrates our continued commitment to our customers and our focus on quality.

Both our Helpline and Benefit Enquiry Line received terrific feedback about the service they deliver and also met their demanding targets with our Helpline winning the most prestigious civil service award; the Cabinet Secretary's Award for Outstanding Performance by a Team.

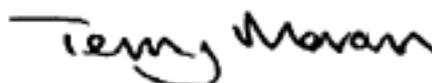
We have continued to show our commitment to supporting the learning and development of our people and secured Investors in People re-accreditation. We will be committing to 35,000 learning and development days next year as a result of what our people said in our staff survey, including our externally accredited coaching programme for managers and ongoing programme of Gateway to Leadership.

Feedback from our customers told us that they were happier than ever before with our service with 86 per cent satisfied or very satisfied in this year's Customer Service Survey produced by Ipsos MORI. For those who have been customers since we became an Agency, the satisfaction level rises to 89 per cent.

None of this could have been possible without the fantastic commitment of our staff and managers whether involved in direct benefit delivery, in support of this delivery or in the design and development of new products and services. Delivering public services increasingly well with fewer people will never be an easy challenge as customers, citizens and taxpayers have ever increasing expectations.

Without the support of our people we couldn't deliver against those expectations and I remain very grateful to those people who have fully committed to making this possible and providing an ever improving service.

I hope you enjoy reading this report. It presents an account of improving customer service while delivering demanding efficiency requirements. Employing fewer staff does not have to mean poorer service for our customers.



**Terry Moran**  
Chief Executive  
29 June 2007

# ME

“ We have performed well and for the first time we have seen all our quality and claims clearance targets met. ”



# Background

## Statutory background

The Disability and Carers Service presents its annual report and accounts for the financial reporting year ended 31 March 2007. 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.

The Disability and Carers Service was established as an Executive Agency of the Department for Work and Pensions (the Department) on 1 November 2004.

## Principal activities

The principal activities of the Disability and Carers Service were set out in The Framework Document for Disability and Carers Service, an Executive Agency of the Department for Work and Pensions, published in October 2004. The Disability and Carers Service exists to assess claims, review entitlements and arrange payments of social security in accordance with the law and directions from the Secretary of State.

## Employment of disabled persons

People with disabilities, as defined in the Disability Discrimination Act 1995, are employed across all grades within the Disability and Carers Service.

## Employee involvement

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

Staff have access to welfare services which support staff and managers and promote well-being in the workplace.

## Members of the DCS Board during the year were:



**TERRY MORAN**  
Chief Executive



**KIM ARCHER**  
Customer & External Relations Director



**MARTYN CRASKE**  
Business Design & Change Director



**VIVIEN HOPKINS**  
Chief Operating Officer



**MCKINNON-EVANS**  
Finance Director



**STEVE MONK**  
Human Resources Director

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

The Disability and Carers Service is committed to ensuring that staff at all levels can contribute towards decisions affecting the day-to-day business of the Disability and Carers Service.

## Payments to suppliers

The Disability and Carers Service is committed to the prompt payment of bills for goods and services received. Payments are normally made as specified in the contract. If there is no contractual provision or other understanding, they are 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 a twelve month period, conducted to measure how promptly the Disability and Carers Service pays its bills, found that 93 per cent of bills processed by Disability and Carers Service staff were paid within this standard.

The introduction of a new accounting system near the end of 2005–06 together with the contracting out of invoice payment to a third party service provider had a significant impact

on prompt payment. The percentage of bills paid within the standard was lower in the first four months of the year at 81 per cent, but for the final eight months of the year returned to 99 per cent as robust processes were established and put into practice.

## Company directorships and other significant interests held by board members

A register of Directors' business interests and related party transactions is held and may be accessed at the following address:

Chief Executive's Office  
Disability and Carers Service  
5th Floor, Whitehall 2, Whitehall Quay  
Leeds, LS1 4HR  
Tel: 0113 307 8192  
Fax: 0113 307 8209

## External audit

These accounts have been audited by the Comptroller and Auditor General whose certificate and report appear on page 58.



### MARK RICHARDSON

Information Systems  
Director (appointed  
7 August 2006)



### KEVIN BONE

Information Systems  
Director  
(until 12 May 2006)



### PETER LEHMANN

Non-Executive Director



### BRUCE CALDERWOOD

Disability and Carers  
Client Group Director



### WILLY ROE

Non-Executive Director  
and Chair of the Board  
(appointed 1 Jan 2007)



### KATE NASH

Non-Executive Director

# Management Commentary

## Performance targets

The Disability and Carers Service's performance targets were set out in the Disability and Carers Service Business Plan 2006–07.

A detailed description is provided on page 18 of this Annual Report. Future performance targets are set out in the Disability and Carers Service Business Plan 2007–08 which was published in May 2007.

## Benefit payments

These financial statements relate solely to the Disability and Carers Service's administrative expenditure, derived from the Department's voted funds supplemented by additional information to conform with the accruals concept and give a true and fair view of the Disability and Carers Service's affairs. The Disability and Carers Service is responsible for the payment of Disability Living Allowance, Attendance Allowance, Carer's Allowance and Vaccine Damage benefits which, for the year ended 31 March 2007, amounted to £14.6 billion (2005–06 £13.7 billion). This amount is provisional and the final audited benefit expenditure for the year will be disclosed in the Departmental Resource Accounts which are expected to be published by the end of the year.

## Results for the year

The Operating Cost Statement within the Accounts shows the net operating cost of the Disability and Carers Service for the year ended 31 March 2007.

The net operating cost amounted to £306.4 million (2005–06 £306.4 million). Capital expenditure for the year, full details of which are given in Notes 7 and 8 to the Accounts, amounted to –£374k (2005–06 £618k). The net operating cost includes £63k (2006–07 £270k) of expenditure on assets valued at less than £5k which are not capitalised (see Note 1.2 to the Accounts).

The net operating cost has been calculated after including a number of notional costs which are not currently charged to the Disability and Carers Service but which are borne centrally by the Exchequer, for example, cost of capital charge (see Note 5 to the Accounts).

## Prior year comparatives

The comparative figures have been restated to take account of agreed changes to the classification of certain non-staff administration costs and income, though the totals of these costs and income remain unchanged. This is as permitted by Financial Reporting Standard (FRS) 28. From 2005–06 this balance is reported in the accounts of the Department for Work and Pensions (see Note 1.14 to the Accounts).

## Parliamentary funding

The Disability and Carers Service is a supply financed Business Unit of the Department for Work and Pensions and, as such, remains subject to gross expenditure control under the Parliamentary Vote system. The net cash cost of the Disability and Carers Service's operations, along with the rest of the Department, will be accounted for within Schedule 1 of the Department's Resource Account. This account is planned to be finalised and published later in the year.

The Disability and Carers Service's work programme and expenditure plans for the year to 31 March 2007 were set out in the Disability and Carers Service Business Plan 2006–07 and form part of CM 7105, Department for Work and Pensions Departmental Report 2007.

## Taxpayers' Equity

Within the Accounts the Balance Sheet at 31 March 2006 shows negative Taxpayers' Equity of £8.2 million. This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the UK Consolidated Fund. Such drawings will be from Grants of Supply approved annually by Parliament, to meet Net Cash Requirement of the Department for Work and Pensions of which the Disability and Carers Service is part. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund by the Department other than required for the service of the specified year or retained in excess of that need.

In common with Government Departments, the future financing of the Disability and Carers Service's liabilities is accordingly to be met by future Grants of Supply to the Department for Work and Pensions and the application of future income, both to be approved annually by Parliament. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## Introduction of the Euro

The Department for Work and Pensions and its agencies, including the Disability and Carers Service, continue to maintain changeover planning and preparation activities such that, in the event of a positive decision to join the Single European Currency, the changes required to the computer systems, business systems and products will have been identified and quantified and we would be able to meet the timescales set out in the third outline National Changeover Plan (HM Treasury, June 2003).

# What we provide

The Disability and Carers Service is an executive agency of the Department for Work and Pensions. The agency is committed to supporting the Government's welfare reform agenda and the Department's aim 'to promote opportunity and independence for all'.

Employing nearly 6,500 people working on a full time and part time basis across the country, the Disability and Carers Service provides financial support for over five million disabled people and carers through the administration of:

- Disability Living Allowance;
- Attendance Allowance;
- Carer's Allowance; and
- Vaccine Damage Payments.

The Disability and Carers Service vision is to: **"Enable independence, by supporting the diverse needs of disabled people and carers"**.

## Our organisation

The Disability and Carers Service is delivered by:

- Ten Disability Benefit Centres in the following locations; Bootle, Bristol, Edinburgh, Glasgow, Leeds, Manchester, Midlands, Newcastle<sup>2</sup>, Wales and Wembley. The centres deal with new claims for Disability Living Allowance and Attendance Allowance and for three months after the decision on a new claim, deal with payments, changes of circumstances and requests to look at the claim again;

- Four Disability Contact and Processing Units that, after three months, (unless there is an outstanding issue) deal with future payments and changes of circumstances;
- One Disability Contact and Processing Unit that deals with the end-to-end claims and maintenance process for the geographical area covered by the former Sutton Disability Benefit Centre;
- The Carer's Allowance Unit based in Preston that is responsible for administering Carer's Allowance to carers of disabled people and Vaccine Damage Payments for people who are severely disabled as a result of a vaccination against a specified disease.

## Our role in the Department for Work and Pensions

The Department for Work and Pensions' aim is 'to promote opportunity and independence for all' and it sets out what each business will deliver in return for funding provided. Disability and Carers Service makes a significant contribution to supporting the department in delivering its Public Service Agreement objectives and targets. The Department for Work and Pensions' objectives are to:

<sup>2</sup> Newcastle Disability Benefit Centre closed in December 2006 with its work gradually transferring to Bootle, Wales and Preston Office Centre in the preceding months.

- Ensure the best start for all children and to end child poverty by 2020;
- Promote work as the best form of welfare for people of working age while protecting the position of those in greatest need;
- Combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners;
- Improve rights and opportunities for disabled people in a fair and inclusive society; and
- Ensure customers receive a high-quality service including levels of accuracy.

Our work supports the Department in delivering Welfare Reform. In addition, we help other Department for Work and Pensions businesses to meet their own specific objectives. For example:

- Disability Living Allowance helps working age disabled people to work and live independently and addresses child poverty for families with disabled children; and
- Carer's Allowance and Attendance Allowance help reduce poverty in pensioner households, particularly for people over the age of 80.

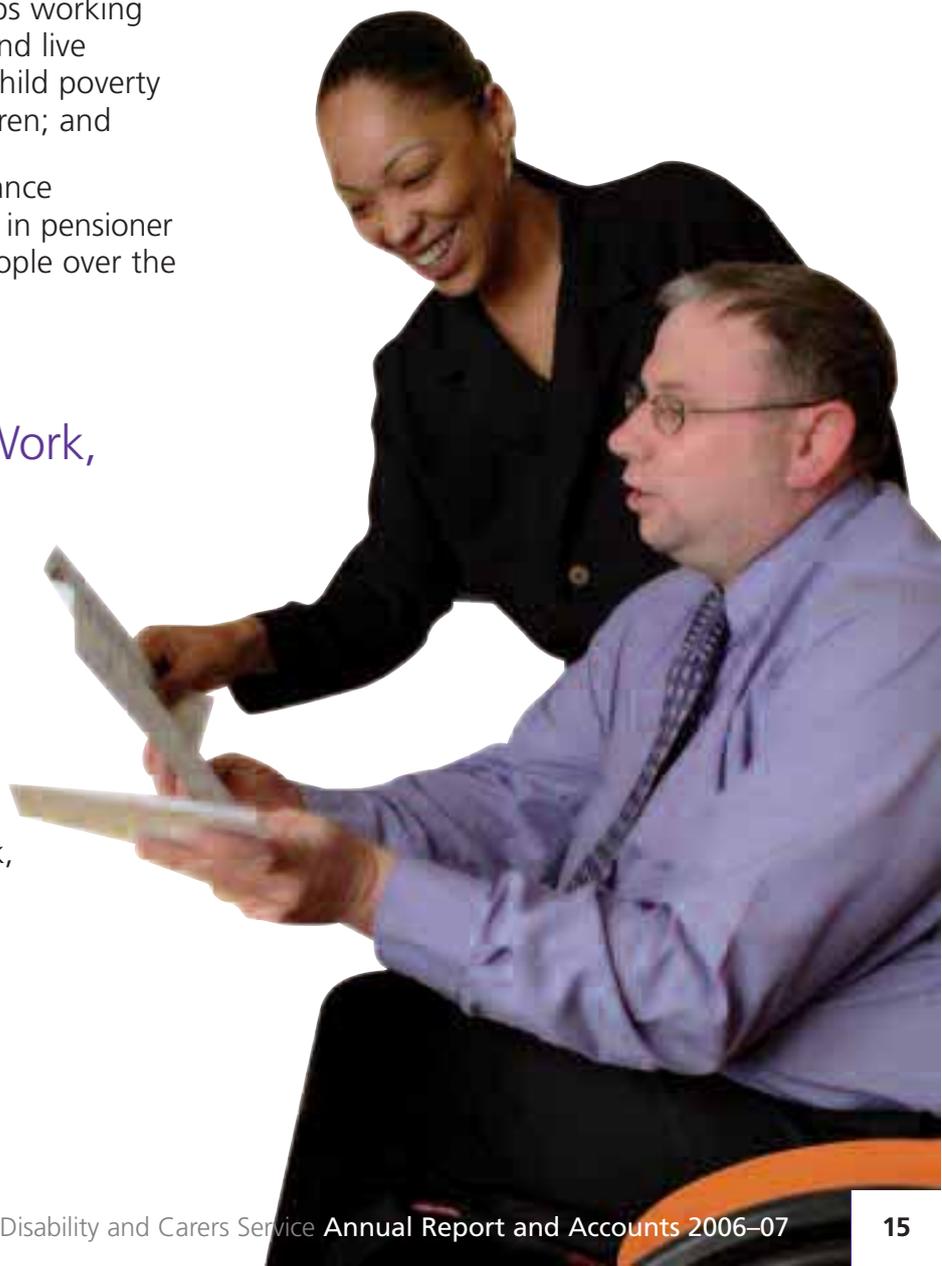
## How we manage our relationship with the Work, Welfare and Equality Group within the Department for Work and Pensions

Work, Welfare and Equality Group incorporates the Disability and Carers Directorate. The role of the Work,

Welfare and Equality Group is to help the Department for Work and Pensions ministers deliver their policy objectives for children, people of working age, disabled people and carers.

