



Jobcentre Plus

Annual Report and Accounts
2006-2007





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to Section 7 of the Government Resources and
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Chief Executive Review



“This year we have been working to improve our customer service and meet a new target for measuring our success in supporting people into work. These improvements, and the wider changes we have made, place us in a much better position to play a key role to reduce child poverty, help people into work and tackle disadvantage.”

During 2006-2007 Jobcentre Plus has made substantial progress, particularly in improving the services we provide to customers. The rollout of our new Jobcentre network is nearly finished, providing a more professional and welcoming environment for our customers. We have also put in place almost half of our planned benefit delivery centres and all of our contact centres. The changes we have introduced make us a more efficient organisation and strengthen our ability to work in partnership with others and deliver the Government's aims for work and welfare and contribute to ending child poverty.

We had a demanding set of targets for 2006-2007 and we have achieved, or are on course to achieve, 3 of the 6 targets. We finish the year on an upward performance trend, and I am especially proud of our achievement in tackling Fraud and Error, where we have saved taxpayers around £3 billion by hitting our target. I am confident that the performance improvement plans we have put in place have paid dividends and have provided a positive start for the year ahead.

We have made significant progress in developing more flexible services to our customers, including the introduction of a single 0800 telephone number for those wishing to claim benefits. Use of our Internet-based job service continues to grow: more Jobseekers are using the Internet to look for work, and employers increasingly advertise their vacancies with us online. Every working day in 2006-2007, over 300,000 visits were made to the Jobcentre Plus website and 25% of all vacancies we received from employers were placed via the Internet.

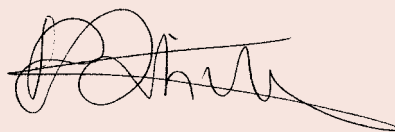
During 2006-2007, other major achievements included:

- our contact centres successfully performed above industry standard, answering over 90% of calls
- opening the first benefit delivery centre in April 2006 and being on track to open the planned 77 by March 2008. Benefit delivery centres provide centralised centres of benefit processing expertise, which will enable us to improve customer service, and move work around the country to meet changes in local demand providing a more efficient, customer-focused service that takes advantage of new technology and modern telephone systems
- the National Audit Office recognising the impact of our Personal Advisers in helping raise customers' confidence and equipping them with improved skills in job-seeking and job applications
- launching the Jobcentre Plus Equality Schemes for disability and gender, including an update on race, detailing priorities over the next 3 years. We now complete diversity impact assessments in all areas of our business, and
- delivering Pathways to Work in 19 Districts providing support to some 40% of new and repeat Incapacity Benefit customers nationally, with progress under way to extend this further in partnership with the private and voluntary sector. As a result of this almost 32,000 Incapacity Benefit customers have been helped back to work; and external research shows that, after 10 months, 32% of new Incapacity Benefit customers in Pathways areas were in employment compared to an expectation of 22.5% without Pathways.

We have also been working increasingly with our partners to address the multiple needs of our lone parent customers, including with Her Majesty's Revenue and Customs on the payment of Tax Credits and Local Authorities and Sure Start on childcare. The New Deal for Lone Parents Plus pilots, offering a range of support to help lone parents overcome barriers to work, were extended to Scotland and Wales from October 2006. We will be offering more support in 2007-2008 to help lift families out of poverty by, for example, offering more Personal Adviser interviews to lone parents.

We continued to invest in our people. Our Working Together programme, which was short-listed for the prestigious 2006 Civil Service awards, provides an opportunity for everyone across Jobcentre Plus to be involved in creating the working environment we need to ensure the continued success of Jobcentre Plus by developing leadership and teamwork. Learning and development of staff is a priority and Jobcentre Plus won the Management Consultancy Association Gold Award, with our partners PA Consulting, for delivering the UK Government's largest ever e-learning project.

We are committed to continuously improving our services to meet the Government's aims for work and welfare, strengthening the focus on helping disadvantaged customers and actively addressing child poverty. I am proud of my people's commitment to serve our customers well, and I am confident we can meet these aims.



Lesley Strathie
Chief Executive
10 July 2007

Our objectives

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

Our key objectives are to:

- increase the effective supply of labour by promoting work as the best form of welfare and helping unemployed and economically inactive people move into employment
- work towards parity of outcomes for ethnic minority customers
- pay customers the correct benefit at the right time and protect the benefit system from fraud, error and abuse
- provide high-quality services to employers, which help fill job vacancies quickly and effectively with well-prepared and motivated employees
- help people facing the greatest barriers in finding employment to compete effectively and move into and remain in work
- continuously improve the quality and accessibility of our services, and how we deliver them, to all customers
- make sure that people who receive working age benefits meet their responsibilities while providing appropriate help and support for those without work, and
- work in a more productive, efficient and effective way.



Our achievements

Our priorities for 2006-2007 were as follows:

Transforming our services

To carry through the modernisation of our processes and operations, working together to ensure that the services we offer to our customers – individuals and employers – are felt by them to be high quality, accessible and easy to use.

Delivery of performance

To continue to deliver high quality services and meet the targets set by Ministers including helping people into jobs, measured in a new way (the Job Outcome Target), and deliver benefits efficiently while minimising fraud and error.

Delivering services more efficiently and effectively

To continuously improve our efficiency and effectiveness, using less resource, whilst carrying forward business transformation, maximising the results from working with partners and providers and driving the highest levels of performance and productivity across the business.

Delivering the Values through our people

Our vision is to become an employer of choice, whose people are proud to work for us and demonstrate our Values in day to day work to make them a reality for our customers and all our people. Together we would focus on delivering high quality customer services in an environment that makes full use of our skills and rewards our contribution.



Transforming for customers



“We have successfully rolled out 98% of Jobcentre Plus offices, almost half of the planned 77 benefit delivery centres and all of our contact centres, setting a high standard of service for our customers.”

Changing our business to meet the needs of our customers

We have:

- nearly finished setting up our Jobcentre network, providing benefits, employment and job search services to our customers in professional and welcoming offices
- put in place all 31 of our contact centres, including introducing a single 0800 number for customers who want to claim benefits, and offering more efficient and convenient services over the phone
- set up almost half of the planned network of 77 benefit delivery centres, the first one starting in April 2006
- introduced an improved process for handling new and repeat claims for Income Support, Jobseeker's Allowance, and Incapacity Benefit, and
- received, every working day, over 850,000 searches for jobs and 300,000 visits to our website.

Meeting employers' needs

We have:

- improved our Employer Direct online service, giving employers full control over how they advertise their job vacancies (currently, over 25% of all vacancies we receive from employers are advertised through Employer Direct online)
- worked in partnership with Sector Skills Councils and the Skills for Business Network to deal with employers' concerns about the employability of people entering the labour market, and
- developed an agreement with the Learning and Skills Council covering “Train to Gain” and “Employer Training Pilots” offering employers an impartial and independent brokerage service to give their staff the skills their businesses need.

Helped our customers with health conditions or a disability return to work

We have:

- provided an improved service to 40% of customers through successfully rolling out the Jobcentre Plus Pathways to Work in 19 Districts. This provides extra support and opportunities to people with health problems or a disability to help them get a job. We have also prepared to extend this further in partnership with the private and voluntary sectors, and
- started to make preparations to introduce the new Employment and Support Allowance, which will improve the support and opportunities we provide for people who have health problems or a disability.

Provided support for lone parents to help them move into work

We have:

- extended to Scotland and Wales the New Deal for Lone Parents Plus pilots, which offer a range of support to help lone parents to overcome the problems they face in finding work
- offered more lone parents a “Better off in Work Calculation” to show them the financial benefits of being in work
- launched a major marketing campaign to promote our services and the financial benefits of being in work, and
- increasingly worked with our partners to address multiple needs of lone parents’, including Her Majesty’s Revenue and Customs on the payment of Tax Credits and Local Authorities and Sure Start on childcare.

Offered more tailored support to help our customers

We have:

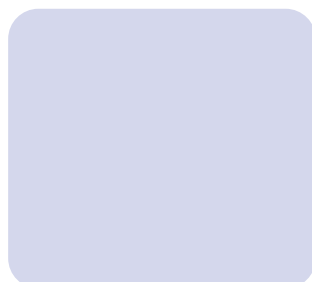
- replaced Action Teams and Ethnic Minority Outreach with the Deprived Areas Fund, an area-based approach that encourages more flexible provision and working in partnerships
- supported the introduction of Cities Strategy pathfinders, which aim to increase the number of people in work in some of the most deprived areas of Great Britain, actively taking part in local partner consortia, to improve employment and skills services, and
- refreshed the Jobseeker’s Allowance regime to ensure people claiming Jobseeker’s Allowance meet their responsibilities to actively look for work.



Through partnership working, have improved the effectiveness of delivery outside of Jobcentre Plus

We have:

- strengthened our joint working arrangements with Governmental partners, including Local Authorities, Her Majesty's Revenue and Customs, the Child Support Agency, the Tribunal Service, and the Disability and Carers Service to improve services for the customers we share with them
- worked with the Learning and Skills Council to implement an Adult Learning Option pilot that gives jobless and inactive benefit customers the opportunity to study full time in order to gain a level 2 qualification (equivalent to 5 GCSEs at grades A-C)
- worked with over 1,900 non-contracted voluntary and community sector partnerships to assist customers with needs such as housing, help following redundancy, job matching, health, rehabilitation services and debt counselling
- created a Provision Forum – an advisory group of external providers who work with us to share information and make practical suggestions to improve how contracted services are delivered
- begun testing new approaches with two of our key external providers. This is an opportunity to shape how employment programmes are designed and delivered, with the aim of creating a greater number of sustainable job outcomes at a lower cost, and
- prepared to transfer responsibility for contracted employment programmes to the new Work, Welfare and Equality Delivery Directorate within the Department for Work and Pensions – this will allow us to focus on the services we provide direct to our customers. We will continue to play a key role, for example by referring customers to provision. This change has created a single centre of expertise for procurement within the Department for Work and Pensions, bringing strategy, policy and employment programme design closer together to get better value and ensure that our contracted provision helps as many customers as possible into sustained employment. Details of tendering opportunities for the delivery of employment programmes will be found at the “Supplying DWP” website.





Delivery of performance – our targets for 2006-2007



“The key changes to our targets for 2006-2007 were the introduction of the Job Outcome Target replacing the Job Entry Target, and the introduction of the Average Actual Clearance Times Target to monitor the time we take to clear Income Support, Jobseeker’s Allowance and Incapacity Benefit claims.”

Summary of overall performance

Our targets help us focus on helping customers from priority groups move into work, reducing losses through fraud and error and improving the accuracy and speed of benefit processing. Our targets for 2006-2007 were challenging and they had to be met against a background of major changes to our service.

We expect to achieve or exceed 3 of the 6 targets set for 2006-2007.

We made notable improvements in performance from previous years in Average Actual Clearance Times, and we will build on these improvements as we work towards our targets in 2007-2008.