Disability and Carers Directorate is responsible for the management and direction of Department for Work and Pensions strategy on additional costs of disability and carer benefits. Disability and Carers Service ensures that those benefits are delivered efficiently.

The relationship between Disability and Carers Service and the Disability and Carers Directorate is one of mutual support and shared understanding of the issues facing disabled people and carers.



# Our business principles

The guiding principles that underpin the service we provide, govern how we work and how we deal with each other, and state our commitment to putting our customers first.

## Our vision

Enable independence by supporting the diverse needs of disabled people and carers.

## Our mission

Treat customers and others with respect and provide an accessible, accurate and efficient service.

## Our strategic objectives

- Improve the experience of customers using our services, ensuring that they are at the heart of our business;
- Invest in the professionalism and improve the experience of the people who work for / with us;
- Improve the experience of partner organisations which deal with us; and
- Be more efficient by reviewing our organisation and by investing in and improving our infrastructure.

## Our strategy

We will transform our services by:

- Knowing what our customers want;
- Working with others to serve our shared customers;
- Increasing the capability of our people;
- Simplifying our business processes;
- Investing in and improving our infrastructure;
- Ensuring customers receive their correct entitlement at the right time;
- Increasing the share of our resources in customer-related activities; and
- Measuring and reporting our progress honestly.

## Our values

Disability and Carers Service operates within the values agreed for all Department for Work and Pensions' staff. They build on the successes of the past and help us develop a sense of what kind of department we are building over the next few years, one that is focused on providing the best possible services to all our customers. We apply the departmental values to everything we do.



**Achieving the best:** meeting consistently high standards and improving our performance.



**Making a difference:** supporting, challenging and inspiring customers to improve their lives, as well as helping each other to make a difference.



**Respecting people:** treating both our customers and our colleagues with respect; welcoming diversity; valuing the ideas of others and responding to the needs of the individual.



**Looking outwards:** working with others and learning how to get better at what we do.

# Our performance standards

In support of the Departmental objectives and our commitment to improve the service we provide to our customers, the accuracy of our decisions and our efficiency; we report to Ministers on a wide variety of work that we do, especially the standards of service that matter most to our customers.

This year has been extremely challenging for us and has seen us continue to deliver real achievement across the agency.

We have met all our clearance time targets, with particular improvement in Attendance Allowance (16.6 days) and Carer's Allowance performance (10.6 days). We have continued to meet the accuracy targets for both Attendance Allowance (93.8 per cent) and Carer's Allowance (99.3 per cent) and we have improved our Disability Living Allowance accuracy (91.6 per cent) by over five per cent and have succeeded this year in achieving this target, which we failed to meet last year.



Through improved processes, we have managed to both reduce the number of appeals received and increase the percentage of appeals where our decisions are upheld at tribunal.

Following significant investment, our Helpline has continuously achieved its targets throughout the year, including the more stringent target, introduced from October 2006, of 92 per cent of calls answered. In November 2006, the team was awarded the Cabinet Secretary's Award for Outstanding Performance by a Team, reflecting the fact that improved performance in this area has been sustained.

The results of our Customer Service Survey 2006–2007 have shown that overall 86 per cent of our customers are satisfied or very satisfied with the service provided by us. This is an increase of three percentage points on the 2005–2006 survey and exceeded the published target by one percentage point.

In the corporate drive to become more efficient we were tasked with achieving a target staff level of no more than 6,038 staff. Our year-end position sees us performing well under this level, with our staffing level being 5,972 staff. As we have achieved all of our reported targets with this level of staff,

it shows the commitment and dedication our staff have for providing our customers with the best possible service.

Throughout the year we have continued to manage the attendance of our staff appropriately, balancing support for staff when they are unable to attend work with a focus on the business. We have provided support to staff with healthy lifestyle initiatives and particularly with support for staff to cease smoking, which ties in with the Department's decision to ban smoking in all Departmental buildings from 1 November 2006.

We are disappointed not to have achieved the average working days lost due to sickness absence target of eight days and are further disappointed that the latest reported performance for February 2007 is showing a slight upward trend. Work is underway to analyse and address this trend and indications are that the March in-month position will improve based on data available from the Resource Management System.

During the year we were required to report against four Unit Cost targets as detailed in the tables below. Monitoring of the monthly achievements revealed that at the end of the year we had achieved two out of the four targets.

The main reasons for the two targets being missed were:

1. The Disability Living Allowance and Attendance Allowance claim unit cost target was exceeded by £4.88. The main reason for this was approximately 41,000 less claims were processed than was anticipated when the target was set. Although the Disability Living Allowance and Attendance Allowance claim staff costs were slightly less than the figure used in the target calculation, the combination of these factors contributed to the adverse situation at the end of the year.



2. The adverse Carer's Allowance load unit cost results were due to the effects of the re-allocation of Carer's Allowance staff from claim to load activity half way through the year to more accurately reflect the work undertaken by the staff. This meant that the Carer's Allowance load unit cost exceeded the target by £5.58.

The tables that follow illustrate our achievements for the year and the figures for the previous year in comparison.

## Clearance times

	2005-06 Target	2005-06 Performance	2006-07 Target	2006-07 Performance
Clear new claims for Disability Living Allowance within an average of 39 working days	39 days	34.5 days	39 days	<b>36.8 days</b>
Clear new claims for Attendance Allowance within an average of 19 working days	22 days	17.9 days	19 days	<b>16.6 days</b>
Clear new claims for Carer's Allowance within an average of 15 working days	22 days	13.1 days	15 days	<b>10.6 days</b>

## Accuracy

	2005-06 Target	2005-06 Performance	2006-07 Target	2006-07 Performance
Achieve an accuracy rate of 90% on decisions on new claims for Disability Living Allowance	90%	86.5%	90%	<b>91.6%</b>
Achieve an accuracy rate of 92% on decisions on new claims for Attendance Allowance	90%	93.1%	92%	<b>93.8%</b>
Achieve a financial accuracy rate of 98% on decisions on new claims for Carer's Allowance	96%	98.8%	98%	<b>99.3%</b>

## Helpline

	2005-06 Target	2005-06 Performance	2006-07 Target	2006-07 Performance
Ensure that 90% of calls (92% from October 2006) of our calls to Helpline, our national telephone service, are answered	90%	92.4%	90% (Apr to Sept) 92% (Oct to Mar)	<b>93.6%</b>
Less than 1% of calls attempted receive an engaged tone	1%	0.7%	1%	<b>0.4%</b>

### Customer satisfaction

At least 85% of customers are satisfied with the service provided by DCS

**2006-07  
Target**

**2006-07  
Performance**

85%

**86%**

### Headcount

Achieve an overall headcount target of 6038

**2005-06  
Target**

**2005-06  
Performance**

**2006-07  
Target**

**2006-07  
Performance**

6,508

6,405

6,038

**5,972**

### Sick absence

Achieve an average sick absence per head of no more than 8 days

**2005-06  
Target**

**2005-06  
Performance**

**2006-07  
Target**

**2006-07  
Performance  
(Feb YTD)**

8 days

9.5 days

8 days

**10.8**

### Unit costs

Meet the unit costs targets to cover DLA/AA Claims, DLA/AA Load, CA Claims and CA Load consistent with DCS efficiency plans

**Targets  
2006-07**

**End of year  
performance**

DLA/AA Claim £164.92  
DLA/AA Load £8.64  
CA Claims £97.93  
CA Load £8.69

DLA/AA Claim  
DLA/AA Load  
CA Claims  
CA Load

**£169.80**  
**£8.07**  
**£83.32**  
**£14.27**

# Resources

We have continued to progress the agency’s transformation during this year despite workloads increasing and employing fewer staff.

## Funding

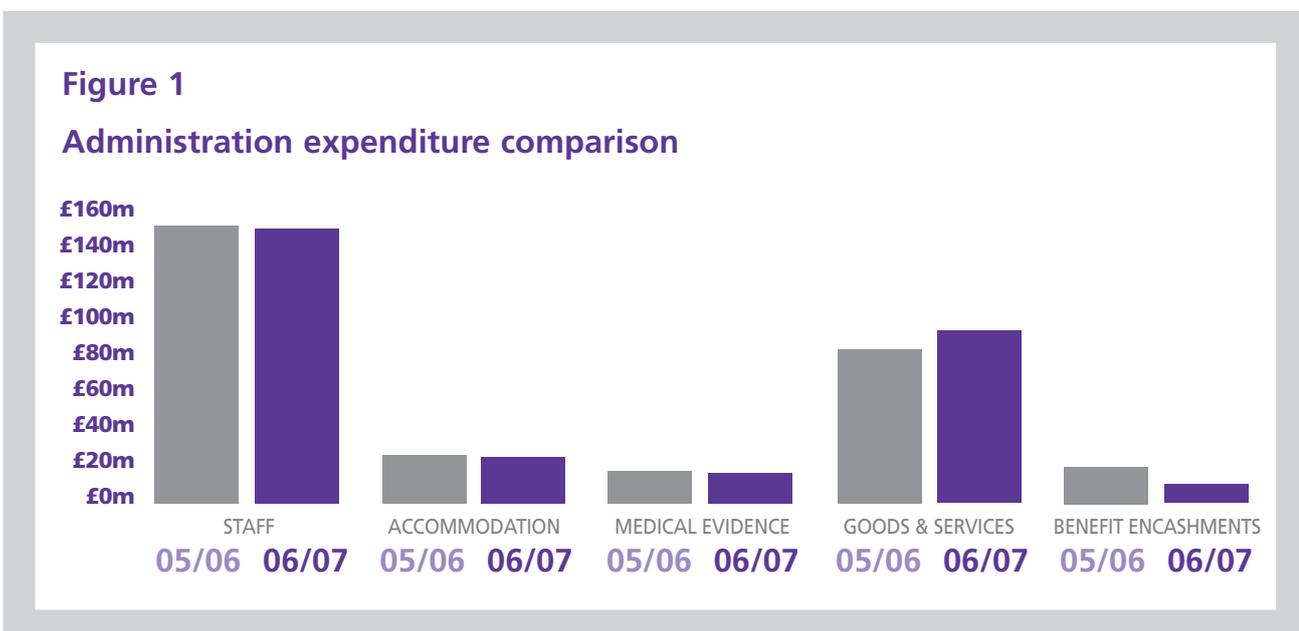
The following tables show the breakdown of expenditure that we have used in both administering the Disability and Carers Service benefits and in the benefit payments themselves.

Overall, the administration spend (Figure 1) has remained at the same level as 2005–06. This is due to our investment to improving efficiency and subsequently meeting the corporate drive to reduce staff and encashment costs of the Agency. We have again managed the business within the funding allocation devolved to us by the Department for Work and Pensions.

The benefit expenditure has increased by six per cent equally across all of the Disability and Carers Service benefits apart from a reduction in Vaccine Damage Payments. A total of £14.6 billion was issued in 2006–07 to 5.4 million disabled customers and carers; an increase of 160,000 customers this year.

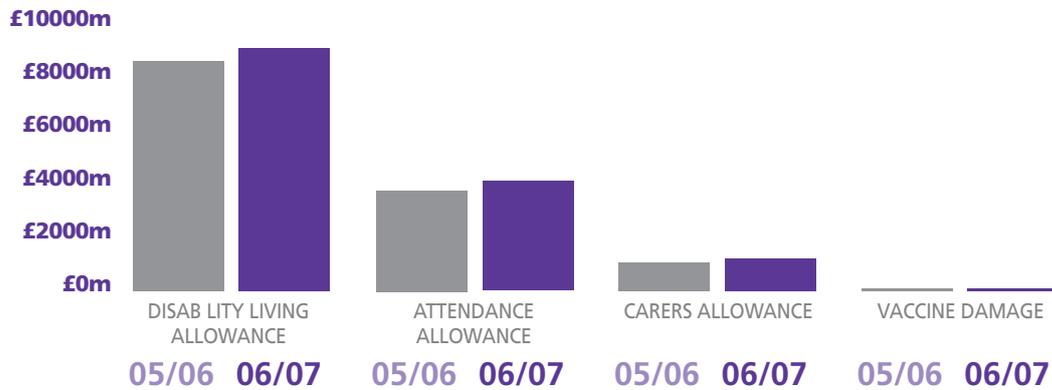
## Staffing levels

Efficiency targets have again been met through a reduction in staffing levels of 433 staff and we have increased the amount of our staff directly providing services to our customers by four per cent (Figure 3).