Job Outcome Target

The Job Outcome Target is a new target to better measure our success in helping people into work. Performance is measured by matching Jobcentre Plus customer records with information on people starting work from Her Majesty's Revenue and Customs.¹ Job starts are captured for individuals who are referred to a job by a Jobcentre Personal Adviser, those who find work through one of our electronic Job Points, or other self-service channels, including web-based and telephone services. The Job Outcome Target recognises that customers now have a greater choice in how they find work, including applications for vacancies not notified to Jobcentre Plus. We encourage customers who are able to use self-help channels to do so. This helps us to concentrate our support on those who need it most.

Job outcomes are awarded points ranging from 1 to 12. The most disadvantaged people in the labour market, who are the focus of adviser activity, attract a higher number of points. In 2006-2007 we aimed to achieve a total points score of 13.5 million² based on job outcomes; the most recent performance data indicates an achievement of 81.94% against our planning assumptions to October 2006. We met our anticipated profile on helping some of our priority groups into work, especially those on Jobseeker's Allowance New Deals and customers claiming Jobseeker's Allowance for 6 months. However there is more we can do to assist lone parents and we have therefore put in place an improvement action plan. This includes inviting all lone parents currently

working fewer than 16 hours to an interview to discuss additional part-time or full-time work and encouraging more lone parents to join our successful New Deal for Lone Parents programme.

A formal validation of Job Outcome Target outcomes is conducted across the year and validated performance results for 2006-2007 will be published on the Jobcentre Plus website by the end of January 2008.

Average Actual Clearance Times

This target measures the average number of working days it takes to process claims for benefit, to help improve the speed and efficiency of benefit processing. For 2006-2007 a new target was set for processing customer claims to Income Support, Jobseeker's Allowance and Incapacity Benefit.

During 2006-2007 clearance times significantly improved and a four-year rising trend halted and reversed. Although we did not meet the overall target combining all three benefits, we did meet the Incapacity Benefit element with an average performance of 15.9 days; and only narrowly missed the Income Support 11 day element with an average performance of 11.1 days. During the year we improved performance on Income Support by around 4 days; Jobseeker's Allowance by 2 days; and Incapacity Benefit by over 2 days. We also made changes to how we process claims to improve processing times.

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

² Since the Job Outcome Target was set, more recent historical performance information has become available, suggesting that the 2006-2007 target involves a higher degree of challenge than was intended. Given this, the Department recognises that the Job Outcome points target was set 8.4% too high. A target level of around 12.4 million points would have been more representative of the degree of challenge intended.

Monetary Value of Fraud and Error

This target is to ensure fraud and error losses in working age Income Support and Jobseeker's Allowance amount to no more than the levels of loss at March 2006, or no more than 5.2% of the monetary value of those benefits paid during the year, whichever is the lowest. Latest published estimates show an achievement of fraud and error losses of no more than 4.7% at March 2006 and that the 1998 baseline of 10.4% has been more than halved. Historically, there is a delay in reporting the Monetary Value of Fraud and Error figures to ensure sufficient time to undertake robust checking of cases, and the calculating and completion of the statistical analysis.

A key priority is to reduce losses due to official error. We aim to do this by simplifying rules governing the benefit system, integrating IT systems, and identifying error sooner through quicker data matching. A new Key Management Indicator will support this priority. Two further Key Management Indicators, on criminal investigations and the prompt processing of changes of circumstances, will ensure that we maintain our efforts to identify and tackle fraud.

We moved to a new target in April 2006 to reflect the introduction of the Department for Work and Pensions Public Service Agreement target (PSA 10a) to achieve, by March 2010, a 15% reduction in losses from fraud and error in working age Income Support and Jobseeker's Allowance. We anticipate that the first set of interim figures will be published in Autumn 2007.

Customer Service Target

This target measures our standards and commitments set out in "Our Service Standards" and the "Employers' Charter", both available on our website (www.jobcentreplus.gov.uk). In 2006-2007 we achieved 84.6% customer satisfaction, exceeding our target level of 84%. The target contains 4 service elements:

- how quickly we answer the telephone and deal with customers face to face
- the accuracy of information we provide to our customers on the telephone and face to face
- how well we deal with customers, understand customers' requests, anticipate their needs and provide them with information that is relevant to their situation, and
- the quality of the information we display, how easy it is for customers to use our services and how we help customers understand other ways of doing business with us.

The Customer Service Target for 2007-2008 has been updated to bring it more in line with modernised business processes and service delivery channels and further improvements will be introduced in 2008-2009. The changes reflect that customer service is provided face to face, by telephone and now electronically and in 2007-2008 we will measure professionalism and timeliness of service; and the accuracy of information.

Employer Outcome Target

This target is designed to offer employers the best possible service for their recruitment needs. Performance is monitored via an independent research company who carry out a survey, telephoning a random sample of employers that have completed recruitment via Jobcentre Plus within the last 3 months.

The target measures performance against 3 key areas:

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

Jobcentre Plus achieved a performance level of 84.8% during 2006-2007 against a target of 86%.

We are building on the improving trend in the final quarter of the year as we go into the next operational year. Measures include launching the role of the Labour Market and Recruitment Adviser to deliver services to local employers and increasing contact with employers who use our Employer Direct online service.

Business Delivery Target

The purpose of this target is to help Jobcentre Plus deliver its key business processes efficiently, accurately and to the agreed standards. It measures how well these have been met in the following processes:

- accurate processing of claims for Income Support, Jobseeker's Allowance and Incapacity Benefit
- Lone Parent Work Focused Interviews, and
- Jobseeker's Allowance labour market interventions.

Each of the processes contributes to an overall score. The accuracy components of this target are measured through a cycle of checks, which means that the final outturn figure is not yet available. It will be published through the Jobcentre Plus website in October 2007. This means the latest data available at the time of publishing relates to December 2006 and overall performance was 94.6% against a target of 94%.

In 2007-2008 the Interventions Delivery Target will replace the Business Delivery Target to help us focus on making a difference for our customers by providing timely and work focused support.



Performance Results

Job Outcome Target

To achieve a total points score of 13,500,000 based on job outcomes Jobcentre Plus achieves

Target to October 06
Outturn to October 06*

8,255,757
6,757,460
(based on 989,105
job outcomes)
-18.1%

Variance

Average Actual Clearance Times

Income Support

Benefit Target
Achievement

11 days
11.1 days

Jobseeker's Allowance

Benefit Target
Achievement

12 days
14.3 days

Incapacity Benefit

Benefit Target
Achievement

18 days
15.9 days

Customer Service Target

To achieve an 84% customer service level in the delivery of standards set out

Overall Target
Overall Outturn

84%
84.6%

Customer Service Target component elements

Speed

Achievement

93.1%

Accuracy

Achievement

82.6%

Proactivity

Achievement

71.5%

Environment

Achievement

96.9%

Employer Outcome Target

At least 86% of employers placing their vacancies with Jobcentre Plus will have a positive outcome.

Overall Target
Overall Outturn

86%
84.8%

Employer Outcome Target component elements

Resolution

Achievement

85.4%

Responsiveness

Achievement

92.5%

Matching

Achievement

76.6%

Business Delivery Target supporting planning assumptions:

To ensure that specified key Jobcentre Plus business processes are delivered efficiently, accurately and to specified standards in 94% of cases checked

Overall Target

94%

Current Overall Outturn*

95.1%

Business Delivery Target component elements

Income Support Accuracy

Planning Assumption
Achievement*

90%

91%

Jobseeker's Allowance Accuracy

Planning Assumption
Achievement*

94%

95%

Incapacity Benefit Accuracy

Planning Assumption
Achievement*

95%

96.2%

Jobseeker's Allowance Labour Market Interventions

Planning Assumption
Achievement

96%

97.5%

Lone Parent Work Focused Interviews

Benefit Target
Achievement*

95%

95.9%

Monetary Value Fraud and Error

By March 07, to continue to ensure that losses from fraud and error in working age Income Support and Jobseeker's Allowance amount to no more than the March 2006 levels of loss or no more than 5.2% of the monetary value of these benefits paid during the year, whichever is the lower figure.

Target

5.2% (March 2006)

Outturn*

4.7% (March 2006)

*Figures are interim, once they are confirmed they will be available at:
www.jobcentreplus.gov.uk/JCP/Aboutus/Jobcentreplusperformance/2006_-_7_Targets

Other Performance Indicators**Managing Attendance**

This indicator emphasises our commitment to reducing staff sickness absence levels to maximise our resources. Sickness absence this year has remained constant at an average of 11 days per employee per year. We are pressing to reduce this level further through active management, adopting best practice from the public and private sectors and focusing on our offices with higher than average absence levels.

Payment modernisation

To help customers increase job-readiness by getting benefit paid into a bank account, Jobcentre Plus worked to a target of paying 95% of all Jobcentre Plus customers by Direct Payment by 31 March 2007. During 2006-2007 we achieved an average of just over 96% of payments made directly to customers' accounts.

Delivering services more efficiently and effectively



“Continuously improving our efficiency and effectiveness, using less resource, whilst carrying forward business transformation and maximising results.”

Using less resource

Jobcentre Plus contributes to the Department's 2004 Spending Review challenge to reduce staffing levels by 30,000 by 2008. By the end of March 2007 Jobcentre Plus' staffing headcount was 67,946, an overall reduction of 3,266 for the year. Since 1 March 2004 Jobcentre Plus has reduced its staff by nearly 18%, equivalent to 14,818 posts. This has been achieved primarily through normal turnover, redeployment and voluntary early release.

Jobcentre Plus also has primary responsibility for a Department for Work and Pensions target to increase the number of customer facing posts by 10,000 by 2008. Figures in December 2006 show 8,458 has been achieved, reflecting the increased efficiency of our support functions, and the focusing of the vast majority of our resource towards customer service in our contact and benefit delivery centres. We have also reduced our non-staff costs by reviewing our contracts for office supplies, printing and distribution, and travel and accommodation.

Increasing our efficiency and effectiveness

To increase our efficiency and effectiveness in 2006-2007 we have:

- introduced a Standard Operating Model in order to provide our customers with a better, more consistent service, as well as improving compliance by customers and our own staff
- piloted a rapid reclaim process for handling new and repeat claims for Income Support, Jobseeker's Allowance and Incapacity Benefit
- worked to improve the customer experience by connecting our contact centre telephony so that all benefit enquiries are diverted to the next available agent no matter which office they are in
- introduced a new single national free from BT landlines 0800 number (since complete) to allow customers to make a claim to benefit
- made significant and consistent improvement in our contact centre performance: we answered over 17.5 million calls in 2006-2007, successfully answering over 90% of calls, with 85% of call-backs conducted within 36 hours, and
- re-examined the way we work to provide more active support for Jobseeker's Allowance customers from our advisers.

Using Information Technology effectively

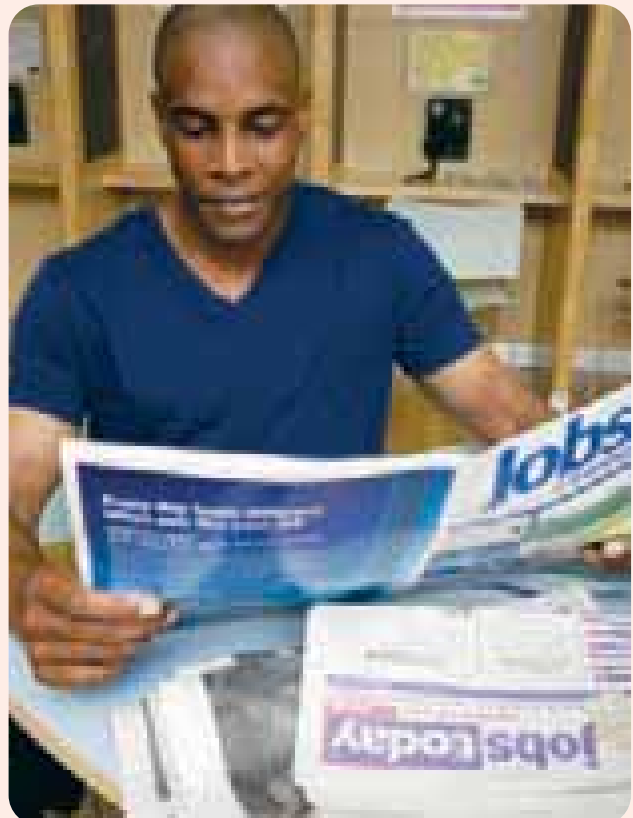
We have:

- completed the rollout of Employer Direct online. This service has proved popular with employers by allowing them to notify and manage their vacancies directly. We have introduced our Employer Relationship Management system aimed at improving the quality of outcomes for our employers and increasing their understanding of our services
- prepared for the introduction of the Fraud Referral and Intervention Management System beginning in June 2007 which will improve the way we report and manage allegations of fraud and error by capturing all cases and their outcomes on one system
- improved the operation of our Customer Management System removing the need for re-keying of data in many circumstances
- re-focused our Information Systems/Information Technology strategy to support the development of a system for Employment and Support Allowance
- progressed work to allow benefit enquiries to be made online, and launched e-services that allow some customers to initiate online benefit claims from March 2006, and
- introduced a Resource Management System that brings together human resource, finance and procurement functions across the Department for Work and Pensions to replace stand-alone systems and increase efficiency.

Sustainable development

We have:

- introduced a requirement for all policy change and development proposals in Jobcentre Plus to give mandatory consideration to sustainable development, and
- undertaken a review of sustainable development initiatives to reduce non-staff costs in our business. For example we are running a “Power Down” pilot in one of our sites, which, although in its early stages, has already produced reductions in energy consumption.



Delivering the Values through our people

Our Values

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

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



Achieving the Best

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

Respecting People

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

Making a Difference

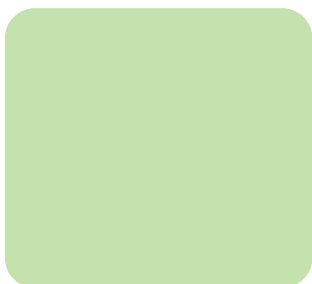
By supporting, challenging and inspiring ourselves so that we can make a difference to our customers' lives, and by going the extra mile to help our colleagues and all of our customers, including employers.

Looking Outwards

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

Our People

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



We have continued to support all our staff, helping them to have the opportunities they need and deserve to enable them to perform effectively and respond to the challenges required to improve our customer service and provide value for money.

Ensuring our people are best placed to meet our business needs

We have:

- introduced leadership development and talent management programmes to ensure that Jobcentre Plus management demonstrates leadership behaviours that support delivery to our customers. We have sought to build leaders who are as capable of managing and leading people as they are at managing tasks
- supported the Department for Work and Pensions' review of pay, reward and performance development to ensure that we appraise, reward and incentivise our people to deliver, and responded to the feedback from our people seeking some changes to the system
- continued to develop learning programmes for our people that focus on their individual roles to help them do their jobs, and support our customers, with higher levels of achievement and satisfaction
- continued to develop management and team capability through our Working Together programme
- supported managers to ensure they have the skills, confidence and tools to lead their people through major change programmes
- enabled the effective deployment of our resources and the delivery of our transformation through a significantly improved and integrated workforce planning process with faster allocations of funding and higher quality plans, and
- continued our emphasis on reducing sickness absence levels to maximise our resources.

Deliver more effective HR policies and processes

We have:

- developed our HR function to deliver more business-focused, modernised HR policies that are clearer for managers and staff, and
- worked closely across the Department to build a diverse workforce.

We have contributed to:

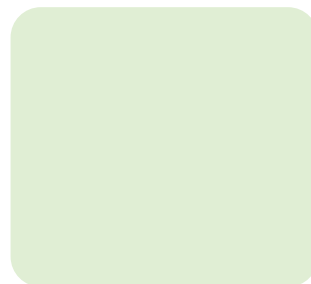
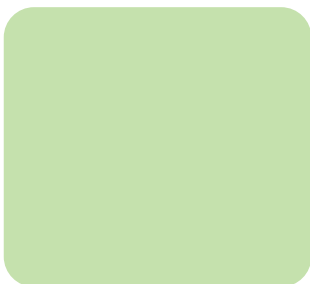
- the introduction of new equality legislation
- an improved process for conducting diversity impact assessments, and
- a major improvement in our talent recognition and development processes.



Communications

We have:

- targeted our communications, so that information is prioritised and communicated in a more planned, relevant and consistent way to our people, stakeholders and customers, so helping clearer understanding of developments and supporting effective customer service
- involved people throughout the organisation in developing and reviewing communications products to ensure they are fit for purpose
- further encouraged greater two-way communication between our customer-facing people and the Jobcentre Plus Board through events such as “Board on the Road” and “Your Call” to discuss concerns and issues facing people in the organisation, so increasing understanding and the use of improved working methods
- developed the skills of a community of communication managers across the customer-facing areas of the business, to provide professional support for our managers, ensuring the effective delivery of communication campaigns across Jobcentre Plus
- continued our response to issues raised in our staff survey. Survey results showed a significant increase in the numbers of our people who feel that we do a good job in keeping them informed about matters that affect them. The “start, stop & change” process is providing a dynamic means of gathering direct staff feedback and highlighting priorities at national and local levels. A key feature is for the Jobcentre Plus Management Board to lead key strands of work and provide regular progress reports, so that staff can identify links between feedback given and action taken, and
- recognised the need to engage effectively with our people and to build a more collaborative relationship with the trade unions. During 2006 we saw industrial action by one of our trade unions across the Civil Service over efficiency and job reductions, but disruption to business was minor and improved consultation arrangements have been put in place across the business.



Management Commentary

a) Statutory Background

Jobcentre Plus presents its accounts for the financial 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.

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

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

b) Scope of Jobcentre Plus' Accounts

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

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

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

As part of the Department for Work and Pensions, the Agency has to manage its business and meet its objectives within the resource constraints set by the Department. In 2006-2007 Jobcentre Plus shared a Request for Resource with the Work, Welfare and Equality Group within the Department for Work and Pensions' estimate. It also contributes to an administration cost and net cash requirement limit with other parts of the Department.

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

The Spending Review in 2004 set the basis for the funding available for Jobcentre Plus in 2006-2007.

c) Results for the year

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

The net operating cost amounted to £4,494 million (2005-2006 £4,555 million (re-stated)). Capital expenditure for the year, full details of which are given in Notes 7 & 8, amounted to £110 million (2005-2006 £286 million).

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

d) Employment of Disabled Persons

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

e) Commitment to Equality and Diversity

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

f) Employee Involvement

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

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

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

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

g) Pension liabilities

The employees of Jobcentre Plus are Civil Servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. The Principal Civil Service Pension Scheme (PCSPS) is the main pension scheme for all Civil Servants including Jobcentre Plus' employees. It is a defined benefit scheme, with benefit expenditure borne on the Civil Superannuation Vote.

Details of the Pension Scheme are disclosed in Note 2c.

h) Payments to suppliers

Jobcentre Plus is committed to the prompt payment of bills for goods and services received. Payments are normally made as specified in the supplier's contract. If there is no contractual provision or other understanding, they should be paid within 30 days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. A review of all payments made during the twelve-month period of this account, conducted to measure how promptly Jobcentre Plus pays its bills, found that 75.8% (2005-2006 – 97.2%) of bills were paid within this standard. The introduction of a new accounting system, near the end of 2005-2006 financial year, 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 4 months of the year, 53.6%, but for the final 8 months of the year improved to 90.3%, as robust processes were established and put into practice.

i) External auditors

The accounts have been audited by the Comptroller and Auditor General whose certificate and report appear on pages 46 and 47.

j) Board of Management

Members of the Jobcentre Plus Board during the year were:

Lesley Strathie	Chief Executive
Phil Bartlett	Director, Employment & Support Allowance Programme (from 3 July 2006)
Kevin Bone	Director, Business Design (to 12 May 2006)
Roland Ginn	Director, Finance
Jeremy Groombridge	Director, Transformation and Product Management (from 3 July 2006, formerly Director, Programme)
Mel Groves CBE	Chief Operating Officer
Matthew Nicholas	Director, External Relations & Communications (from 15 January 2007, formerly Acting Director, External Relations & Communications)
Ruth Owen	Director, Business Strategy & Planning
Jane Saint	Director, Human Resources
Malcolm Whitehouse	Director, IS/IT (from 15 May 2006)
Sharon White	Director, Welfare to Work
Sarah Anderson CBE	Non-Executive Director
John Clare CBE	Non-Executive Director (from 1 March 2007)
David Coles	Non-Executive Director

k) Board of Management responsibilities

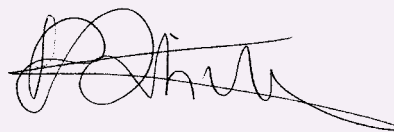
The Board of Management have approved the accounts for the year ended 31 March 2007 and have confirmed that they give a true and fair view of the state of affairs and the results of Jobcentre Plus for the year. In the preparation of the accounts, the Board of Management have selected suitable accounting policies and applied them consistently; made judgements and estimates that are reasonable and prudent; and have prepared the accounts on the going concern basis.

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

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

A register of Directors business interests is held by the Finance Directorate at the following address:

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



Lesley Strathie
Accounting Officer
10 July 2007

Remuneration Report

a. Remuneration Policy

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

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

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

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

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

b. Service Contracts

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

The officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. However, the Chief Executive of Jobcentre Plus was appointed, with the approval of the Prime Minister, following an open competition run by the Civil Service Commissioners. The appointment was for a period of three years, renewable by mutual agreement. Early termination, for all officials, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

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

c. Salary and pension entitlements

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

d. Remuneration (audited)

Officials	2006-2007		2005-2006	
	Salary	Benefits in kind (to nearest £100)	Salary	Benefits in kind (to nearest £100)
	£'000s	£	£'000s	£
Lesley Strathie	145-150	-	135-140	-
Phil Bartlett	60-65	-	-	-
Kevin Bone *	20-25	-	135-140	-
Roland Ginn	100-105	-	15-20	-
Jeremy Groombridge	95-100	-	90-95	-
Mel Groves CBE	125-130	1,900	85-90	2,300
Matthew Nicholas	90-95	5,100	45-50	4,500
Ruth Owen	80-85	400	5-10	400
Jane Saint	115-120	-	115-120	-
Sharon White **	-	-	-	-
Malcolm Whitehouse	90-95	-	-	-

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

** DWP Head Office and Corporate and Shared Services employ Sharon White.

Jobcentre Plus do not incur any element of the cost of her salary or pension entitlement (see also note g).

e. Salary

Salaries quoted relate solely to the period during the year when the individuals concerned served on the Jobcentre Plus' Board of Management. Mel Groves's salary has been re-stated from last year.