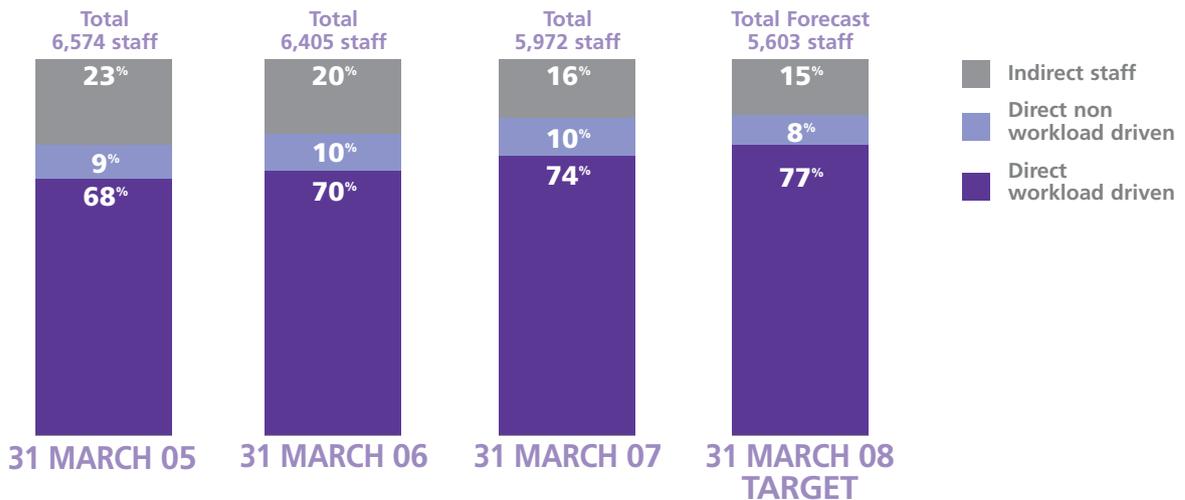
**Figure 2**

**Benefit expenditure comparison**



**Figure 3**

**Staffing levels**



The year to date Average Working Days Lost due to sickness absence for February 2007 is 10.8 days (Figure 4), showing an upward trend from our performance at the end of 2005–06. We are disappointed with this performance and work is underway to analyse and address this trend. Indications are that the March in-month position will improve based on data available from the Resource Management System.

The analysis undertaken so far indicates that long-term absence is well managed, and that the increase has been brought about by increased short-term absence. This trend mirrors that of other Departmental Agencies and urgent work is underway to address the situation, which may need different solutions.

**Figure 4**

**DCS sick absence – Average Working Days Lost**



## Office space

In our bid to rationalise our estate and to provide support to the Child Support Agency in significantly improving the level of service it provides to its customers, our Executive Management Team took the decision to agree to transfer the Newcastle Disability Benefit Centre to the Child Support Agency, ensuring staff jobs remained in the same location, on current terms and conditions.

All of the work that was carried out at the Newcastle Disability Benefit Centre transferred to various other locations within the agency in three phases during the year and the staff and site transferred over to the

Child Support Agency completely on 31 March 2007.

There were other estate savings throughout the year, as demonstrated in Figure 5 below. Most notable were the savings generated on the outsourcing of our Office Services to an outside contractor (transfer of Beacon Road to Haden Building Management Limited), the return of space at Norcross to assist the Head Office Estate Strategy and the return of space to Land Securities Trillium at Victoria House in Preston.

Since March 2004 we have reduced our overall estate by 38,819 square metres, an overall reduction in estate of 23.26%.

**Figure 5**

**Reduction in DCS estate 2006–07 – sqm**

Opening footprint (01.04.06)	136,762
Transfer of Newcastle	-5,587
Outsource of Beacon Road	-1,398
Other closure / transfers	-432
Other vacations (no gain to DWP)	-1,255
Closing footprint (31.03.07)	128,090 (6.34%)

**DCS Space Utilisation**

Core DCS sqm (31.03.07)	85,384
Core DCS headcount (31.03.07)	6,695
Space utilisation per person	12.75 sqm pp

## Effective management

“I am delighted to be appointed Chair of the Board of the Disability and Carers Service and am looking forward hugely to working with Disability and Carers Service colleagues and partners in the coming years. I feel passionately about the position of disabled people in our society and about the value of the role that carers of all ages play in supporting them.”

**Willy Roe, Chair of the Board of the Disability and Carers Service**

Governance is the term that is now generally used to describe the patterns of networks and collaborative arrangements within agencies, across the Department and between organisations in the public and private sectors. As a word and a concept, it is closely related to “government” and “governing” but at a practical level it can be thought of as good management.

We operate within a Governance Framework focused upon effective management and control of our business. We have a system of processes in place designed to provide clear accountability, helping ensure that public funds are safeguarded. Ultimately it

also helps us achieve our business objectives. A sound system of governance makes certain we:

- Respond appropriately to significant risks to our operational objectives;
- Comply with all relevant laws, regulations, policies and accepted recommendations of external scrutiny;
- Ensure individuals are accountable for their responsibilities; and
- Maintain a high quality of internal and external reporting.



Risk Assurance Division's report on Risk Management in Disability and Carers Service covering 2005–06, published in August 2006 said:

"As exemplified by the Chief Executive, DCS has demonstrated strong leadership in risk management, impressing upon senior managers the need to demonstrate personal accountability for risks they are allocated ownership for. A strong believer in the need for open and honest risk communications, the Chief Executive frequently markets the Whistleblower Hotline and reminds staff of their ability to write directly to the Permanent Secretary should they feel unable to raise any issue directly with him."

An integrated strategic and operational plan is in place within the agency and together with our balanced scorecard (a management system that enables organisations to clarify their vision and strategy and translate them into action) we measure performance, reporting against critical success factors and key performance indicators within four quadrants; Customers, Partners, People and Efficiency.

The delivery of our objectives is surrounded by uncertainty which both poses threats to success and offers opportunity for increasing success.

Risk is defined as this uncertainty of outcome, whether positive opportunity or negative threat, of actions and events. Risk management includes identifying and assessing risks and then responding to them.

Our risk management process is clearly linked to meeting our objectives and is built into all of our planning, management and reporting systems. Exposure to some risk is necessary if we are to achieve our goals and transform our business.

## Sustainable Development

Sustainable Development affects all of us no matter where you are working or what job you are in. It can be simply defined as "development that meets the needs of current generations without compromising the ability of future generations to meet their own needs."

Sustainable Development is about creating a balance between economic, social and environmental concerns. It is about using resources wisely, not stripping the Earth of all its resources, natural beauty and diversity; it is about minimising pollution; and it is about treating other people with respect and ensuring everyone has a decent standard of living.

Our vision, mission, objectives and strategy fully support the social and economic elements of Sustainable Development. Our aim is to improve the lives of our customers and their carers.

The Department received a four star rating in the Sustainable Development in Government report published in March 2007 and were

rated as third out of 19 departments. The Sustainable Development Commission has additionally rated the Department as leading the pack in relation to its assessment of government Sustainable Development Action Plans.

We have strategically contributed to this achievement through membership and regular contribution to the work of the Department's Sustainable Development Steering and Network Groups. We have a focal point in the agency that provides direction and guidance for managers and staff and progress is reported to our Executive Management Team and the Board.

Internally the Sustainable Development requirements, hints, tips etc. have been regularly communicated and promoted to our staff through our own Sustainable Development Network Group Champions and via our Sustainable Development Intranet

site and our staff newsletter 'PULSE', poster campaigns, notice boards etc. Many units have their own newsletters to further promote community and environmental initiatives.

Particular emphasis this year has been given to energy reduction, increased use of Video and Telephone Conference facilities to cut down on travel, increased paper waste recycling and less water consumption. Some units are piloting the binless office scheme to ensure recyclable materials are maximised.

We have reduced our unnecessary computer kit holding and campaigned staff to switch off PCs and monitors to reduce emissions.

The DCS Community 500 programme, enterprise days at local schools and shoebox appeals have contributed to the social and community progress elements of Sustainable Development.



# Improving the service we provide for our customers

“We will treat our customers and their representatives with respect and deliver an accessible, accurate and efficient service. We will keep our customers informed and will listen to what they tell us and learn from it.”

DCS Customer Promise

Customers have increasing expectations about customer service in all aspects of their lives, which in turn is a reason for customer focus and customer service having higher political priority. We need to shift our focus from the services we deliver to the customers who receive them. We want to ensure that we continue to focus on putting our customers at the heart of what we do.

In 2006 we undertook a further customer satisfaction survey and set ourselves a challenging target for customers that are satisfied with the service provided by us. The results were extremely encouraging and the target was achieved, with an overall improvement from the previous customer survey of three per cent.

We have continued to meet all of our performance targets albeit with a reducing workforce and challenging financial constraints.

We are currently running a small pilot to look again at a sample of cases that have been in payment under Special Rules for more than seven years in response to a recommendation by the Disability Living Allowance Advisory Board.

The pilot has been designed in consultation with the voluntary sector and an evaluation will take place both during and after the pilot. Following the evaluation, a decision will be made to assess whether a wider review of the remaining cases that have been in payment for more than three years is required or not.

## Improve the accuracy of our service

At the beginning of the year we set out to improve the accuracy of our decisions, improve the handling of disputed decisions and provide our decision-makers with improved IT-supported guidance.

During the year we have:

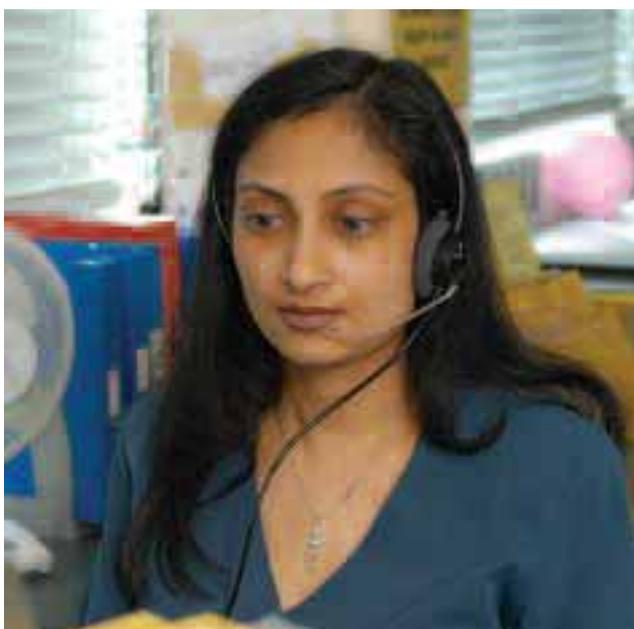
- Continually met the accuracy targets for Disability Living Allowance, Attendance Allowance and Carer's Allowance;
- Reduced the variation in Disability Living Allowance award levels by 12 per cent;
- Made significant improvements in our medical guidance and evidence gathering processes;

- Piloted a fully reasoned decision notification to customers with anticipated benefits of improved decision-making and more effective communication with our customers, resulting in less requests for explanations and less disputes;
- Improved the handling of disputes by increasing the amount of reconsideration claims made by the customer. This has led to a reduction in the amount of appeals referred to the Tribunal Service.

## Improve customer accessibility to our service

The Agency continues to improve the accessibility of our service to customers. This was recognised by the Disability Contact and Processing Unit in Blackpool being awarded the Cabinet Secretary's Award for Outstanding Performance by a Team at the prestigious Whitehall and Westminster World Civil Servants Awards for the telephone service delivered by the DLA/AA Helpline. The award recognises pride, passion, pace and professionalism across the civil service and is something we are all very proud of.

The Disability Contact and Processing Unit was one of over 600 nominations across 28 government departments and being



recognised as the best of the best is a significant achievement.

The award really signifies how far we have progressed towards putting our customers at the heart of what we do and that is, and will remain, our most important goal.

Our Benefit Enquiry Line has also seen significant improvements in its performance compared to last year. We have achieved the target of 92 per cent of calls answered, with performance being 92.3 per cent, a major improvement of 20.5 per cent from performance in 2005–06; and the target of less than one per cent of calls receiving the engaged tone, with performance being 0.8 per cent, a vast improvement of 28.3 per cent.

We have also:

- Published a Diversity Equality Scheme which sets out how we are working towards equality for all of our customers and staff;
- Improved the way we handle calls for Carer's Allowance by setting up the Carer's Allowance Contact Centre. Customers have indicated that the telephone service has improved and they have been impressed with the contact centre's continuous improvement and quality of responses. Almost 30 per cent of incoming calls are now being diverted into the contact centre;

- Made significant improvements to our website. All customer information has been transferred to the government's single site for public services, Directgov. Our pages on the Departmental site have been refreshed, with an improved news section and simplified navigation to provide quicker access for advisers or professionals working with disabled people or carers;
- Continued to provide online services for claiming Disability Living Allowance, Attendance Allowance and Carer's Allowance. We are now receiving over two per cent of Disability Living Allowance and Attendance Allowance claims and over eight per cent of Carer's Allowance claims through this service;
- Established a customer insight functionality and have identified key specific areas that need to be looked at in more detail. These are children, customers with mental health problems, and black and ethnic minority customers;
- Produced a DVD / Video entitled "You Can Benefit" which provides information about Disability Living Allowance, Attendance Allowance, Carer's Allowance and Vaccine Damage Payments. In the last 10 months we have issued approximately 1,304 DVDs and 136 Videos to customer and external organisations. These can be ordered via Directgov and the Interactive TV Service as well as by e-mail and by post. This product has received very positive feedback from the customers who have seen the product;
- Produced a newly developed Disability Living Allowance Adult claim pack to make it simpler and easier to understand and complete;
- Produced the Customer Information Leaflet (CIL1) in British Sign Language which explains about the service customers can expect of us and what to do if they are not happy with our service;

- Updated our Accessibility Guidance to provide our staff with information on how to obtain goods and services in British Sign Language in order to meet the needs of customers whose preferred method of communication is by sign language.

We have provided all our Customer Service managers with portable hearing loops to use at all Outreach events and all our claim packs are now available in Large Print. We have also produced our Customer Information Leaflet that now incorporates the Crystal Mark logo for clarity from the Plain English Campaign, in the following alternative formats:

- Large Print;
- Braille;
- Audio, and
- 13 different languages.



The Crystal Mark logo is also incorporated within the following range of products:

- Disability Living Allowance Adult Leaflet;
- Disability Living Allowance Child Leaflet;
- Attendance Allowance Leaflet;
- Carer's Allowance Leaflet;
- Vaccine Damage Payments Leaflet;
- Disability Living Allowance Adult Claim Form.

## Improve the quality of our service to customers

Once again the Disability and Carers Service undertook a Customer Service Survey in conjunction with survey consultants Ipsos MORI, to gain feedback on the service we provide to disabled people and carers. This feedback is crucial in identifying ways we can improve and identify what really matters to our customers.

Self-completion questionnaires were sent to a sample of 20,984 customers who had dealt with us between June and August 2006. The fieldwork was conducted between 25 September and 24 November 2006. In order to boost the response rate, one full questionnaire reminder was sent to all those who had not responded by 23 October 2006.

In addition this year, respondents were offered the option of completing the survey on-line, to improve accessibility and response rates.

The total number of returned questionnaires was 10,667 – this represents a response rate of 51 per cent, with 51 being completed on-line and the remaining questionnaires returned by post.

The overall attitudes towards the service we provide to our customers remains very positive. Approaching nine out of ten (86 per cent) were satisfied with our service overall and more than half (56 per cent) are very satisfied. This is an increase of three points from the previous survey.

In addition, two in three customers (67 per cent) would speak highly of us and one in four (24 per cent) would do so unprompted.

Perceptions of our services are generally positive, particularly with respect to using clear written and spoken English. Many aspects of our services are viewed more positively than in the previous survey.

We have also:

- Developed a Customer Service Training module for the induction of all staff new to the Disability and Carers Service. This has been placed in our training catalogue and made available to all staff if identified as a requirement as part of their continuous development;
- Improved our understanding of customers with specific needs. We have set up a working group with organisations that work with children to consider specific service delivery issues pertinent to children and young people and those of their families and carers;
- Met with representatives from North West Wales National Health Service Trust and Mind to discuss the issues customers with mental health problems have with accessing Disability and Carers services. Work is ongoing within Disability and Carers Service to address some of these issues and further solutions are being considered.

“Our achievements and progress is being recognised again by many people both inside and outside the DWP, not least by the Head of Home Civil Service, Sir Gus O’Donnell following the Disability Contact and Processing Unit winning the award for outstanding achievement at the prestigious Whitehall and Westminster World Civil Service Awards.”

Terry Moran – Chief Executive

# Working together with our partners and stakeholders

We are committed to providing a joined up, customer focused service to our customers. As disability has no age boundaries, we have many shared customers with other agencies within the Department. Our interactions with these agencies are key to providing a fully rounded service for our customers and developing the future business strategy for the Department.



We have provided continual support to various other agencies within the Department and have successfully transferred Newcastle Disability Benefit Centre staff and the site to the Child Support Agency.

The work carried out at the Newcastle Disability Benefit Centre was effectively transferred to various locations within the Agency with Attendance Allowance work moving to a new team within the Carer's Allowance Unit in Preston and Disability Living Allowance work moving to Wales and Bootle Disability Benefit Centres.

This transfer of work, staff and site has helped towards meeting the future goals of both organisations and ensured staff had a continued future within the Department.

On 1 March 2007 the provision of all office services transferred to an outside contractor, Haden Building Management Limited.

The contract with Haden covers various services including postal operations and despatch, messengers, reprographics, office stationery, transport and switchboard.

"I believe that DCS could be breaking ground for the best way to engage with suppliers to achieve win-win situations."

Jane Hilary – Haden Building Management Limited

## Provide efficient and coherent customer-focused services with other Departmental Agencies and commercial partners

During the year we have:

- Signed up to the Department for Work and Pensions Partnership Framework that was published on 1 March 2007, after endorsement by the Senior Corporate Governance Network Group who agreed that Agencies and Businesses should apply the principles in a proportionate way and on a risk basis;
- Implemented recommendations from the Risk Assurance Division into Disability and Carers Service Partnership Agreements (current and new);
- Conduct regular joint Disability and Carers Service and Jobcentre Plus Senior Management Board meetings to refine future relationships and progress identified project initiatives and support our role to assist Welfare to Work through defining the relationship between disability and work;
- Conduct regular joint Disability and Carers Service and the Pension Service Senior Management Board meetings to refine future relationships, progress identified project initiatives and the provision of future Disability and Carers Service visiting services for children and working age customers by Local Services;
- Held our first Supplier Conference in March 2007 with our main suppliers to share our vision and strategic priorities, emphasise the importance of procurement to our business, understand their priorities and aspirations and agree the way forward for working together in the future. Our main suppliers are:



We have developed our Supplier Management Framework to give us a way forward for managing spend and the relationship with our key suppliers. An Executive Management Team member will act as sponsor to each of the key suppliers. They will meet regularly to discuss the strategy and how we will work better together in the future. This Framework is in line with the Department's overall Commercial Strategy and is designed to provide improved customer services and maximise value for money.

We are working with HM Revenue and Customs to identify issues relating to shared customers who are on New Tax Credits. The aim of this joint working is to ensure customers receive the correct entitlement to the disabled element of Tax Credit.

"It was a useful opportunity to understand DCS objectives and build relationships."

"It was useful to exchange views on current and future opportunities with both suppliers and internal colleagues."

"Very informative, would welcome a repeat."

Comments from delegates at the DCS Supplier Conference in March 2007

## Strengthen relationships with the voluntary and community sector through consultation and improve the efficiency of our interactions

During the year we have:

- Continued to use our Advisory Forum as an early consultation forum for changes to improve the experience of our customers;
- Consulted with the Advisory Forum on a number of initiatives, including the shortened Carer's Allowance claim pack, changes to the Disability Living Allowance Adult Claim Form, the Disability and Carers Service Diversity and Equality Scheme, the e-Service, Alternative Offices and the Reason for Decision notifications;
- Established terms of reference for the Family Carers Group which is a group of external organisations who represent customers with disabled children and carers' responsibilities. They include representatives from voluntary organisations such as the National Autistic Society, National Children's Bureau, Contact a Family and Mencap;
- Consulted the Family Carers Group on a number of initiatives including extending Local Service provision across all customer groups, the e-Service, the Disability and Carers Service Diversity and Equality Scheme and Alternative Offices;
- Invited members of both the Disability and Carers Service Advisory Forum and the Family Carers Group to join a working group to discuss improvements to the service that Disability and Carers Service provides to its child customers.

In addition to the above, we have also:

- Held events with the voluntary and community sector organisations in Manchester and Bootle to share the evaluation findings from the Customer Case Management Test;

- Worked with representatives from Mind and the North West Wales National Health Service Trust in order to formulate recommendations as to how we can improve the service we provide to our customers with mental health problems.

## Create national strategic partnerships to ensure DCS is accessible to working age customers

During the year we have:

- Identified key customer groups with additional needs and the organisations that support these groups. These key groups are children, customers with mental health problems and black and ethnic minority customers;

- Engaged with the Local Government Association as the first steps in strengthening links with Local Authorities in order to improve the service we provide to our shared customers;
- There are currently 348 Alternative Offices operating from 473 sites. These include Voluntary Organisations, Local Authorities and Veteran's Agency offices and they can now accept claims for working age and child age customers, in addition to pension age customers, should they wish to do so. In conjunction with the Pension Service, we are continuing to work closely with Alternative Offices to refine the current processes and optimise the service and accessibility for our customers.



# Growing the capabilities of our staff

We need new or better developed capabilities to allow us to be more agile in our response to the changing environment and to operate increasingly as part of a network of providers as well as through the direct delivery of our own services.

We have implemented the next phase of our work based learning programme and accreditation scheme, in partnership with the University of Chester. The scheme brings professionalism into the organisation through the facilitation, support and application of learning. The programme of work based learning provides decision makers on Disability Living Allowance and Attendance Allowance with the knowledge, skills and capabilities needed to support them in doing their job to nationally recognised standards of excellence. Approval for implementation into the business has been given and we are currently working on arrangements for full implementation.

We have continued to show our commitment to developing the capabilities of our people and received re-accreditation of the Investors in People standard. People are at the heart of what we do and our success as an agency depends on providing the support to enable everyone to have the skills, knowledge and ability to do their job well.

On 28 November 2006, the fourth annual Departmental Human Resources Conference and Awards Ceremony was held. This was an incredible night of success for our staff as colleagues from across the agency were recognised with three awards for their outstanding achievements in "delivering to customers".

"This is a fantastic achievement. This year was unique for DCS in that it was the first time operational staff who work closely with HR have received an award. This success recognises the close partnership working between our HR and operations."

**Steve Monk –  
Human Resources Director**

As we learnt so much from last year's Community 500 initiative we decided to run the initiative for a second year. Community 500 is an initiative to gain a meaningful insight into the lives of disabled people and carers. This year's event once again exceeded all our expectations. More than 650 of our people took the opportunity to get involved and learn first hand about the issues our customers face. Community 500 has made a real difference for our customers and our staff.

The success of the Community 500 initiative led to us receiving the runners-up award at the Blackpool Environmental Action Team awards.

## Feedback from the Community 500 initiative 2006

“The day was very rewarding. I learnt a lot about the kind of adaptations that can be made around the home and to everyday objects to help people live as normal a life as possible and also how resilient people can be.”

Joanne Robinson – following her placement at the Sensory Impairment Team in Bury

“I smiled all evening about some of the events that happened throughout the day and will remember the experience forever.”

Susan Cole – following her placement at the Brooklea Centre in Liverpool

“The visit demonstrated that learning difficulties maybe only the tip of the iceberg as far as some of our clients are concerned. This was a fantastic day and enjoyed engaging with our customers, and seeing some of the facilities and help available.”

Nick Hoggan & Graeme Fawcett – following their placement at the Rosehill Resource Centre, Montrose

On Friday 16 March 2007, Disability and Carers Service staff once again showed their charitable side by volunteering to take telephone donations over the phone for Comic Relief. The DLA/AA Helpline was transformed into a call centre for the appeal and took calls from 7pm until midnight.

In all we took just under £111,000 in donations on the night from nearly 4,000 calls.

### Build organisational capability

During the year we have:

- Engaged 40 members of staff on our Gateway to Leadership Programme, increasing the leadership skills of new line managers;

- Secured 143 registrations for our Accredited Coaching Programme, which aims to increase effectiveness to achieve results as part of continuous improvement – helping both individuals and teams to enhance their performance during periods of change. Programmes are progressing well in our offices at Wembley, Wales, Leeds and Bristol, with the first accreditations due in May 2007;
- Produced a catalogue of Disability and Carers Service roles that will inform the Department's skills strategy;
- Provided a programme of events for senior managers to enhance team performance and relationships;



- Continued to invest in IT skills training supported through a network of IT buddies set up across our organisation;
- Piloted a framework for identifying Early Talent in the Agency and set up a programme of accelerated learning for those in junior grades showing high potential for future leadership roles;
- Begun a significant programme of upgrading and modernising the design and delivery of technical/benefit training material;
- Invested in the professional upskilling of our staff in areas like Human Resources, Finance and projects;
- Continued to encourage and support staff in gaining Scottish / National Vocational Qualifications with over 230 staff successfully completing these courses in the last 12 months;
- Implemented a new service delivery model within our Human Resources Directorate and have consulted with business stakeholders on the proposals for the structure in the future;

- The more streamlined service takes advantage of improvements in IT and is based around web-enabled self-service. All staff and managers access the intranet for initial Human Resources queries and advice, with a call centre of Human Resources staff providing advice and guidance for managers where their query cannot be easily referenced from this source. Human Resources Business Partners dedicated to each business unit are available for advice and support on complex cases, and also to provide strategic direction for managers.

## Improve staff motivation and commitment

People drive the transformation of any organisation, and Disability and Carers Service is no different. We need to challenge ourselves and our senior managers, take personal responsibility for sharing understanding and make sure everyone in Disability and Carers Service feel able to voice their ideas and issues and to demonstrate how we have responded and where possible acted upon what they are told. Our Staff

Survey results showed that change really happens when you buy in and influence it.