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

f. Benefits in kind

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

g. Pension benefits (audited)

Name	Real increase in pension at age 60	Real increase in lump sum at age 60	Accrued pension at age 60 at 31 March 2007	Accrued lump sum at age 60 at 31 March 2007	CETV at 31 March 2006 Re-stated	CETV at 31 March 2007	Real increase in CETV
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Lesley Strathie	2.5-5	12.5-15	55-60	185-190	980	1084	74
Phil Bartlett	0-2.5	2.5-5	30-35	90-95	443	519	18
Kevin Bone	0-2.5	0-2.5	5-10	15-20	89	91	7
Roland Ginn	0-2.5	-	0-5	-	5	33	24
Jeremy Groombridge	0-2.5	2.5-5	35-40	110-115	667	693	16
Mel Groves CBE	5-7.5	20-22.5	55-60	170-175	1208	1356	145
Matthew Nicholas	0-2.5	-	45-50	-	725	770	13
Ruth Owen	2.5-5	7.5-10	15-20	45-50	170	205	34
Jane Saint	0-2.5	2.5-5	5-10	20-25	78	96	16
Sharon White	-	-	-	-	-	-	-
Malcolm Whitehouse	0-2.5	-	5-10	-	63	79	7

h. Re-statement

The Cash Equivalent Transfer Value (CETV) figures have been re-stated at 31 March 2006, where applicable, to be on the same basis and comparable with those calculated in 2006-2007.

i. Civil Service Pensions

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

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3.0% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute

but where they do make contributions, the employer will match these up to a limit of 3.0% of pensionable salary in addition to the employer's basic contribution. Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach 60, or immediately on ceasing to be an active member of the scheme if they are already 60. Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

j. Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-2004 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Civil Superannuation Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

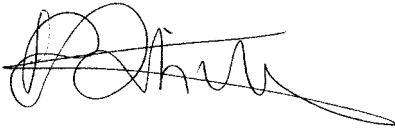
k. Real increase in Cash Equivalent Transfer Value

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

I. Non-executive Board Members (audited)

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

	2006-2007 Total Fees and Expenses £'000s	2005-2006 Total Fees and Expenses £'000s
Sarah Anderson CBE	21	20
David Coles	20	20
John Clare CBE	2	-



Lesley Strathie
Accounting Officer
10 July 2007

Appendix 1

External recruitment for 2006-2007

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

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

Civil Service Commissioners' rules with selection based on merit.

2,770 people were successful at interview for permanent posts in Jobcentre Plus from 1 April 2006 to 31 March 2007. During the same period 2 New Deal employees were also recruited.

Gender	Staff in Post (SIP)	%
Female	1,703	61.48%
Male	1,067	38.52%
Total	2,770	100.00%
People in the above with disabilities	66	2.38%
Ethnicity	SIP	%
Asian (Bangladeshi)	*	*
Asian (Indian)	57	2.06%
Asian (Other Origin)	*	*
Asian (Pakistani)	49	1.77%
Black (African)	12	0.43%
Black (Caribbean)	18	0.65%
Black (Other Origin)	*	*
Chinese	*	*
White	1,855	66.97%
Mixed Ethnic background		
Asian & White	11	0.40%
Black African & White	*	*
Black Caribbean & White	10	0.36%
Mixed Ethnic (Other)	11	0.40%
Other Ethnic Origin	12	0.43%
No Response/Unclear Response	713	25.74%
Total	2,770	100.00%

*NB: Where level of recruitment is below 10, no percentage is calculated.



Use of Permitted Exceptions

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

Permitted Exception Category	TOTAL
Appointment under government programmes to assist the long term unemployed	3
Extensions over 12 months	0
Extensions of short-term appointments beyond initially published period including conversions to permanency	0
Extensions to secondments with reasons	1
Secondments	1
Transfers of staff with their work (not under TUPE)	0
Reappointment of former civil servants	1
Appointments of surplus acceptable applicants to shortage posts.	0
TOTAL	6



Annual Accounts

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Statement of Agency's and Accounting Officer's responsibilities

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

The accounts are prepared on an accruals basis and must give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows of Jobcentre Plus for the financial year, and of the state of affairs as at 31 March 2007.

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

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

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

Jobcentre Plus

Statement on Internal Control

1 April 2006 – 31 March 2007

1. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department for Work and Pensions' policies, aims and objectives whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting and agreed with the Permanent Secretary.
2. Jobcentre Plus is an Executive Agency of the Department for Work and Pensions (DWP). I am accountable to the DWP Permanent Secretary via the Department's Executive Team.
3. I am responsible for the delivery of objectives in accordance with the framework established by Ministers and the Work Welfare and Equality Client Group (WWEG). I am responsible for developing business strategies and plans to deliver the objectives set for Jobcentre Plus by Ministers and their Permanent Secretary, within the resource allocated in the last Spending Review. I am also responsible for delivering the specific operational targets set by WWEG. Links have been established between Jobcentre Plus and other Agencies of DWP to ensure that our respective customers receive the help and support they require.
4. As a substantial part of Jobcentre Plus' activity is delivered via external partners, it is important to ensure that robust contract management arrangements are in place. I managed these contracts through the Jobcentre Plus' Contract Management Framework, which is supported by the Common Inspection Framework and Provider Guidance. This has assisted Jobcentre Plus in the management of provision taking into account quality of delivery, contract performance and the materiality of the contract. Responsibility for management of contracts with external partners transferred to the Department from April 2007.
5. Alongside our external partners, a good deal of Jobcentre Plus' activity is delivered by DWP through shared services such as Estates, IT services etc. These are managed on my behalf through contractual arrangements. The work of Jobcentre Plus is increasingly reliant on data sharing with other Government Departments and my Finance Directorate are leading work on developing systems to gain assurance that risks are mitigated in the sharing and use of information in these instances.
6. Jobcentre Plus has close links with Remploy, a Non Departmental Public Body sponsored by DWP. Remploy is constituted as a Limited Company, limited by guarantee, and a Public Corporation. The guarantee is held by the Secretary of State. Remploy receives a grant in aid each year in exchange for delivering a range of employment and development opportunities for disabled people under the Workstep programme. Responsibility for Remploy has fully transferred to WWEG from April 2007.

7. In addition to my Accounting Officer responsibilities for Jobcentre Plus' administrative expenditure, for the period April 2006 to March 2007, I was also responsible for the Employment Programme expenditure within Jobcentre Plus, and for administering Working Age benefits. I am responsible for referring incidences of overpayment of these benefits to the Department's Debt Management service for recovery. From April 2007 responsibility for DEL Programme funds transferred to WWEG, and procurement and contracting management to the Department. The relationships with WWEG, the Department and Jobcentre Plus are managed through a number of Service Level Agreements (SLAs).
8. Although the Departmental Permanent Secretary was the Accounting Officer for the Social Fund for 2006-2007, I was responsible for the administration of Social Fund payments on behalf of DWP. These responsibilities encompass receipts received from the repayment of Social Fund loans. The Statement of Internal Control, which accompanies the published Social Fund Accounts, provides details of how these specific responsibilities have been discharged. I assumed Accounting Officer status for the Social Fund from April 2007 and have put in place systems to effectively discharge this role.

The purpose of the system of internal control

9. The system of internal control is designed to ensure that the risks associated with the delivery of policies, aims and objectives are effectively managed; it does not seek to provide absolute assurance. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Jobcentre Plus' policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically. The system of internal control has been in place in Jobcentre Plus for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to handle risk

10. My Board has continued to provide active leadership for the risk management process. Each Executive Board Director has a clear accountability to ensure that systems are in place to effectively manage risk within their Directorates and are required to provide an assurance as to the effectiveness of their risk management arrangements through the Letter of Assurance (LoA) process.
11. During the course of the year the risk management process and risk register has been strengthened to allow the Board to focus on strategic risks. The Strategic Risk Register is now initially reviewed through a series of one to one

meetings with risk managers or their nominated representatives, ensuring a more consistent approach to the rating of these risks across the business. The change to a less bureaucratic review process, with the emphasis more on the actual management of the risk rather than the actual process, has resulted in improved efficiency and control in the management of these risks.

12. A revised risk reporting strategy has also allowed strategic risks to be explored in depth by Board members with different perspectives. Clear messages can subsequently be sent through the organisation by the Board about actions either required or already being taken to address key risks to the business. This approach has been recognised in Risk Assurance Division (RAD) reports to the Corporate Governance Board (CGB)
13. Less significant risks to the business are managed through a series of governance sub-boards. Each of these governance sub-boards is chaired by a Board member each having responsibility for managing risk within their specific business area. This approach ensures that risks are managed at the most appropriate level within the organisation.
14. As part of the formal review of the Strategic Risk Register, consideration is given to the need to escalate risks to the Department's Planning Performance and Risk Committee (PPRC) or Executive Team or alternatively de-escalated down to the relevant governance sub-board. Robust risk management at Board level, and our revised governance structure, has allowed more than half of the risks on the Strategic Risk Register to be successfully de-escalated during

2006-2007 to be managed more appropriately at sub-board level.

The risk and control framework

15. On behalf of the Board, the Strategic Planning and Prioritisation Board (SPPB) headed by the Director of Business Strategy and Planning oversees the risk management process. This oversight ensures that management focus remains on the most significant risks facing the business and ensures mitigation activities are being actively managed. The SPPB provides an independent challenge to the information on both the main Board and the governance sub-board risk registers to ensure that the right risks have been captured and that they are being managed effectively. At Board level, at least one of the items on the Strategic Risk Register is discussed on a monthly basis supported by a full review of the register on a quarterly basis.
16. Jobcentre Plus has, in place, a risk-based business planning process, underpinned by appropriate guidance. This allows risks to the organisation to be considered as plans are developed and reviewed rather than considering risks in isolation. Where the risks identified cannot be managed at business unit level, they are escalated to the appropriate governance sub-board for action or, if necessary, up to the Board. The assessment of risk appetite is therefore inherent in the risk management process. This approach allows Directors and their management teams to determine how best to review their risks when producing their business plans.

17. In order to equip the business in managing risks key staff in Directorates have been identified and provided with appropriate risk management training, including the use of Control Risk Self Assessment (CRSA) techniques, for cascading throughout their business areas. The Strategic Planning Division also act as the focal point within Jobcentre Plus supporting the business in managing risks and promoting good practice through the provision of advice to managers on risk management issues.
18. The Department's risk management Internet based learning product became available in April 2007 and this, together with the Jobcentre Plus planning guidance, ensures consistency in our approach to risk management and in standardisation with the Department's policies in this area.