During the year we have:

- Developed the Disability and Carers Service Deal to make clear what is important to all of us in our organisation by outlining what we offer and what we expect in return;
- Launched a new Health and Safety Committee Framework and new site managers risk assessment pack to assist the monitoring of Health and Safety performance;
- Launched a new Health and Safety Framework to assist the monitoring of Health and Safety performance;
- Established a Well Being at Work Champion Network to identify key issues from the Staff Survey and ensure that actions to improve are communicated, implemented and reviewed;
- Seen an improvement in the percentage of staff that feel proud to work for us and the Department;
- Engaged with an Occupational Psychologist to help ensure that we effectively address issues raised in the Staff Survey;
- Delivered two successful sessions of Dial DCS, a new initiative that puts staff in touch with our Chief Executive and Directors by dialling in and expressing any burning issues with them;
- Continued with Senior and Middle Management Conferences headed by the Chief Executive.

## Support Diversity within our organisation

Disability and Carers Service is committed to meeting the needs of all disabled people, whether customers or staff and we aim to go further than the legal requirement of the

Disability Equality Duty, which came into effect from 4 December 2006, and be an exemplar organisation for diversity and equality.

The Disability and Carers Service Diversity Equality Scheme was launched on 1 December 2006 and sets out how our agency is working towards equality for all our customers and staff. The scheme incorporates our Disability Equality Scheme, Gender Equality Scheme, updates our existing Race Equality Scheme and covers the actions we are taking in relation to other aspects of diversity. Customers and staff have been actively involved in the development of the scheme and enable us to achieve our aim of equality and respect for all.

“I take a keen interest in the work of the Diversity and Equality Team and the Diversity Staff Network Group. To demonstrate our commitment and support for diversity, each member of the Executive Management Team has recently agreed to act as a diversity champion, supporting the excellent work already being undertaken on diversity and progressing it further up to and beyond 2009.”

Terry Moran – Chief Executive

# Delivering a more cost-effective and streamlined service

There are growing pressures to improve efficiency, driven both by strong downward pressure on public expenditure and by increasing workloads. The Contact Centre Association is a professional body for customer contact. Through its accreditation process, they promote the continual improvement and development of customer contact, recognising best practice across public and private sector contact centres. In September 2006, our Helpline was re-accredited, followed by our Benefit Enquiry Line, receiving its first accreditation in October 2006.

## Deliver our growing business within agreed resources

During the year we have:

- Increased the number of reconsiderations by 7.5 per cent and reduced the number of appeals cleared to the Appeal Service by 6.2 per cent during the 12-month period 1 March 2006 to 28 February 2007 compared to the previous 12-month period;
- Made improvements to the Disability Living Allowance and Attendance Allowance Annual Uprating Letter; the amended wording will provide the customer with better information and reduce the number of calls to our Helpline;
- We have reduced the amount of IT equipment in line with a reduction in headcount and have met the Departmental target of headcount +8 per cent;



- Cleared all Correspondence, Parliamentary Questions and Special Payments received through the year within the agreed timescales;
- Implemented improvements in our Disability Living Allowance and Attendance Allowance computer system, helping to reduce operational processes, headcount savings, a reduction in notifications, reduction in telephone calls, reduction in overpayments, improved customer service, supports the Department's sustainable development policy, supporting Disability Discrimination Act legislation and paying £24,000 Winter Fuel payments to our customers;
- Implemented enhancements in our Internet e-services for Carer's Allowance, incorporating changes to reflect clerical claim pack changes and improvements including the presentation of the direct payment acknowledgement form, changes to the Adult Dependency Increase self employment question and changes to the on-line Help guidance;



- Implemented improvements in our Carer's Allowance computer system, incorporating legislative changes to support the Civil Partnership Project/ Eligible Loans Deductions Scheme, improvements to customer notifications, implementation of more system automated processes and delivery of the annual Winter Fuel payment;
- Ran the Electronic General Practitioner Factual Reports pilot, allowing General Practitioners to send information relating to Disability Living Allowance and Attendance Allowance claims via encoded email. So far 349 General Practitioners from 94 practices in Glasgow, Lanarkshire, Lothian and the Forth Valley have been involved in the pilot for the initial three months;
- Enhanced the Medical Evidence suite used by all Decision Makers to provide a more robust statistics package enabling the switch off of our Medical Services Monitoring System;
- Developed our Clerical Notifications package to provide Alternative Formats. Users are now able to select font size 16 when requested by customers.

## Modernise our service by transforming processes and maximising efficiency using appropriate IT solutions and services

During the year we have:

- Paid 98.2 per cent of our customers with their benefit through Direct Payment, hence reducing encashment costs;



- We have successfully introduced the human resources and payroll elements of the Resource Management System into the organisation;
- Set up a 'contact centre' pathfinder office in the Carer's Allowance Unit in Preston;
- Made further organisational changes within the Disability Contact and Processing Unit in Blackpool to deliver better process and staff savings;
- Introduced a revised Disability Living Allowance claim form which has received the Crystal Mark for its ease of completion;
- Exceeded targets on headcount efficiencies delivered by projects, delivering savings of £3 million;
- Achieving savings overall in terms of headcount of 139 from modernisation improvements.

## Improve governance, financial management and control

During 2006–07 we paid nearly £14.6 billion in benefit to our customers, the vast majority of this expenditure was paid correctly and we take pride in this service that we provide for our customers, however some payments we make are incorrect and these are classed as official error. The Disability Living Allowance National Benefit Review in July 2005 estimated that official error in Disability Living Allowance customers currently on the computer system to be in the region of £60 million per year.

We have taken significant steps to put this right and have developed initiatives under our Programme Correctness Strategy to tackle some of the main causes of error and through the Error Reduction Delivery Board set up by the Permanent Secretary, we are working jointly with colleagues from Jobcentre Plus, the Pension Service and the

The January 2007 Disability Audit Committee report produced by the Risk Assurance Division said:

“DCS remains well controlled with a continuing trend towards substantial assurances from Risk Assurance Division. Key targets are being met through process and organisational efficiencies, enabling the Agency to remain on target for headcount savings. (This is despite projected savings from new IT systems (e.g. Benefit Processing Replacement Programme) being delayed)”

Fraud and Error Strategy Group to address cross-benefit causes of official error.

We have continued the application of “Safeguarding”, whereby certain types of new claim and renewal claim are subjected to mandatory medical evidence and we have deployed further guidance on Customer Case Management.

The Periodic Enquiry Replacement: Right Payment Programme has been developed and this will provide a monetary value of error for Disability Living Allowance and will also provide us with a vehicle to target cases with the greatest propensity for change.

During the year we have:

- Aligned our management information performance reporting pack to the Operation’s Balanced Scorecard to provide

operational managers with information directly against their balanced scorecard objectives;

- Introduced consistency in reporting to Departmental colleagues and placed accountability for preparing the information with the most appropriate team within the Finance Directorate;
- Introduced Higher Executive Officer grade Decision Makers within the Disability Contact and Processing Unit that will provide an additional tier of scrutiny and validation to the decision making process;
- Instigated the development of targeted pre-payment checking within the Disability Benefit Centres and the Disability Contact and Processing Unit.

# Remuneration Report

# ACCOU

## Remuneration Policy

The remuneration of DCS Board Members who are Senior Civil Servants (SCS) is determined by the DWP SCS Pay Strategy Committee. The committee is chaired by the Department's Permanent Secretary, and also comprises 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 is to have 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 the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

# NTS



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

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

## Service Contracts

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

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

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

## Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials of the Disability and Carers Service.

## Remuneration (Audited)

	2006–07		2005–06	
	Salary £'000	Benefits in kind (to nearest £100) £	Salary £'000	Benefits in kind (to nearest £100) £
<b>Terry Moran</b> Chief Executive	105–110	0	105–110	0
<b>Vivien Hopkins</b> Chief Operating Officer	100–105	2,000	85–90	1,500
<b>Kim Archer</b> Customer & External Relations Director	65–70	0	65–70	0
<b>Mark Richardson<sup>3</sup></b> Information Systems Director	55–60	100	n/a	n/a
<b>Martyn Craske</b> Business Design & Change Director	80–85	3,000	70–75	2,500
<b>Stuart McKinnon-Evans</b> Finance Director	80–85	0	65–70	0
<b>Steve Monk</b> Human Resources Director	60–65	0	60–65	0

The remuneration of Kevin Bone, Information Systems Director until 12th May 2006, is an operating cost of Jobcentre Plus where he was also a director. It is therefore disclosed in the Remuneration Report of that agency of the Department, and not here. The remuneration of Bruce Calderwood, Disability and Carers Client Group Director, is included as an operating cost in the accounts of the Department for Work and Pensions, but not of the Disability and Carers Service. It is therefore not disclosed in this Remuneration Report.

### Salary

The salaries quoted relate solely to the period during the year when the individuals concerned served on the DCS Board.

“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 allowances to the extent that it is subject to UK taxation.

<sup>3</sup> Figure quoted is for the period from 7 August 2006 to 31 March 2007. The full year equivalent is £95–100k.

## Benefits in Kind

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

## Pension Benefits (Audited)

	Accrued pension at age 60 as at 31/3/07 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	Cash Equivalent Transfer Value at 31/3/07 £'000	Cash Equivalent Transfer Value at 31/3/06 £'000	Real increase in Cash Equivalent Transfer Value £'000	Employer's contribution to partnership pension account Nearest £100 £'000
<b>Terry Moran</b> Chief Executive	35–40 plus 105–110 lump sum	0–2.5 plus 2.5–5 lump sum	552	528	19	–
<b>Vivien Hopkins</b> Chief Operating Officer	35–40 plus 105–110 lump sum	0–2.5 plus 0–2.5 lump sum	756	730	6	–
<b>Kim Archer</b> Customer & External Relations Director	25–30 plus 75–80 lump sum	0–2.5 plus 0–2.5 lump sum	427	413	7	–
<b>Mark Richardson</b> Information Systems Director	5–10 n/a lump sum	0–2.5 n/a lump sum	68	53	8	–
<b>Martyn Craske</b> Business Design & Change Director	0–5 nil lump sum	0–2.5 nil lump sum	38	22	13	–
<b>Stuart McKinnon-Evans</b> Finance Director	5–10 plus 5–10 lump sum	0–2.5 nil lump sum	115	98	13	–
<b>Steve Monk</b> Human Resources Director	20–25 plus 70–75 lump sum	0–2.5 plus 0–2.5 lump sum	424	404	13	–

## Civil Service Pensions

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

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (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 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement). None of the directors of the Disability and Carers Service currently holds a partnership pension account.

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

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or

arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003–04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## Real increase in CETV

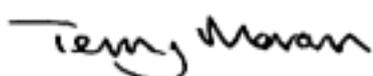
This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation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

## Non-executives (Audited)

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

	2006–07 Total Fees and Expenses £'000	2005–06 Total Fees and Expenses £'000
<b>Peter Lehmann</b>	15	13
<b>Kate Nash</b>	5	4
<b>Willy Roe</b>	7	–

Signed



Terry Moran  
Chief Executive  
29 June 2007

# Statement of the Chief Executive's responsibilities

Under the Government Resources and Accounts Act 2000 section 7 (2), the Disability and Carers Service is required to prepare accounts for each financial year, in conformity with a Treasury Direction, detailing the resources acquired, held, or disposed of during the year and the use of these resources by the Disability and Carers Service during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Disability and Carers Service, of its income and expenditure, recognised gains and losses and cash flows for the reporting period.

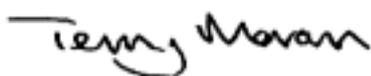
In preparing the accounts, the Disability and Carers Service is required to comply with the FReM prepared by HM Treasury, and in particular to:

- 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, unless it is inappropriate to presume that the Disability and Carers Service will continue in operation.

The Principal Accounting Officer of the Department for Work and Pensions has appointed me as the Accounting Officer for the Disability and Carers Service. My relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Disability and Carers Service's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in Government Accounting.

Additionally, I confirm that, so far as I am aware, there is no information relevant to the audit of the accounts of which the auditors are unaware. I have taken all reasonable steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

Signed



Terry Moran  
Chief Executive  
29 June 2007

# Statement on Internal Control

## 1. Scope of responsibility

1.1 As Accounting Officer for the Disability and Carers Service (DCS) I have responsibility for maintaining a sound system of internal control that supports the achievement of DCS policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

1.2 My letter from the Permanent Secretary dated 28 February 2007 fully defines my responsibilities as Agency Accounting Officer, which states that I am responsible to the Secretary of State and Parliament on the Agency's use and propriety of its resources. I also support ministers as the primary adviser on operational matters involving the development and provision of the Agency's services.

1.3 I have ensured that all of my Directors' responsibilities reflect my Accounting Officer duties.

## 2. The purpose of the system of internal control

2.1 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 departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Government Accounting for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## 3. Capacity to handle risk

3.1 I manage and provide leadership on the Agency's risks with my Executive Management Team and support from the DCS Risk Management Team.

3.2 DCS has adopted the DWP Risk Management Policy and strategy as its own and adheres to the standards and common language of risk in line with the DWP Executive Team directive to support a common methodology.

3.3 The effectiveness of the risk management process is reviewed regularly at Executive Management Team and Board Meetings and it informs the Audit Committee agenda and Risk and Assurance Division (RAD) work programme.

3.4 I have received high levels of assurance from RAD that our approach to the management of risk within the Agency is robust and RAD confirmed that DCS has demonstrated strong leadership in risk management, impressing upon senior managers the need to demonstrate personal accountability for the risks for which they are accountable. We value open and honest communications of risk issues.