Review of Effectiveness

19. As Agency Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within Jobcentre Plus who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Corporate Governance Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.
20. The CGB incorporates the functions and responsibilities of an audit committee for the Agency and works with the DWP RAD to focus on those areas of the business at greatest risk. The Board is chaired by David Coles, a Non Executive Director of the Board. They receive regular audit updates of the main trends and findings identified as part of ongoing audit activity. They also receive feedback and reports from the Jobcentre Plus Finance Directorate. Through this feedback they are able to plan audit activity and influence any changes that may be necessary to the risk registers. Their recommendations are channelled to the appropriate senior manager for remedial action.
21. In order to ensure the continued effectiveness of the committee structures my Finance Directorate have recently completed a review of the CGB as part of a wider Departmental review of the governance/audit committee network. The findings from this review and any proposed changes to CGB procedures will be progressed at future meetings.
22. The Board Directors Letter of Assurance (LoA) process was integrated within the business planning process from the start of 2006-2007. This allows for the Director's LoA, statements on the effectiveness of their internal control systems and risk management procedures, to be underpinned by evidence collected through the ongoing business process. This new system of operation is being further developed in each Directorate and my Finance Directorate are continuing to work with Directorates to strengthen these procedures. Also, from early 2007-2008, procedures have been introduced to

allow better challenge or support to the Board Director's statements on their LoA through the introduction of a quarterly integrated assurance report, which pulls together information from the various sources to determine how well Jobcentre Plus' internal controls are working and risks are being managed. The report is presented quarterly to the Corporate Governance Board.

23. Reliable information is a key requirement of an effective internal control system. The roll-out of the new Business Control System (BCS) across Jobcentre Plus during the latter half of 2007-2008 will help improve levels of compliance with our checking regime through the supply of effective and improved management information. Until BCS is introduced Jobcentre Plus will continue to use the VAT2000 system.

Significant Control Weaknesses

24. There has been much progress to clarify accountabilities in Jobcentre Plus with a full set of Board accountabilities in place from the start of the year and a supporting review process to ensure that they remain current and aligned to business priorities.
25. Risk Assurance Division provides an overall assessment of Jobcentre Plus' performance in-year. For 2006-2007 their assessment was that of Limited Assurance.
26. The Corporate Governance Board with input from Risk Assurance Division (RAD) identified the following key areas where further improvement action was required:

a. Non-compliance: Non compliance with policies and procedures continues to feature in RAD reports. This was highlighted in the recent report covering the Condition Management Programme where a failure to follow Departmental procedures contributed to a "Nil Assurance". Ongoing problems with document storage and retrieval can also be traced back to a failure to comply with the requirement to correctly annotate documents prior to storage. Work is currently being progressed at Departmental level to progress data storage issues and we will respond positively to any recommendations in this area. Over the course of the year I have taken a number of measures to improve levels of compliance within the organisation. I have agreed a specific Board level accountability for improving compliance and have continued to monitor compliance, for example, through two specific Two Key Management Indicators (KMIs) on process and customer compliance. Compliance is regularly discussed at Board and governance sub-board level. These actions, together with the further development of the Standard Operating Model (SOM), will strengthen control in this area. To underpin adherence to the SOM, Chief Operating Officer Directorate assurance visits were introduced during the course of 2006-2007. During the latter half of 2007-2008 we will also have reliable management information available from BCS, which will improve the control environment over the checking processes allowing better analysis and, where appropriate, recovery action to be progressed.

b. Project Governance: During the course of the year work on the Benefit Processing Replacement Programme (BPRP) and the BELMIN system, both major projects, was stopped following changes to the strategic direction of the business. Although I am content that the decisions to stop these projects was correct I am concerned as to the significant resource investments prior to these decision being taken. As part of ongoing work to strengthen project governance arrangements, I have taken steps to minimise future risk in this area, for example through improved decision making as a result of the revised governance sub-board structure, and the introduction of the Portfolio Governance Board which maintains a holistic view of the overall Jobcentre Plus Change Programme. As part of the lessons learned from managing large cross-Departmental projects such as BPRP, the Department revised its governance arrangements for them, setting up a Change Delivery Committee to ensure that they properly address risks and dependencies and are aligned with wider Departmental strategy.

c. Financial Control: Initial difficulties following the implementation of the Resource Management System, including problems obtaining reliable financial management information, presented the organisation with significant control issues. I set up a specific Recovery Team to address these issues and control in this area has improved considerably over the course of the year. As part of the recovery arrangements I also put in

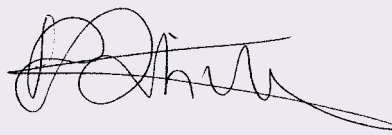
place systems to better prepare the organisation for future releases of the Resource Management System. Although there have been significant improvements in the financial control of employment programme expenditure a number of issues still remain, for example in tracking expenditure back to individual customer activity, ensuring that reconciliation takes place between information held on the different IT systems thereby ensuring the accuracy of information and minimising risk of financial loss. This work transferred to WWEG from April 2007 and is being progressed by their Business Improvement Team with an expected completion date of December 2007.

d. Monetary Value of Fraud & Error (MVFE): Monetary loss through fraud and error in Jobcentre Plus is a contributory factor to qualification of the Departmental Resource Account. Although significant improvements have been made in this area resulting in reductions in the overall value of monetary loss I recognise that further work is still required to continue to improve our performance. I have agreed a new target for 2007-2008 aimed at reducing fraud and error and will continue to seek improvements in this area through effective application of the Programme Protection Strategy, including the implementation of the Fraud Referral and Intervention Management System (FRAIMS). We will also respond positively to work at Departmental level, for example the DWP Error Reduction Strategy, in tackling monetary losses through fraud and error.

e. Debt Recovery: RAD has identified significant amounts of Income Support (IS) and Job Seekers Allowance (JSA) debt not being referred to Debt Management for recovery action. This is largely a compliance issue arising from complicated and resource intensive processes together with a lack of management information to allow performance to be actively monitored. A number of actions were taken in the final quarter of 2006-2007 which should lead to an improvement over the course of the 2007-2008 operational year. These include incorporating a simpler referral process into the SOM, introducing a new Key Management Indicator (KMI) to encourage the right type of behaviour and contributing to a review, at Departmental level, of the end to end debt management processes to identify where improvement could be made. Resolution of this issue would contribute substantially to, what is, a critical issue for the Department.

f. Security: We continue to experience weaknesses in our internal security systems, which have been highlighted by RAD throughout the year. I have strengthened the Security Adviser function by increasing their numbers to ensure that all areas of the business are covered and increased their independence by making them report to the Finance Directorate instead of Operations. In addition there is a further reporting line where a dedicated management structure report to the Head of Security in Jobcentre Plus.

27. I have reviewed the Internal Audit reports which awarded a 'Nil Assurance' and I am content that the appropriate issues have been included in this Statement of Internal Control.



Lesley Strathie
Agency Accounting Officer
10 July 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 Jobcentre Plus 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 been 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 Chief Executive's review, 2006-2007 achievements, performance against 2006-2007 targets, the Management Commentary and the unaudited part of the Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

Basis of Audit Opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices

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

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

Opinions

Audit Opinion

In my opinion:


- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2007, and of the net operating cost, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- The information given within the Annual Report, which comprises the Chief Executive's review, 2006-2007 achievements, performance against 2006-2007 targets, the Management Commentary and the unaudited part of the Remuneration Report, is consistent with the financial statements

Audit Opinion on regularity

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

Report

I have no observations to make on these financial statements.



John Bourn

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

16 July 2007

Jobcentre Plus Operating Cost Statement

for the year ended 31 March 2007

	Note	2006-2007		2005-2006 Re-stated	
		£'000s	£'000s	£'000s	£'000s
Administration costs					
Staff costs	2	1,819,492		1,868,033	
Other administration costs	3	1,735,716		1,601,656	
Gross administration costs		3,555,208		3,469,689	
Administration income	5	(13,538)		(6,515)	
Net administration costs			3,541,670		3,463,174
Programme costs					
Expenditure		1,070,930		1,176,482	
Less income	5	(118,482)		(85,086)	
Net programme costs	6		952,448		1,091,396
Net operating cost			4,494,118		4,554,570

All income and expenditure is derived from continuing operations.

The notes on pages 52 to 87 form part of these accounts.

Jobcentre Plus Statement of Recognised Gains and Losses

for the year ended 31 March 2007

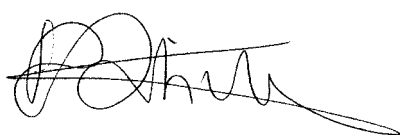
	Note	2006-2007 £'000s	2005-2006 £'000s
Net gain on revaluation of tangible fixed assets	14	126	65
Recognised gains and losses for the financial year		126	65

The notes on pages 52 to 87 form part of these accounts.

Jobcentre Plus Balance Sheet

as at 31 March 2007

	Note	31 March 07		31 March 06 Re-stated	
		£'000s	£'000s	£'000s	£'000s
Fixed assets					
Tangible assets	7	633,432		655,481	
Intangible assets	8	27,458		24,601	
			660,890		680,082
Debtors: amounts falling due after one year	9		28,169		31,102
Current assets					
Debtors: amounts falling due within one year	9	98,286		54,640	
Cash in hand	10	397		509	
		98,683		55,149	
Current liabilities					
Creditors: amounts falling due within one year	11	(325,398)		(372,986)	
Net current liabilities			(226,715)		(317,837)
Total assets less current liabilities			462,344		393,347
Provisions for liabilities and charges	12		(9,600)		(8,644)
			452,744		384,703
Financed by:					
Taxpayers equity:					
General fund	13		452,294		384,337
Revaluation reserve	14		450		366
			452,744		384,703



Lesley Strathie
Accounting Officer
10 July 2007

The notes on pages 52 to 87 form part of these accounts.

Jobcentre Plus

Cash Flow Statement

for the year ended 31 March 2007

	Note	2006-2007 £'000s	2005-2006 Re-stated £'000s
Net cash outflow from operating activities	(15a)	(3,693,686)	(3,804,346)
Capital expenditure and financial investment	(15b)	(126,877)	(223,574)
Net Financing from the Consolidated Fund	(15c)	3,356,691	3,433,681
Net Financing from the National Insurance Fund	(15c)	467,841	625,726
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities	(11a)	15	4,096
Payments of amounts to the Consolidated Fund		(4,096)	(1,282)
Other		-	(34,253)
(Decrease) / Increase in cash in the period		(112)	48

The notes on pages 52 to 87 form part of these accounts.

Notes to the Accounts

Note 1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2006-2007 FReM issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by Jobcentre Plus are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

a. Accounting convention

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

b. Tangible fixed assets

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

During 2005-2006 the Agency entered into a new IS/IT contract, Transformation of EDS Services (TREDSS), for provision of the majority of its computer hardware and software, and a new telephony contract, Integrated Communication Network Services (ICONS), for provision of its telephony assets. The Agency does not include capital values for these items in its Balance Sheet.

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, then the item is treated as a capital asset. On initial recognition assets are measured at cost, including any costs such as installation directly attributable to bringing them into working condition.

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

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

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

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

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

c. Land and buildings

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

d. Depreciation

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

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

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

e. Intangible fixed assets

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

f. Stocks

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

g. Provisions

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

h. Financing from the Consolidated Fund

The Department for Work and Pensions' main source of funding is the annual Parliamentary Grant. This is held in the Consolidated Fund by the Office of HM Paymaster General and drawn down as required to cover payments made. The Department uses its account with the Office of HM Paymaster General to fund four sub-accounts, each used by different business areas. All bank accounts are now held centrally and cash balances are reported in the DWP Resource Accounts (Note 10).

The forecast cash requirement is transferred from the Department's Vote account to the sub-accounts at the start of each month. Towards the end of each month the sub-account balance is reviewed, and additional funds requested where cash expenditure

exceeds forecast. However, the Department will only draw down additional funds from the Consolidated Fund where the net position of all sub-accounts indicates a deficit.

i. Administration and programme expenditure

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

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

j. Administration income

Administration Income relates directly to the operating activities of Jobcentre Plus. It principally comprises of fees and a charge for services provided on a full-cost basis to external suppliers. Administration Income is retained as Appropriations-in-Aid and is stated net of VAT.

k. Pensions

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

l. Early departure costs

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

m. Cost of capital charge

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

n. Operating leases

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

o. Value Added Tax (VAT)

Irrecoverable VAT is charged to expenditure in the year in which it is incurred. Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. As the DWP is treated as a single entity for VAT purposes the recoverable VAT balance is shown in the DWP Resource Accounts.

p. Insurance

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

q. Private Finance Initiative (PFI) Transactions

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

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

r. Contingent liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, Jobcentre Plus discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Government Accounting.

These comprise:

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

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

Note 2 Staff numbers and related costs

a. Staff costs

	2006-2007 Staff with a permanent UK employment			2005-2006 Re-stated
	Total £'000s	Contract £'000s	Others £'000s	Total £'000s
Wages and Salaries	1,442,409	1,413,833	28,576	1,458,165
Employers' National Insurance	95,435	94,314	1,121	97,718
Superannuation and Pension Costs	281,648	281,610	38	312,150
TOTAL STAFF COSTS	1,819,492	1,789,757	29,735	1,868,033
Less recoveries in respect of outward secondments	(4,429)	(4,429)	-	(2,802)
TOTAL	1,815,063	1,785,328	29,735	1,865,231

Re-statement

Early Departure Costs lump sum payments (£8.6 million) recorded against Wages & Salaries in 2005/06 have been re-stated to be recorded against Superannuation & Pensions costs for comparative purposes. Also wages and salaries project costs recharged (£10.1 million), previously classed as notional costs, have been re-stated as wages and salaries costs.

b) Average number of persons employed

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

	2006-2007 Staff with a permanent UK employment			2005-2006
	Total	Contract	Other	Total
Average number of persons employed	<u>70,042</u>	<u>68,309</u>	<u>1,733</u>	<u>73,489</u>

c) Pensions

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

For 2006-2007, employers' pension contributions of £251.5 million (2005-2006: £244.2 million re-stated) were payable to the PCSPS, at one of four rates in the range 17.1% to 25.5% (2005-2006, 16.2% to 24.6%) pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The next full actuarial valuation will be as at 31 March 2007. From 2007-2008 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.

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

i. Classic scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum

benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

ii. Premium scheme

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

iii. Classic plus scheme

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

iv. Partnership pension account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3.0% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3.0% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up 25.0% of the fund as a lump sum. Employer's contributions of £259,103 (2005-2006: £166,336) were paid to one or more of a panel of four appointed stakeholder pension providers. Contributions due to the partnership pension providers at the 31 March 2007 were £nil (2005-2006: £nil). Contributions prepaid at that date were £nil (2005-2006: £nil).

In 2006-2007 135 (2005-2006: 113) persons retired on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £196,334 (2005-2006: £539,721). These liabilities are not the responsibility of the Agency but are to be paid by the Civil Superannuation Vote.

Note 3 Other administration costs

Included under other administration costs are the following amounts:

	Note	2006-2007		2005-2006 Re-stated	
		£'000s	£'000s	£'000s	£'000s
Accommodation	3a		172,823		113,211
Rentals under Operating Leases: Other			2,763		3,848
Compensation payments to customers			3,553		3,451
PFI Service Charges	3b		383,081		447,984
Goods and Services:					
Computer Services		75,951		156,200	
Medical Services		60,297		65,225	
Contracted Out Services		42,101		40,790	
Telephone and Postage		16,720		41,025	
Office Supplies		10,571		20,481	
Printing & Stationery		18,429		21,777	
Publicity		2,116		3,230	
Consultancy Fees		17,331		15,042	
Other		777		1,884	
			244,293		365,654
Staff Related:					
Travel, Subsistence and Hospitality		37,054		34,864	
Other	3c	8,023		10,166	
			45,077		45,030
Non-Cash Items:					
Intra Departmental Charges	4	733,016		513,280	
Depreciation – Tangible Fixed Assets	7	95,254		78,430	
Notional Cost of Capital	3d	15,356		13,377	
Impairment of Fixed Assets	7,8	21,992		9,544	
Amortisation – Intangible Fixed Assets	8	258		194	
Amortisation of TIES Prepayment	19	2,791		2,791	
Loss on Disposal of Fixed Assets	7	66		1,664	
Provisions:					
Movement in year	12	6,704		2,616	
Unwinding of discount	12	78		64	
Notional Auditors' Remuneration	3e	471		415	
Doubtful Debt Provision	9	7,961		-	
			883,947		622,375
Other Expenditure					
Miscellaneous Administration Costs			179		103
TOTAL			1,735,716		1,601,656

a. Accommodation

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

b. PFI Service Charges

The PFI charge of £383.1 million for 2006-2007 is for the PRIME rental and variable costs paid to Trillium in respect of accommodation provided under a centrally held PFI contract previously paid and recharged by DWP.

c. Other Staff Related

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

d. Notional Cost of Capital

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

e. Notional Auditors' Remuneration

The National Audit Office's fees reflect the notional cost of undertaking the audit of the statutory accounts. These accounts have been audited by the Comptroller and Auditor General, the fee for their services being £471,000 (2005-2006 £415,000).

The audit fee represents the cost of the audit of the financial statements carried out by the Comptroller and Auditor General. There were nil fees in respect of non-audit work during 2006-2007.

f. Re-statement

During 2005-2006 all PRIME costs were collated within DWP and then recharged out to Jobcentre Plus on a notional basis. From 2006-2007 the PRIME costs were charged directly to Jobcentre Plus and recorded under accommodation (£75.0 million included in re-statement figure for rates and utilities) and PFI service charge (£386.0 million included in re-statement figure for rental and variable costs), which in turn reduced the non-cash items shown as intra-Departmental charges (Note 4c).

The same methodology was applied during 2005-2006 to non-PRIME costs of £11.5 million as PRIME above. These costs have been re-stated under accommodation costs.

Note 4 Intra departmental charges

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

Intra departmental charges

	Note	2006-2007 £'000s	2005-2006 Re-stated £'000s
Services Received			
Department for Work and Pensions and its agencies	a	-	5
Private Finance Initiative service charges	b	3,296	3,296
Corporate Services Directorate:			
Accommodation	c	-	-
Corporate Management		313,694	381,372
Information Technology	d	427,000	98,563
Early Departure Scheme	e	12,555	54,953
Corporate Other		190	18
Other		2,477	2,200
		759,212	540,407
Services Provided			
Department for Work and Pensions and its agencies	a	-	-
Corporate Services Directorate:			
Accommodation		(21,656)	(20,295)
Other		(4,540)	(6,832)
		(26,196)	(27,127)
TOTAL		733,016	513,280

a. Re-statement

Wages and salaries project costs (£10.1 million), previously classed as notional costs, have been re-stated as Wages and Salaries costs (Note 2a) reducing Services Received costs from, and Services Provided costs to, the DWP and its agencies. See also Note 4c.

b. Private Finance Initiative Service Charge

The Private Finance Initiative (PFI) charge for the provision of payroll and Human Resources managed services with Northgate Rebus HR is £3.3 million (2005-2006: £3.3 million). The charge represents costs incurred that are paid by the Department then recharged to Jobcentre Plus. Full details of the contract are given in Note 19 Commitments under PFI Contracts.

c. Accommodation

The 2005-2006 figures have been re-stated to nil due to the change of methodology of recharging PRIME accommodation costs from a notional to a direct basis.

During 2005-2006 all PRIME costs were collated within DWP and then recharged out to Jobcentre Plus on a notional basis. But from 2006-2007 the PRIME costs were charged directly to Jobcentre Plus and recorded under accommodation (rates and utilities) and PFI service charge (rental and variable costs), which in turn reduced the non-cash items shown as intra-Departmental charges and increased costs under Accommodation and PFI Service Charges (Notes 3a and b).

d. Information Technology

Following the introduction of the TREDSS contract the Department has notionally apportioned IT charges in 2006-2007 to the respective Agencies in accordance with the specifications of the revised contract. This has resulted in a re-alignment of IT costs with agency activity, and consequentially this has resulted in an increase in IT costs recharged to Jobcentre Plus.

e. Early Departure Scheme

Provisions in respect of the new Early Release Schemes have been created within the DWP Resource Account. The costs of lump sum payments and Annual Compensation Payments (ACPs) have been recharged to Jobcentre Plus on a notional basis, pro-rata to the number of surpluses declared by each Agency in Final Business Cases. This figure represents the costs attributable to Jobcentre Plus for 2006-2007.

Note 5 Operating income

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

Operating income analysed by classification and activity as follows:

	2006-2007 £'000s	2005-2006 £'000s
Administration Income		
Income from external customers	12,599	4,962
Income from other Government Departments	939	1,553
Total Administration Income	13,538	6,515
Programme Income		
European Social Fund	116,024	60,522
Help for Unemployed People	563	23,053
New Deal Programmes	1,895	1,511
Total Programme Income	118,482	85,086
TOTAL	132,020	91,601

Analysis of Administration Income

	2006-2007 £'000s	2005-2006 £'000s
Fees and Charges to External Customers		
Secondments	2,725	1,458
Miscellaneous administration income	9,304	2,896
Mortgage lenders	570	608
	12,599	4,962
Fees and Charges to Other Government Departments		
Recovery of administration costs	210	90
Other	729	1,463
	939	1,553
TOTAL	13,538	6,515

Note 6 Net programme costs

	Note	2006-2007 £'000s	2005-2006 Re-stated £'000s
Help for Unemployed People			
Employment Zones		110,179	92,201
Working Neighbourhoods Pilot		2,357	10,488
External Action Teams		10,968	23,967
Princes Youth Business Trust		997	6,281
Work Based Learning for Adults		24,020	142,967
European Social Fund		70,309	67,065
Jobsearch Provision		8,354	13,971
Ambition		124	10,604
Adviser Discretion Fund		12,845	17,258
Internal Action Teams		5,686	6,892
Ethnic Minorities Pilot		2,454	16,817
Other		30,268	33,222
less European Social Fund Income	a	(71,024)	(60,522)
less Other Income		(563)	(23,053)
Help for Unemployed People Total		206,974	358,158
New Deal Programmes			
New Deals for 18-24 and 25+		321,887	322,623
New Deal for Lone Parents		41,517	26,032
New Deal for Disabled People		72,981	68,397
New Deal for Partners		613	690
New Deal for 50+		247	983
less European Social Fund Income	a	(45,000)	-
less Income		(1,895)	(1,511)
New Deal Total		390,350	417,214
Help for Disabled People			
Remploy	b	133,801	119,300
Workstep		63,861	69,169
Access To Work		59,839	59,705
Residential Training Centres		18,610	18,853
Work Preparation		10,614	12,261
Incapacity Benefit Reforms	c	39,213	24,871
Other		969	874
Help for Disabled People Total		326,907	305,033
Pneumoconiosis	c	32,670	26,463
Non-Cash Items: Provisions movement in year		(4,453)	(15,472)
TOTAL NET PROGRAMMES		952,448	1,091,396

a. European Social Fund (ESF) Income

From April 2003 the nine English Jobcentre Plus regions became ESF co-financing organisations and from July 2006 Jobcentre Plus became a co-financing organisation for ESF central fund. This has enabled Jobcentre Plus to add value or fund additional places to domestically funded projects that support its aims and objectives.