3.5 The year has seen a marked improvement in the risk culture of DCS and there is evidence of making the step-change from having risk management as a business process to having risk management integrated into its business processes. The Balanced Scorecard supports this approach. There is increasing evidence of a joined-up approach to escalation and de-escalation of risk.

## 4. The risk and control framework

4.1 The Agency has developed an overarching Management Framework setting out the principal management systems, processes and tools that govern DCS performance. The risk management process is an integral part of this Framework.

4.2 Risk management processes in the DCS are generally well regarded within the Department and specifically by RAD. I believe that significant progress has been made this year to align risk management with business planning and performance management, with key performance indicators from the Agency Balanced Scorecard being an integral part of the Agency risk register.

4.3 There is an Agency strategic risk register and Directors' high level risk registers are in place and are regularly reviewed by my Executive Management Team and their managers. The Audit Committee reviews the risk register at every meeting.

4.4 Risks are identified at all levels of the business and managed at the most appropriate level. Any risk that cannot be effectively managed within the business is escalated to the DCS Executive Management Team. Risks that cannot be adequately managed by the Agency are elevated to the DWP Executive Team, although this has not yet been necessary.

4.5 Risk strategy and policy is formally reviewed every six months but in practice DCS continuously reviews and refines its approach to risk management.

4.6 DCS has recently revised the format of the Agency risk register, incorporating changes made to the DWP Risk Management Framework with effect from 1 February 2007. A new rating and 'heat map' system will help to focus management attention on the top risks rather than those risks that are unlikely to materialise.

4.7 During the year we have continued to embed risk management and this is supported by the findings from the Risk Assessment Framework which indicates that DCS has made progress in the leadership and handling of risk and in collaborative working with partners.

## 5. Review of effectiveness

5.1 As 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 the department 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, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5.2 The DCS/WWEG Strategy and Performance Committee is a senior forum that manages the joint outcomes that we aim to deliver, the relationship between policy and operations and reviews performance and agrees targets.

5.3 The role of the DCS Board is to advise and support me in my role as Chief Executive.

5.4 I have reviewed the role of the Board and there have been changes to the membership to strengthen the independence and improve the strategic outlook of the Board. This has been further strengthened with the appointment of a Non-Executive Chairperson.

5.5 The role of the Audit Committee is to support me as the Accounting Officer by monitoring and reviewing both the risk, control and governance processes that have been established in the organisation, and the associated assurance processes.

5.6 The Committees have standing agenda items to review the Strategic Risk register and to have in depth discussions on areas of interest or concern.

5.7 As an Executive Management Team we have held joint board meetings with The Pension Service and Jobcentre Plus to identify opportunities within current organisational boundaries to create the best customer experience possible. We will continue to work effectively with The Pension Service and Jobcentre Plus to look at the drivers and opportunities for closer working.

5.8 A Programme Correctness Strategy has been developed. More work is required to understand the optimum deployment of our staffing resources. We will deliver this more effectively so that our efforts are better targeted to prevent and identify errors.

5.9 There is a dedicated Agency Health & Safety team, to manage all aspects of health & safety and to take forward initiatives. A new Health & Safety committee framework was launched in February 2007.

5.10 In keeping with the Department's Public Information Policy my Communications Team have put in place editorial and press standards to ensure accuracy of information and responsibility for leaflets has now moved to DCS communications from a number of other parts of the business to ensure consistency and product control.

5.11 DCS is working with the DWP Leaflet Review Team to ensure the accuracy of information and presentation and conformance with Public Accounts Committee recommendations. We need to continue to maintain a vigilant approach to the accuracy of information ensuring that the totality of our guidance, informational literature and customer letters are as understandable as they can be.

5.12 Business Continuity plans are in place, and the Agency has reviewed all plans this year. There have been a number of high profile incidences over the last year that have seen Business Continuity plans invoked. After each incident we have reviewed the plans to ensure that they are up to date and relevant.

5.13 Partnerships with other DWP agencies were an area of concern last year but my Future Customers Team has systematically reviewed and implemented changes in this area. An audit review carried out during the year found that progress had been made and has closed all recommendations on the DCS and DWP partnership reports from last year to coincide with the publication of the DWP Partnership Framework.

5.14 In September 2006 our new Shared Services Organisation came into existence bringing together Accounting, Customer Payment, Debt Management, Employee Services and Purchase to Pay services previously delivered through Group Finance and HR. A Shared Services Board has been established to set the strategic direction of the organisation and to ensure that its governance, risk management, control and assurance systems are sound.

5.15 To further enhance governance arrangements within the Shared Services Organisation and to provide robust independent challenge and the assurance required by its Departmental customers a Shared Services Audit Committee comprised solely of non-executive members will be established early in the coming financial year. A commissioning route has been established to support the governance arrangements and work with all key stakeholders. The HR team are leading the work with Employee Services, with the Finance team covering the remaining service lines. A Shared Services Service Level Agreement will be in place from April 2007 to monitor Shared Services performance.

5.16 I have raised concerns with Her Majesty's Revenue and Customs following confirmation that the National Insurance Record System was not delivering against requirements for identifying overlapping contributions and credits. A change request has also been raised to enhance the existing system.

5.17 DCS was the first DWP Agency to go-live with the second major release (Human Resources HR and Payroll) of the Resource Management (RM) System in November 2006. The implementation provided key enablers that support HR modernisation, provide on line automation of clerical processes and provide the capability to provide more real time management information to monitor performance and support decision-making. The use of Manager and Employee self serve facilities provide a marked change in working practices for DCS.

5.18 Compliance with the new processes and requirements is being carefully monitored so that we maximise its potential.

5.19 My HR Business Partners have been actively involved in the Attendance Management process, engaging with managers on an individual and collective basis, to ensure that they have the knowledge and skills to comply with DWP policies and procedures.

5.20 Assurance on the extent to which each business is complying with the terms of the Disability Discrimination Act to meet the Department's obligations was rated substantial for DCS this year.

5.21 Once the Agency's strategic objectives are agreed, business objectives are developed and agreed with Directorates and Policy colleagues to ensure the delivery of the strategy. This process drives the production of the business plan, Balanced Scorecard and risk register that are used to monitor the delivery of the Agency objectives.

5.22 The standardisation of all operational management information, development of the Business Improvement Measure (BIM) Pack and the widespread use of the Balanced Scorecards have enabled the Agency to quickly identify trends and put in place if necessary systems to improve performance.

5.23 The Communications Strategy is an integral part of our business strategy. It has been developed based on research from the staff survey, culture focus groups and from Communications Team specific research on internal communications. The external communications strategy is in line with feedback from stakeholders and partners and the DCS MORI Customer Survey.

## Audit Indicators

5.24 My Audit Committee ensure that protocols and practices are managed and challenged where appropriate. They have discussed the identification of any significant control weakness.

5.25 RAD have reviewed the main areas of risk within DCS and have kept close contact with senior managers and altered their programme to meet changing Agency objectives.

5.26 RAD have completed 16 reviews; 11 (69%) substantial; 3 (19%) limited; 1 (6%) nil and 1 (6%) none appropriate.

5.27 The nil assurance was on the reduced audit trail facility on the DLA/AA Computer System. I say more under section 6.

5.28 There have been a number of RAD compliance reviews that commented on the lack of compliance in respect of a clear desk policy for all staff and customer information. Although I am still addressing some funding issues I can confirm that this has been fully implemented for staff information and that the majority of my Directors report that they already have procedures in place to comply for customer information in many of our sites.

5.29 The Senior RAD – Internal Audit Manager has been involved in the assurance of this document and states that on the Audits completed in our work programme, as approved by the Audit Committee, “Based on the scope and results of the assurance work undertaken during 2006–07, I am able to offer the Agency a substantial assurance over the adequacy and effectiveness of its risk management, control and governance processes. Where in my opinion remedial action has been recommended to address significant control weakness I am satisfied that appropriate action has been taken or is planned to effect reasonable management of risks within a reasonable period of time.”

5.30 This is a positive outcome. We have implemented significant changes in 2006–07 and continued to reduce our workforce. To have maintained the substantial assurance level is a significant achievement.

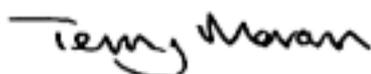
5.31 The three recommendations made as a result of the NAO external audit of DCS Financial Statements have been duly noted, monitored and progressed within the business and will be revisited as part of the 2006–07 external audit.

## 6. Significant internal control problems

The issue raised in my assurance letter last year of an inadequate audit trail on the Disability Living Allowance (DLA) and Attendance Allowance (AA) Computer System was not resolved in 2006/2007. Although I am mindful of the risks that this presents, these are risks that have been present since the introduction of the DLA/AA Computer System 15 years ago and which have been reasonably mitigated in the business. As such I do not believe that diverting DCS funds from other critical areas of business to address the audit trail problem is a key priority. However I do realise that this is an important issue of concern and will aim to seek additional funds from the Department.

I confirm that the key areas for improvement will be regularly monitored during the year to ensure that progress is made.

Signed



Terry Moran  
Chief Executive  
29 June 2007

# 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 the Disability and Carers Service for the year ended 31 March 2007 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 being audited.

## Respective responsibilities of the Agency, the Chief Executive and Auditor

The Agency and Chief Executive, as 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 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 Financial Summary, Background, Management Commentary, our Performance Standards and Resources, 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.

## 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 2007, and of the net operating costs, recognised gains and losses and cashflows for the year then ended;

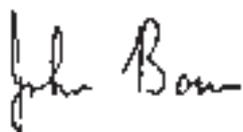
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- the information given in the Annual report, which comprises the Financial Summary, Background, Management Commentary, Our Performance Standards and Resources, 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 purpose 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.



John Bourn  
Comptroller and  
Auditor General

National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

Date: 18 July 2007

## Operating Cost Statement

for the year ended 31 March 2007

	Note	2006-07		2005-06 Restated	
		£'000	£'000	£'000	£'000
<b>Administration costs</b>					
Staff costs	2	151,975		155,572	
Other administration costs	3	154,959		151,279	
<b>Gross administration cost</b>			<b>306,934</b>	<b>306,851</b>	
Operating income	6		(568)	(495)	
<b>Net operating costs</b>			<b>306,366</b>	<b>306,356</b>	

All income and expenditure is derived from continuing operations.

## Statement of Recognised Gains and Losses

for the year ended 31 March 2007

	Note	2006-07 £'000	2005-06 £'000
Net gain on revaluation of tangible fixed assets	14	2	6
<b>Recognised gains and losses for the financial year</b>		<b>2</b>	<b>6</b>

The notes on pages 64-84 form part of these accounts.

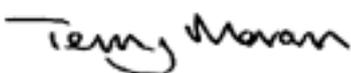
# Balance Sheet

as at 31 March 2007

	Note	31 March 2007		31 March 2006	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	7	2		3	
Tangible assets	8	735		2,769	
			<b>737</b>		<b>2,772</b>
<b>Debtors: Amounts falling due after more than one year</b>					
	9		<b>87</b>		<b>42</b>
<b>Current assets</b>					
Debtors: Amounts falling due within one year	9	715		509	
Cash at bank and in hand	10	0		0	
		715		509	
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	11	(9,450)		(10,041)	
<b>Net current assets/(liabilities)</b>			<b>(8,735)</b>	<b>(9,532)</b>	
<b>Total assets less current liabilities</b>			<b>(7,911)</b>	<b>(6,718)</b>	
<b>Provision for liabilities and charges</b>					
	12	(275)		(193)	
			<b>(275)</b>		<b>(193)</b>
			<b>(8,186)</b>	<b>(6,911)</b>	
<b>Taxpayer's equity</b>					
General fund	13		(8,201)		(6,917)
Revaluation reserve	14		15		6
			<b>(8,186)</b>	<b>(6,911)</b>	

The notes on pages 64–84 form part of these accounts.

Signed



Terry Moran  
Chief Executive  
29 June 2007

# Cash Flow Statement

for the year ended 31 March 2007

	Note	2006-07 £'000	2005-06 Restated £'000
Net cash outflow from operating activities	15a	(216,508)	(225,469)
Capital expenditure and financial investment	15b	(2)	(157)
Net financing from the Consolidated Fund	15c	216,510	225,626
<b>Increase/(Decrease) in cash in the period</b>		<b>0</b>	<b>0</b>

The notes on pages 64–84 form part of these accounts.

# Notes to the accounts for the year ended 31 March 2007

## 1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2006–07 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 Disability and Carers Service for the purpose of giving a true and fair view has been selected. The Disability and Carers Service's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 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 cost.

### 1.2 Tangible fixed assets

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

During 2005–06 the Agency entered into a new IS/IT contract TREDSS, for the provision of the majority of its computer hardware and software, and a new telephony contract ICONS for provision of its telephony assets. The Agency does not include in its Balance Sheet capital values for these items.

Computer hardware and owned software, where out of the scope of the new 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, 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.

The Disability and Carers Service does not include in its Balance Sheet capital values for furniture and fittings provided and maintained under the Private sector Initiative for Management of the Estate (PRIME) contract (See 1.4 below). For other furniture and fittings, the total cost

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.

All fixed assets are revalued by reference to appropriate HM Treasury approved indices. Increases in value are credited to the revaluation reserve whilst decreases in value are debited to the revaluation reserve up to the level of depreciated historical cost for any asset previously revalued. Any excess devaluation is charged to the Operating Cost Statement along with devaluation on assets (such as computers) not previously revalued.

Each year, the realised element of the reserve (i.e. an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the Revaluation Reserve to the General Fund.