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

b. Remploy Limited

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

c. Re-statement

Incapacity Benefit Reforms have been re-classified from Help for Unemployed People to Help for Disabled People.

The Pneumoconiosis re-statement represents the transfer of a provision from Benefit Expenditure accounts; an unpublished account consolidated in the Resource Accounts (Note 27) and shown as part of Note 12.

Note 7 Tangible fixed assets

	Note	Leasehold Improvements	Fixtures & Fittings	Vehicles	Plant & Machinery	IT Equipm't	Assets Under Construction	Total
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost or Valuation:								
At 01 April 06 re-stated		597,382	4,191	25,262	8,328	114,378	122,143	871,684
Additions	a	-	-	(3)	(25)	2,488	100,601	103,061
Transfers in		-	-	2,362	21	12,364	-	14,747
Disposals		(67)	(595)	-	-	-	-	(662)
Transfers out		-	-	(8,261)	(103)	(44,844)	-	(53,208)
Revaluation	c	-	68	201	(24)	135	-	380
Impairment	c	-	-	8	(21)	(5,516)	(16,923)	(22,452)
Reclassification		113,388	-	-	-	13,352	(126,740)	-
At 31 March 07		710,703	3,664	19,569	8,176	92,357	79,081	913,550
Less Depreciation:								
At 01 April 06		112,840	2,599	15,497	7,921	77,346	-	216,203
Provided in year	d	79,801	361	3,420	79	21,170	-	104,831
Transfers in		-	-	61	21	8,025	-	8,107
Disposals		(2)	(594)	-	-	-	-	(596)
Transfers out		-	-	(7,020)	(99)	(37,128)	-	(44,247)
Revaluation	c	-	43	105	(17)	123	-	254
Impairment	c	-	-	5	(13)	(4,426)	-	(4,434)
At 31 March 07		192,639	2,409	12,068	7,892	65,110	-	280,118
Net Book Value at 31 March 07		518,064	1,255	7,501	284	27,247	79,081	633,432
Net Book Value at 01 April 06		574,248	1,592	9,765	407	37,032	32,437	655,481
Re-classification		(89,706)	-	-	-	-	89,706	-
Net Book Value at 01 April 06 re-stated		484,542	1,592	9,765	407	37,032	122,143	655,481

Re-stated Opening balance

Prior to 2006/07, all leasehold expenditure was classed as leasehold improvements within the Agency's accounts. In 2006/07 expenditure on sites which were not completely refurbished were reclassified as assets under the course of construction and were not depreciated as the assets were not in use. Hence, the 2005-2006 closing balances were reclassified to reflect this change and £89.7 million was restated from Leasehold Improvements to assets under the course of construction.

a. Total additions in the year were £103.1 million (2005-2006: £277.1 million). This consisted of £102.1 million (2005-2006 £277.0 million) of capital expenditure and £1.0 million (2005-2006: £0.1 million) of assets which had been purchased prior to 2006-2007 but which had previously been charged as expenditure.

b. Assets under construction primarily relate to leasehold improvements and software development costs in respect of the Benefit Processing Replacement Programme (BPRP). As explained further in Note 23, the BPRP programme was formally closed in August 2006 and the assets have either been redeployed or impaired.

c. The net increase in asset value arising from the revaluation of fixed assets of £126,000 (2005-2006: £65,000) has been transferred to the Revaluation Reserve. The impairment in fixed assets arising from the permanent decrease in value of £18.0 million (2005-2006: £9.5 million) in excess of previous revaluation has been charged to the Operating Cost Statement. This includes £16.9 million impairment for BPRP referred to above.

d. Total depreciation in the year was £104.8 million (2005-2006: £68.1 million). This consisted of £95.2 million (2005-2006: £78.4 million) charged to the Operating Cost Statement and £9.6 million (2005-2006: £0.5 million) relating to assets purchased prior to 2006-2007 charged to the General Fund. The loss on disposal of fixed assets charged to the Operating Cost Statement in the year is £0.1 million (2005-2006: £1.7 million).

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

f. Jobcentre Plus owns all of the assets detailed in the table above.

g. Cash Flow Reconciliation

	Note	2006-2007 £'000s	2005-2006 £'000s
Capital Creditors and Accruals b/fwd	11	62,394	-
Capital Additions	7a	102,112	276,975
Capital Creditors and Accruals at 31 March	11	(45,111)	(62,394)
Purchases of Tangible Fixed Assets as per Note 15b		<u>119,395</u>	<u>214,581</u>

Note 8 Intangible fixed assets

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

	£'000s
Cost or Valuation	
At 1 April 2006	24,795
Prior year additions	(541)
In year additions	7,482
Impairment	<u>(3,974)</u>
At 31 March 2007	<u>27,762</u>
Less Amortisation:	
At 1 April 2006	194
Prior year charge	(148)
In year charge	<u>258</u>
At 31 March 2007	<u>304</u>
NET BOOK VALUE	
At 31 March 2007	<u>27,458</u>
At 1 April 2006	<u>24,601</u>

a. Prior Year Additions represents software over-capitalised in 2004-05

b. Following the review and subsequent closure of the BPRP programme, expenditure on software licenses previously capitalised has been written off. The impairment value is based on projections of future usage.

Note 9 Debtors

(a) Analysis by type

	31 March 2007	31 March 2006
	£'000s	Re-stated £'000s
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade Debtors	18,007	28,351
Other Debtors	64,645	4,158
Other Government Departments	7,180	1,941
Other Department for Work and Pensions Agencies	3,338	8,395
Accommodation Prepayment	2,791	2,791
Deposits and Advances	1,042	1,163
Prepayments and Accrued Income	9,244	7,839
Amounts owed by Working Links (Employment) Ltd.	-	2
Provision for Doubtful Debts	(7,961)	-
	98,286	54,640
AMOUNTS FALLING DUE AFTER ONE YEAR		
Accommodation Prepayment	27,907	30,698
Deposits and Advances	262	404
	28,169	31,102
	126,455	85,742

Deposits and advances due within one year includes £36,000 (2005-2006: £53,000) of house purchase advances due from 39 (2005-2006: 49) members of staff. Those due after more than one year is £262,000 (2005-2006: £404,000) being house purchase advances due from 49 (2005-2006: 76) members of staff.

As DWP is treated as a single entity for VAT purposes any recoverable VAT balance is now shown in the DWP Resource Account.

(b) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2006-2007	2005-2006	2006-2007	2005-2006
	£'000s	Re-stated £'000s	£'000s	£'000s
Balances with other Departmental bodies	3,338	8,395	-	-
Balances with local authorities	721		-	-
Balances with other central Government bodies	6,459	1,941	-	-
Intra-Government balances	10,518	10,336	-	-
Balances with bodies external to Government	87,768	44,304	28,169	31,102
Total debtors at 31 March	98,286	54,640	28,169	31,102

Note 10 Cash in hand

	2006-2007 £'000s	2005-2006 £'000s
Balance at 1 April	509	461
Net change in cash balances	(112)	48
Balance at 31 March	397	509
The following balances at period end are held at:		
Cash in hand	397	509
	397	509

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

Note 11 Creditors

(a) Analysis by type

	2006-2007 £'000s	2005-2006 Re-stated £'000s
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Taxation and Social Security	31,666	33,256
Trade Creditors	18,518	76,377
Other Creditors	1,645	10,821
Other Department for Work and Pension Agencies	3,399	2,605
Amounts due to Other Government Departments	16	-
Accruals and Deferred Income	202,600	169,947
Capital Accruals	45,111	62,394
Superannuation	22,428	13,490
Consolidated Fund extra receipts due to be paid to the Consolidated Fund – received	15	4,096
TOTAL	<u>325,398</u>	<u>372,986</u>

(b) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2006-2007 £'000s	2005-2006 Re-stated £'000s	2006-2007 £'000s	2005-2006 £'000s
Balances with other Departmental bodies	3,399	2,605	-	-
Balances with other central Government bodies	54,110	46,746	-	-
Intra-Government balances	57,509	49,351	-	-
Balances with bodies external to Government	267,889	323,635	-	-
Total creditors at 31 March	<u>325,398</u>	<u>372,986</u>	<u>-</u>	<u>-</u>

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

Note 12 Provisions for liabilities and charges

	Early Departure Costs	Industrial Injuries Benefit Payments	BPRP Provision	Pneumo- coniosis	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Balance as at 1 April 06	3,190	1,001	-	4,453	8,644
Provided in the year					
New Entrants	1,516	6	-	-	1,522
Uplift	61	28	-	-	89
Other changes to provision	(144)	18	-	-	(126)
Utilised in year (cash)	(1,322)	(51)	-	-	(1,373)
Released in year (non-cash)	-	-	-	(4,453)	(4,453)
Increase in Provision	-	-	5,219	-	5,219
Unwinding of discount	34	44	-	-	78
Balance as at 31 March 07	3,335	1,046	5,219	-	9,600

Early Departure Costs

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

Industrial Injuries Benefit Payments

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

Pneumoconiosis

The administration and accounting for pneumoconiosis has been included within the accountabilities of Jobcentre Plus with effect from 1 April 2006. HM Treasury approved the transfer from Benefit Expenditure accounts; an unpublished account consolidated in the Resource Accounts. The provision has been made in respect of compensation payments that are made under the workers' Pneumoconiosis Compensation Payments Scheme. This is intended to compensate those suffering from certain dust diseases where they are unable to claim compensation by way of civil action in the courts. Award of Industrial Injuries Disablement Benefit is a precondition for payments to all sufferers and most dependants. Compensation payments of £5.2 million have been accrued for the year ending 31 March 2007 in Note 11.

BPRP Provision

The BPRP provision is in relation to two separate maintenance and support contracts which the department has contracted to in respect of the Benefit Processing Replacement Programme (BPRP). The BPRP programme was formally closed in August 2006, as explained further in Note 23, and it was concluded that the next 3 years for these contracts has little value.

Note 13 Reconciliation of movements in General Fund

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

	Note	2006-2007 £'000s	2005-2006 Re-stated £'000s
Net operating cost for the year		(4,494,118)	(4,554,570)
Financing from Consolidated Fund		3,356,691	3,433,681
Financing from National Insurance Fund		467,841	625,726
Non-cash capital additions		(11,342)	36,380
Notional charges		748,843	527,071
Transfer from Revaluation Reserve	14	42	88
Adjustments following re-statement		-	(54,138)
Net increase in General Fund		67,957	14,238
General Fund at 1 April		384,337	370,099
General Fund at 31 March		452,294	384,337

The opening General Fund has been re-stated following the movement of Pneumoconiosis provision from Benefit Expenditure accounts, an unpublished account consolidated in the Resource Accounts as explained in Note 27.