On disposal of a revalued asset, the balance on the Revaluation Reserve in respect of that asset becomes fully realised and is transferred to the General Fund.

### 1.3 Intangible fixed assets

Purchased computer software licences covering a period of more than one year are capitalised as intangible fixed assets. Capitalised software licences are amortised over the shorter of the licence period or five years. Expenditure on annual software licences is charged to the Operating Cost Statement. In implementing this policy, no prescribed capitalisation limit is applied.

### 1.4 Land and buildings

The Disability and Carers Service does not include in its Balance Sheet capital values for the freehold and leasehold land and buildings which it occupies under the PRIME contract with Land Securities Trillium. In accordance with FRS 5 the contracts have been treated as an operating sale and leaseback, as the risks and rewards of ownership have been transferred substantially to the contractor.

### 1.5 Depreciation

Depreciation is provided on all tangible fixed assets using the straight line method, at rates calculated to write off, in equal instalments, the current replacement cost (less any estimated residual value) of each asset over its expected useful life. Fixed assets are depreciated from the month following acquisition. No depreciation is charged in the month of disposal.

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

Information Technology	3 to 5 years
Plant and Machinery	5 to 10 years
Furniture and Fittings	7 to 10 years
Motor Vehicles	4 to 7 years

## 1.6 Stocks

The Disability and Carers Service holds stocks of stationery, free publications, computer spares and similar consumable materials. Due to the nature of these items, the Disability and Carers Service does not consider it appropriate to reflect their value in the Balance Sheet. Accordingly the Disability and Carers Service has charged all expenditure on consumable items to the Operating Cost Statement in the accounting period.

## 1.7 Administration expenditure

Administration costs reflect the direct costs of running the Disability and Carers Service as defined under the administration cost control regime.

## 1.8 Operating income

Operating income is income which relates directly to the operating activities of the Disability and Carers Service. Principally it comprises fees and charges for services provided on a full-cost basis to external customers. It includes both income appropriated-in-aid of the estimate but also income to be surrendered to the Consolidated Fund which, in accordance with the FReM, is treated as operating income. (See Note 6.) Operating income is stated net of VAT.

## 1.9 Capital charge

A charge, reflecting the cost of capital utilised by the Disability and Carers Service, is included in operating costs (see Note 5). The charge is calculated at the Government's standard rate of 3.5 per cent in real terms on the average carrying amount of all assets less liabilities, except for:

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

## 1.10 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), details of which are described in Note 2. The defined benefit scheme is unfunded and is non-contributory except in respect of dependant's benefits. The Disability and Carers Service recognises the expected cost of providing pensions 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. Departments meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. In respect of the defined contribution schemes, the Disability and Carers Service recognises the contributions payable for the year. There is a separate scheme statement for the PCSPS as a whole. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

## 1.11 Early departure costs

The Department for Work and Pensions meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding on the department by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2 per cent in real terms.

## 1.12 Provisions

The Disability and Carers Service provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cashflows are discounted using the real rate set by Treasury (currently 2.2 per cent).

## 1.13 Leases

Operating lease rentals are charged to the Operating Cost Statement on a straight line basis over the lease term.

No finance leases are recorded in the accounts as fixed assets, as no such assets are held where substantially all risks and rewards of ownership are borne by the Disability and Carers Service.

## 1.14 Private Finance Initiative transactions

Private Finance Initiative transactions are accounted for in accordance with Treasury Technical Note No.1 (Revised) 'How to account for Private Finance Initiative transactions' as required by the FReM. Where the balance of the risks and rewards of ownership of the Private Finance Initiative property are borne by the Private Finance Initiative operator, the Private Finance Initiative payments are recorded as an operating cost. Where the Disability and Carers Service has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the Private Finance Initiative contract. To date there have been no Private Finance Initiative transactions in the Disability and Carers Service.

## 1.15 Value Added Tax

Most of the activities of the Disability and Carers Service are outside of the scope of Value Added Tax (VAT) and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT. The outstanding balance of net VAT recoverable is reported as a debtor in the accounts of the Department for Work and Pensions, where the Department's VAT is accounted for.

## 2 Staff numbers and related costs

### a) Staff costs

Staff costs consist of:

	2006-07 Permanently employed staff	2006-07 Others	2006-07 Total	2005-06 Re-stated
	£'000	£'000	£'000	£'000
Wages and salaries	121,992	467	122,459	120,760
Employer's National Insurance	8,064		8,064	7,931
Superannuation and Pension costs	21,555		21,555	26,973
<b>Sub Total</b>	<b>151,611</b>	<b>467</b>	<b>152,078</b>	<b>155,664</b>
Less recoveries in respect of outward secondments	(103)		(103)	(92)
<b>Total Net Costs</b>	<b>151,508</b>	<b>467</b>	<b>151,975</b>	<b>155,572</b>

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

For the year to March 2007, normal employer contributions of £21,383k (2005–06 £20,029k) were payable to the PCSPS at one of four rates in the range 17.1 to 25.5 per cent (2005–06 16.2 to 24.6 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2007–08, the salary bands will be 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 £1,832k (2005–06 £2,200k) were payable to the Civil Superannuation Vote at 31 March 2007 and are included in creditors (see Note 11).

Employees joining the civil service after 1 October 2002 could opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employer's contributions of £25k (2005–06 £25k) 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 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employers contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally provided risk benefit cover relating to death in service and ill-health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

Eight persons (2005–06 two persons) retired on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £8,083 (2005–06 £12,238).

No staff were seconded from other organisations to work in the Disability and Carers Service. One employee of the Disability and Carers Service was seconded to the National Health Service, from which the Disability and Carers Service recovered associated salary costs.

## b) Average number of persons employed

The average number of whole-time equivalent persons employed during the reporting period is shown in the table below.

	2006-07 Number			2005-06 Number
	Permanently employed staff	Others	Total	
<b>Department for Work and Pensions Objective 4</b> To improve rights and opportunities for disabled people in a fair and inclusive society	6,315	3	<b>6,318</b>	<b>6,513</b>
<b>Total</b>	<b>6,315</b>	<b>3</b>	<b>6,318</b>	<b>6,513</b>

"Others" refers to a number of specialist staff employed under short-term contracts.

## 3 Other administration costs

	Note	2006-07 £'000	2005-06 Re-stated £'000
Goods and services	3a	33,364	35,787
Accommodation costs	3c	5,226	4,519
Rentals under operating leases:			
Hire of plant and machinery		480	637
PFI service charges:			
Off-balance sheet contracts	3c	21,220	21,937
Compensation payments to customers	3b	541	496
Non-cash items	4	90,866	78,550
IT services		3,262	9,353
<b>Total</b>		<b>154,959</b>	<b>151,279</b>

- a. Goods and services expenditure is mainly in respect of the costs of general practitioner services including charges for medical opinions, printing and postage, management and IT consultancy, and contracted out office services.

- b. The Disability and Carers Service compensates those customers whose cases have been badly handled. The Disability and Carers Service will, exceptionally, consider making consolatory payments for worry and distress caused by serious official error, or by the mishandling of a complaint.
- c. During 2005–06 all Prime costs were collated within DWP and then recharged to the Disability and Carers Service on a notional basis. However from 2006–07 the Prime costs were charged directly to the Disability and Carers Service and recorded under accommodation (rates and utilities) and PFI service charge (rental and variable costs), which in turn reduced the notional cost items shown as intra-Departmental charges (Note 5c). This has resulted in the restatement of the Cashflow Statement and associated notes.

#### 4 Other administration costs: Non-cash items

	Note	2006–07 £'000	2005–06 Re-stated £'000
Notional costs	5	89,311	76,399
Depreciation – Tangible fixed assets	8c	1,248	1,480
Impairment of fixed assets	8d	58	560
Amortisation – Intangible fixed assets	7	1	0
Provision for early departures:			
Increase	12	247	201
Unwinding of discount	12	1	0
		248	201
Movement in other provisions other than utilisation	12	0	(90)
		<b>90,866</b>	<b>78,550</b>

The total of non-cash items included in the Reconciliation of Operating Costs to Operating Cashflows in Note 15 comprises:

	2006–07 £'000	2005–06 £'000
Administration non-cash transactions:		
Staff transactions	248	201
Other transactions	90,618	78,349
	<b>90,866</b>	<b>78,550</b>

## 5 Notional costs and re-charges

Certain services are provided and received by the Disability and Carers Service without the transfer of cash. Amounts are included in the net operating cost of £89,311k (2005–06 £76,399k) to reflect these costs and are made up as follows:

	Note	2006–07		2005–06 Re-stated	
		£'000	£'000	£'000	£'000
Cost of Capital charge			(433)		(132)
Auditors remuneration and expenses	5a		54		52
Intra-Department Charges:					
Information Technology Services					
Group charges	5b	41,000		12,851	
Services provided and costs incurred by other Departmental business units on behalf of the Disability and Carers Service	5c	49,298		66,016	
Less:					
Services provided and costs incurred by the Disability and Carers Service on behalf of other Departmental business units			(608)	(2,388)	
			89,690		76,479
<b>Total</b>			<b>89,311</b>		<b>76,399</b>

During 2005–06 new IT contracts came into effect, namely TREDSS and ICONS. Prior to this the Agency had held its own IT cash costs budget and been invoiced directly, accounting for these costs as IT cash costs (see Note 3). As a result of the new contracts IT costs budgets were transferred from the Agency to a corporate services department in the Department's Head Office Central Shared Services (HOCSS). In 2006–07 the IT costs have been notionally recharged to the Agency from HOCSS as reflected in the notional costs note.

- The audit fee represents the cost of audit of the financial statements carried out by the Comptroller and Auditor General. There were no fees in respect of non-audit work.
- Following the introduction of the TREDSS contract the Department has apportioned IT charges in 2006–07 to the respective agencies in accordance with the specifications of the revised contract. This has resulted in a realignment of IT costs with agency activity to more accurately reflect the actual activity of the agency, and consequentially this has resulted in an increase in IT costs recharged to the Agency.

c. Services provided by other Departmental business units on behalf of the Disability and Carers Service include:

- £47,237k (2005–06 £55,128k) corporate recharges for encashment services provided by Post Office Ltd and Alliance and Leicester plc, finance, personnel, and internal assurance services costs;
- £1,957k (2005–06 £7,116k) accommodation costs provided by the Department for Work and Pensions Corporate Centre;
- £104k (2005–06 £3,772k) of other costs.

## 6 Income

	2006–07 £'000	2005–06 £'000
<b>Administration income</b>		
Income from external customers	(101)	(43)
Income from other Government Departments	(467)	(452)
	<b>(568)</b>	<b>(495)</b>

An analysis of income from services provided to external and public sector customers is as follows:

	2006–07 Income £'000	2006–07 Full cost £'000	2006–07 (Surplus)/ deficit £'000	2005–06 Income £'000	2005–06 Full cost £'000	2005–06 (Surplus)/ deficit £'000
<b>Fees and charges to external customers</b>						
Sundry income	(101)	101	0	(43)	43	0
<b>Fees and charges to other departments</b>						
Other Government departments	(467)	467	0	(452)	452	0
	<b>(568)</b>	<b>568</b>	<b>0</b>	<b>(495)</b>	<b>495</b>	<b>0</b>

## 7 Intangible fixed assets

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

	<b>Purchased software licences £'000</b>
<b>Cost or valuation</b>	
At 31 March 2006	3
Additions	0
Disposals	0
Revaluations	0
<b>As at 31 March 2007</b>	<b>3</b>
<b>Amortisation</b>	
At 1 April 2006	0
Charged in year	1
Disposals	0
Revaluations	0
<b>As at 31 March 2007</b>	<b>1</b>
<b>Net book value at 31 March 2007</b>	<b>2</b>
<b>Net book value at 31 March 2006</b>	<b>3</b>

## 8 Tangible fixed assets

	Note	Motor Vehicles £'000	Plant and Machinery £'000	Information Technology £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2006		<b>722</b>	<b>292</b>	<b>7,613</b>	<b>8,627</b>
Additions	8a	0	(10)	(364)	(374)
Transfers in	8b	108	0	884	992
Transfers out	8b	(18)	(10)	(4,718)	(4,746)
Revaluations	8d	8	(9)	5	4
Impairments	8d	0	3	(302)	(299)
<b>As at 31 March 2007</b>		<b>820</b>	<b>266</b>	<b>3,118</b>	<b>4,204</b>
<b>Depreciation</b>					
At 1 April 2006		<b>396</b>	<b>239</b>	<b>5,223</b>	<b>5,858</b>
Charged in year	8c	140	9	1,092	1,241
Transfers in	8b	39	0	657	696
Transfers out	8b	(8)	(8)	(4,071)	(4,087)
Revaluations	8d	5	(7)	4	2
Impairments	8d	0	2	(243)	(241)
<b>As at 31 March 2007</b>		<b>572</b>	<b>235</b>	<b>2,662</b>	<b>3,469</b>
<b>Net book value at 31 March 2007</b>		<b>248</b>	<b>31</b>	<b>456</b>	<b>735</b>
<b>Net book value at 31 March 2006</b>		326	53	2,390	2,769
<b>Asset financing</b>					
Owned		248	31	456	735
Finance leased		0	0	0	0
PFI residual interests		0	0	0	0
<b>Net book value at 31 March 2007</b>		<b>248</b>	<b>31</b>	<b>456</b>	<b>735</b>

All tangible fixed assets are owned by the Disability and Carers Service.

- Total additions in the year were –£374k (2005–06 £615k). This consisted of £2k of capital expenditure and –£376k of accruals from 2005–06. Capital accruals were made in 2005–06 however as a result of the new TREDSS pricing regime the expenditure was charged in the Operating Cost Statement.
- The transfers in of assets with a net book value of £296k (2005–06 £119k) relate mainly to the acquisition of new computer equipment from the Department. Transfers out with a net book value of £659k (2005–06 £161k) include transfers to other Departmental agencies which are made on a gross basis i.e. at depreciated replacement cost together with any related balance on the revaluation reserve.

- c. Total depreciation in the year was £1,241k (2005–06 £1,521k). This consisted of £1,248k (2005–06 £1,480k) charged to the Operating Cost Statement and £7k relating to the clearance of an outstanding revaluation/devaluation prior to 2006–07 which has been credited to the General Fund. The loss on sale of fixed assets charged to the Operating Cost Statement in the year is nil (2005–06 nil) (see Note 4).
- d. The net increase in asset values arising from the revaluation of fixed assets of £2k (2005–06 £6k) has been transferred to the Revaluation Reserve. The impairment in fixed assets arising from the permanent decrease in value of £58k (2005–06 £560k) in excess of previous revaluation has been charged to the Operating Cost Statement (see Note 4).
- e. Nil furniture and fittings was recorded at 31 March 2007, as all furniture held was provided under the PRIME contract (see Note 1.2).
- f. Cash Flow Reconciliation

	Note	£'000
Capital creditors and accruals at 31 March 2006	11	0
Capital additions	8a	(374)
Restatement: capital additions purchased in prior year	8a	376
Less capital creditors and accruals at 31 March 2007	11	0
<b>Purchases of tangible fixed assets per Note 15</b>		<b>2</b>

## 9 Debtors

### a) Analysis by Type

	Note	31 March 2007 £'000	31 March 2006 £'000
<b>Amounts falling due within one year</b>			
Deposits and advances	9a	87	44
Other Government departments		152	212
Other debtors		153	131
Prepayments and accrued income		323	122
		<b>715</b>	<b>509</b>
<b>Amounts falling due after more than one year</b>			
Deposits and advances	9a	87	42
		<b>87</b>	<b>42</b>

- a. Deposits and advances due within one year includes £8,713 (2005–06 £4,688) of house purchase advances due from eleven (2005–06 nine) members of staff. Those due after more than one year includes £87,100 (2005–06 £42,066) of house purchase advances due from seven (2005–06 eight) members of staff.

## b) Intra-Government Balances

The following table identifies balances with other types of public sector organisations within an analysis of total debtors:

	Amounts falling due within one year		Amounts falling due after more than one year	
	2006–07 £'000	2005–06 £'000	2006–07 £'000	2005–06 £'000
Balances with other central government bodies	152	212	0	0
Balances with local authorities	0	0	0	0
Balances with NHS Trusts	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	563	297	87	42
<b>Total debtors at 31 March</b>	<b>715</b>	<b>509</b>	<b>87</b>	<b>42</b>

## 10 Cash at bank and in hand

	2006–07 £'000	2005–06 £'000
Opening balance in period	0	0
Net change in cash balances	0	0
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>
<b>The following balances were held at 31 March:</b>		
Office of HM Paymaster General	0	
<b>Commercial banks and cash in hand</b>	<b>0</b>	

- a. The Office of HM Paymaster General provides a current account banking service.
- b. The current Departmental policy is to hold all operational bank accounts centrally due to Vote funding requirements. The Financial Services Division of the Department for Work and Pensions is the custodian of the Department's bank accounts and, as such, holds balances on behalf of the Disability and Carers Service.

## 11 Creditors

### a) Analysis by Type

	Note	31 March 2007 £'000	31 March 2006 Re-stated £'000
<b>Amounts falling due within one year</b>			
Other taxation and social security		2,689	2,633
Superannuation	11a	1,832	2,200
Trade creditors – non capital		829	2,043
Amounts due to other Government Departments	11b	1	0
Other creditors		88	131
Accruals and deferred income – non-capital		4,011	3,034
Accruals and deferred income – capital	11c	0	0
		<b>9,450</b>	<b>10,041</b>

- Employee's superannuation contributions were previously reported as Other creditors, for consistency with reporting in other DWP entities they are now reported within Superannuation. The comparatives from 2005–06 have been restated to reflect this.
- From December 2006 all flights booked through the Department's travel service provider have been subject to an additional £10 charge to be paid into the Government Carbon Offsetting Fund.
- Capital accruals of £373K were made in 2005–06 however as a result of the new TREDSS contract arrangements (see Note 19) the expenditure was charged in the Operating Cost Statement.

### b) Intra-Government Balances

The following table identifies balances with other types of public sector organisation within an analysis of total creditors:

	Amounts falling due within one year	
	2006–07 £'000	2005–06 Restated £'000
Balances with other central government bodies	4,522	4,833
Balances with bodies external to government	4,928	5,208
<b>Total creditors at 31 March</b>	<b>9,450</b>	<b>10,041</b>

## 12 Provision for liabilities and charges

	31 March 2007 £'000	31 March 2006 £'000
Early retirement provision (gross)	275	142
Other administration provisions	0	51
	<b>275</b>	<b>193</b>

Early retirement and pension commitments	Note	2006-07 Provision £'000	2006-07 Provision £'000
Balance at 1 April 2006			142
Amounts utilised in year			(115)
Movement in provision:			
New entrants	4,12a	241	
Uplift	4,12a	6	
Unwinding of the discount		1	
			248
<b>Balance at 31 March 2007</b>			<b>275</b>
Payable within one year			142
Payable after more than one year			133
<b>Other provisions</b>			<b>£'000</b>
Balance at 1 April 2006			51
Provision not required written back	4,12b		0
Utilised in year			(51)
<b>Balance at 31 March 2007</b>			<b>0</b>

- a. The movement in provision for early retirement has been charged to non-cash costs (see Note 4).
- b. The other provision of £51k relates to the closure of Sutton Disability Benefit Centre, and represents the costs associated with the relocation of other government minor occupiers from the building. The closure of the site was completed on 31 March 2006 and the provision has now been fully utilised.

Due to the nature of each of the provisions there is uncertainty over the actual amounts that will become payable.

## 13 Reconciliation of net operating cost to changes in the General Fund

	Note	2006-07 £'000	2005-06 Restated £'000
<b>Net operating cost for the period</b>		(306,366)	(306,356)
Financing from Consolidated Fund – current year		216,510	225,626
Non-cash capital additions		(732)	43
Notional Charges	5	89,311	76,399
Transfers to General Fund of realised element of revaluation reserve	14	(7)	3
<b>Net movement in General Fund</b>		<b>(1,284)</b>	<b>(4,285)</b>
General Fund opening balance		(6,917)	(2,632)
<b>General Fund at 31 March</b>		<b>(8,201)</b>	<b>(6,917)</b>

The General Fund represents the historical value of the net liabilities held by the Disability and Carers Service in its operations.

## 14 Reserves

	Note	2005-06 £'000
<b>Revaluation reserve</b>		
Arising on revaluation during the period (net)	8	6
Transfer to general fund in respect of realised element of revaluation reserve	13	(3)
<b>Net movement in revaluation reserve</b>		<b>3</b>
Revaluation reserve opening balance		3
<b>Balance at 31 March</b>		<b>6</b>

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

## 15 Notes to the Cash Flow Statement

	Note	2006-07 £'000	2005-06 Restated £'000
<b>a. Reconciliation of operating cost to operating cash flows</b>			
Net operating cost		(306,366)	(306,356)
Adjustment for non-cash transactions	4	90,866	78,550
(Increase)/decrease in debtors	9	(251)	291
Increase/(decrease) in creditors	11	(591)	2,447
<i>Less movements in creditors relating to items not passing through the OCS:</i>			
Movement in capital trade creditors		0	14
Movement in capital accruals		0	(349)
Use of provisions	12	(166)	(66)
<b>Net cash outflow from operating activities</b>		<b>(216,508)</b>	<b>(225,469)</b>
<b>b. Analysis of capital expenditure and financial investment</b>			
Purchases of intangible fixed assets	7	0	(3)
Purchases of tangible fixed assets	8f	(2)	(154)
<b>Net cash outflow from investing activities</b>		<b>(2)</b>	<b>(157)</b>
<b>c. Analysis of financing and reconciliation to the net cash requirement</b>			
Financing from the Consolidated Fund		216,510	225,626
<b>Financing inflow</b>		<b>216,510</b>	<b>225,626</b>
(Increase)/Decrease in cash		0	0
<b>Net cash requirement</b>		<b>216,510</b>	<b>225,626</b>

## 16 Capital commitments

Capital commitments at 31 March 2007 – £24,611 (31 March 2006 – £Nil).

## 17 Commitments under non-Private Finance Initiative leases

	31 March 2007		31 March 2006	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
<b>Operating leases</b>				
At 31 March Disability and Carers Service was committed to making the following payments during the next year, analysed according to the period in which the lease expires:				
Expiry within one year	0	34	0	16
Expiry after one year but not more than five years	0	237	0	115
	<b>0</b>	<b>271</b>	<b>0</b>	<b>131</b>

## 18 Commitments under Private Finance Initiative contracts

The Disability and Carers Service has not entered into any contracts under the Private Finance Initiative.

## 19 Other financial commitments

The Disability and Carers Service has not entered directly into any non-cancellable contracts which are not leases or PFI contracts.

On behalf of the Disability and Carers Service and other Departmental Agencies, the Department for Work and Pensions had entered into a contract with Electronic Data Systems for the Transformation of EDS Services (TREDSS). The Department has decided that TREDSS should not be treated as a PFI contract. Expenditure relating to TREDSS and future commitments under this contract will be disclosed under "Other Financial Commitments" and declared in the consolidated DWP Resource Account. Therefore there are no future financial commitments reported in the accounts of the Disability and Carers Service under this contract.

Similarly, the Department has determined that the ICONS contract (created following the consolidation of two existing BT contracts during 2005–06) does not constitute a PFI arrangement. Details of other financial commitments under this arrangement are given in the Department's Corporate Centre Accounts.

## 20 Contingent liabilities disclosed under FRS 12

At 31 March there were no contingent liabilities of the Disability and Carers Service.

## 21 Related party transactions

The Disability and Carers Service is an Agency of the Department for Work and Pensions (the Department).

The Department and its agencies are regarded as related parties to the Disability and Carers Service. During the year, the Disability and Carers Service has had a significant number of material transactions with the Department and its agencies.

In addition, the Disability and Carers Service has had a significant number of material transactions with other Government Departments and other central Government bodies. Most of these transactions have been with the Veterans Agency of The Ministry of Defence.

Details of transactions between directors of the Disability and Carers Service or their close family members and third party organisations with which the Disability and Carers Service has a business relationship are held in a register that may be accessed at the address on page 11. During the accounting period there were no such transactions.

## 22 Financial instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way Government Agencies are financed, the Disability and Carers Service 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. The Disability and Carers Service does not have 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 Disability and Carers Service in undertaking its activities.

### Liquidity risk

The Disability and Carers Service's net revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. The Disability and Carers Service is therefore not exposed to significant liquidity risk.

### Interest rate risk

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

### Fair values

The book values of the Disability and Carers Service's financial assets and liabilities at 31 March 2007 are not materially different from their fair values. They have accordingly not been shown separately.

## 23 Performance against targets

The Disability and Carers Service was set the high level performance target of managing its resources to deliver its business plan within the funds voted by Parliament. The Disability and Carers Service has delivered its Business Plan for the year ended 31 March 2007 within gross allocations. Key business priorities, targets and outcomes for 2006–07 are described in detail on pages 18 to 21 of the Annual Report.

## 24 Post Balance Sheet Events

The Disability and Carers Service financial statements are laid before the Houses of Parliament by the Secretary of State for Work and Pensions. FRS21 requires the Disability and Carers Service to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by the Disability and Carers Service management to the Secretary of State for Work and Pensions. The authorised date for issue is 19 July 2007.

This publication is available in alternative formats, including Welsh language, Braille, audio and large print versions. For a copy please contact:

Disability and Carers Service,  
Agency Accounts Team,  
Room 402,  
Government Buildings,  
Norcross,  
Blackpool,  
FY5 3TA  
or e-mail [annualreport.andaccounts@dwp.gsi.gov.uk](mailto:annualreport.andaccounts@dwp.gsi.gov.uk)



This publication is printed on ERA environmental paper stock, comprising 50% recycled material and 50% virgin fibre from FSC accredited sustainable resources. The recycled material comes from within 100 miles of the paper mill in Kent, giving a low carbon footprint and helping to reduce UK landfill impact.

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

Published by TSO (The Stationery Office)  
and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Fax orders 0870 600 5533

Order through the Parliamentary Hotline Lo-call

0845 7 023474

Email [bookorders@tso.co.uk](mailto:bookorders@tso.co.uk)

Textphone 0870 240 3701

**TSO Shops**

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

**The Parliamentary Bookshop**

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

Email [bookshop@parliament.uk](mailto:bookshop@parliament.uk)

Internet [bookshop.parliament.uk](http://bookshop.parliament.uk)

**TSO@Blackwell and other Accredited Agents**

ISBN 978-0-10-294655-0



**DWP** Department for  
Work and Pensions  
**Disability and Carers Service**