Note 14 Reconciliation of movements in Revaluation Reserve

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

	2006-2007 £'000s	2005-2006 Re-stated £'000s
Balance as at 1 April	366	389
Arising on revaluation during the year	126	65
Transfer to General Fund in respect of realised element of Revaluation Reserve	(42)	(88)
Balance at 31 March	450	366

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

Note 15 Notes to the Cash Flow Statement

(a) Reconciliation of operating cost to operating cash flows

	2006-2007 £'000s	2005-2006 Re-stated £'000s
Net operating cost	(4,494,118)	(4,554,570)
Adjustments for non-cash transactions	879,494	606,903
(Increase)/Decrease in Debtors	(51,465)	37,551
(Decrease)/Increase in Creditors	(47,588)	171,956
Less movements in creditors relating to items not passing through the Operating Cost Statement	21,364	(65,207)
Use of provisions	(1,373)	(979)
Net cash outflow from operating activities	<u>(3,693,686)</u>	<u>(3,804,346)</u>

(b) Analysis of capital expenditure and financial investment

	Note	2006-2007 £'000s	2005-2006 £'000s
Tangible fixed asset additions	7g	(119,395)	(214,581)
Intangible fixed asset additions	8	(7,482)	(8,993)
Net cash outflow from investing activities		<u>(126,877)</u>	<u>(223,574)</u>

(c) Analysis of financing

	2006-2007 £'000s	2005-2006 £'000s
From the Consolidated Fund (Supply) – current year	3,356,691	3,433,681
From the National Insurance Fund	467,841	625,726
Net Financing	<u>3,824,532</u>	<u>4,059,407</u>

(d) Re-statement

During 2005-2006 all PRIME PFI accommodation costs were collated within DWP and then recharged out to Jobcentre Plus on a notional basis. During 2006-2007 the PRIME costs were charged directly i.e. on a cash basis to Jobcentre Plus. This contra effect, between notional and cash, is reflected in the re-stated figures above.

The Pneumoconiosis provision transferred from Benefits Expenditure accounts, an unpublished account consolidated in the Resource Accounts, is also reflected above.

Note 16 Capital commitments

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

The amount shown below represents expenditure committed as at 31 March 2007 on refurbishment works that have commenced and which will continue to the end of 2007-2008.

	31st March 2007 £'000s	31st March 2006 £'000s
To be spent in the following year	<u>8,572</u>	<u>40,391</u>

Additionally, Jobcentre Plus has capital commitments of £2.9 million as at 31 March 2007 in respect of the Fraud Referral and Intervention Management System (FRAIMS) project. This is a single nationally networked IT system that will, for the first time, capture all Fraud and Customer Compliance cases and their outcomes on one system. The introduction of FRAIMS will improve the method used to manage allegations of fraud and error against the Department.

Note 17 Commitments under non Private Finance Initiative contracts

Operating Leases

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

	31st March 2007 £'000s	31st March 2006 £'000s
Expiry within 1 year	330	606
Expiry after 1 year but not more than 5 years	<u>1,964</u>	<u>1,412</u>
	<u>2,294</u>	<u>2,018</u>

Note 18 Other financial commitments

The Department has entered into the following non-cancellable contracts (which are not leases or PFI contracts, see Note 4d).

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

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

Following the closure of the BPRP programme in August 2006 (Note 23), a review has been undertaken of future unavoidable commitments. Total future commitments amount to £17.0 million, of which £12.0 million has been assessed of delivering benefits in the future. These commitments will be expensed in future periods.

Note 19 Commitments under Private Finance Initiative contracts

Prior to 2006-2007, the Department had entered into various contracts let under the Private Finance Initiative (PFI). In 2005-2006 a major exercise was undertaken to restructure existing contracts with the result that not all PFI contracts continued to be classified as such.

Information Technology Services

The Department has decided that the Transformation of EDS Services (TREDSS) contract should not be treated as a PFI contract. Expenditure relating to TREDSS and future commitments under this contract will be disclosed under "Other Financial Commitments" and declared in the DWP Resource Account.

Payroll and HR Services

The former Employment Service entered into a contract with Northgate Rebus HR for payroll and Human Resource managed services. The contract runs from 1 April 1999 to 30 June 2007. The estimated capital value is £5.8 million as was calculated based on the level of assets transferred at contract commencement

The total amount charged to the Operating Cost Statement in respect of off-balance sheet PFI transactions was £3.3 million (2005-2006: £3.3 million), and the payments to which the Department is committed during 2006-2007, analysed by the period during which the commitment expires, are shown below.

	2006-2007 £'000s	2005-2006 £'000s
Expiry within 1 year	<u>550</u>	<u>1,035</u>

Accommodation Services

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

- Note 3 shows the PFI charges of £383.1 million.
- In exchange for assets, Jobcentre Plus received a payment and a reduction in future years' service charges that will be recharged by DWP and treated as a prepayment, included in Note 9, which is amortised on a straight-line basis over the remaining life of the contract. Note 3 shows the amortisation charge for year to 31 March 2007 £2.8 million.
- Full disclosure of this contract can be found in the DWP Resource Accounts.

Note 20 **Related party transactions**

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

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

Other Government Departments and Public Bodies

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

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

Jobcentre Plus' Board Members, Non Executive Directors, Key Managerial Staff

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

Note 21 **Contingent liabilities**

Remploy Limited

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

European Social Fund

European Social Fund (ESF) grant enables Jobcentre Plus to add value or fund additional places to domestically funded projects. Grant claims are submitted through

a local Government Office, which administers ESF on behalf of the European Community. The grant is based on payments to contracted providers. Shortfalls arise if a grant cannot be claimed on expenditure incurred. If this expenditure cannot be recovered from the provider, Jobcentre Plus incurs the cost. Because of the timescales involved for deriving any such shortfalls, at the time of producing these accounts, specific amounts cannot be ascertained.

Pneumoconiosis

Jobcentre Plus is accountable for compensation payments in relation to pneumoconiosis (see Note 27). The payment amounts and the number of years for which they will continue are unclear. No reliable estimate of the financial effect can therefore be given.

Note 22 Financial instruments

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

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

a. Liquidity Risk

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

b. Foreign Currency Risk

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

c. Interest Rate Risk

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

d. Financial Liabilities

As at 31 March 2007 the financial liabilities of Jobcentre Plus totalled £2.5 million (31 March 2006: £2.8 million), all of which related to non-interest bearing financial liabilities. The weighted average period to maturity was 14.6 years (31 March 2006: 13.4 years).

e. Financial Assets

As at 31 March 2007 the financial assets of Jobcentre Plus totalled £262,000 (31 March 2006: £404,000), all of which related to non-interest bearing financial assets. The weighted average period to maturity was 6.5 years (31 March 2006: 6.4 years).

f. Fair Values

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

Note 23 Losses and special payments

Benefit Processing Replacement Programme (BPRP)

The Benefits Processing Replacement Programme (BPRP) and WATCH 2 (Working Age Transformation and Change) were launched in November 2004 with a view to replacing legacy IT systems used to calculate benefit payments. At that time, it was expected that the existing system would become obsolete and there was no confirmed support for the platform on which it was operating beyond 2012. As the development of BPRP progressed, the focus of the Department shifted in response to the Government's welfare reform agenda towards the delivery of the Employment and Support Allowance. At the same time, it became clear that the existing application would continue to be supported until at least 2020. As a consequence of these factors, work on BPRP was suspended in May 2006 and formally closed in August 2006. The action plan put in place to address the control weaknesses has been discussed on two occasions during hearings of the Work and Pensions Select Committee.

The total expenditure incurred in relation to BPRP over the three years from 2004/05 to 2006/07 was £118.0 million. There are also unavoidable future commitments arising after 31 March 2007 of £17.0 million. Of the total spent and committed (£135.0 million), management estimates that £73.0 million represents "value" to the Department, i.e. the outputs can be recycled within, or confer benefits to, the business. The balance (£62.0 million) represents a constructive loss at the date of publication of these accounts although commercial negotiations are continuing to reduce this amount.

WATCH 2 has been successful in delivering the new ERM (Employer Relationship Management System) and FRAIMS. However, as a further consequence of the BPRP suspension, one element of this programme, a new Contact Management Project was also halted. A total of £9m that had been capitalized for this project has been written off and represents a constructive loss.

The total constructive loss of £71.0 million explained above, mainly relates to spend incurred over the last three years. As first highlighted in the 2005/06 accounts it also now includes the following balance sheet impacts for asset write offs and provisions for 2006-2007:

- Impairment of tangible fixed assets (note 7) £16.9 million
- Impairment of intangible fixed assets (note 8) £4.0 million
- Provision for BPRP committed spend (note 12) £5.2 million

BELMIN

The BELMIN Projects were initiated by the Department to consider replacement of the clerical process for referring Jobseekers to the labour market with an IT based system, which would allow bookings and payments for training to be processed online and give greater control over expenditure. The pilot scheme commenced in Dorset in April 2004 and was rolled out across the South West from January 2006.

In July 2006, it was realised that significant further investment would be required to deploy the system on a national basis and further development was therefore postponed in order to undertake a strategic

review and to consider solutions for the whole business process. The review concluded that alternative solutions would be more beneficial and offer better value for money overall. As a result, no further work was undertaken and the programme was terminated.

The total costs and unavoidable commitments of the programme amounted to £4.4 million. Management estimates that £2.7million represents “value” to the Department, i.e. the outputs can be recycled within, or confer benefits to, the business. The balance (£1.7 million) represents a constructive loss.

Condition Management Programme (CMP)

The Condition Management Programme is a high profile initiative, which provides Incapacity Benefit customers with assistance to manage their condition, in preparation for work. Funding for the programme is provided by DWP and payments are made to Primary Care Trusts (PCTs) in accordance with Memoranda of Understanding and based on anticipated client numbers.

During the two years 2004/05 and 2005/06, potential client numbers in one PCT have been overestimated and that PCT has recorded underspends of £1.0 million in 2004-05 and £1.4 million in 2005-2006. The PCT acknowledges this but does not have sufficient funds to reimburse the monies to DWP. The Memorandum of Understanding places the risk of estimation with Jobcentre Plus and provides no legal basis for recovery of any underspends. The £2.4 million therefore constitutes a constructive loss to the Department. No other PCTs have been affected.

The original Memoranda of Understanding have been superseded by individual Funding Arrangements to ensure that this situation cannot re-occur. Improvements are being implemented to the monitoring and reporting processes for expenditure, which is now subject to quarterly reviews in conjunction with the PCTs. It has been agreed that any underspend from 2006-2007 will be deducted from payments due to be made in 2007-2008.

Note 24 **Late payment of commercial debt**

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

In 2006-2007 £22,097 (2005-2006: £70) of interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998. These are included in other administration costs (Note 3).

Note 25 **Charitable donations**

Jobcentre Plus made no charitable donations during the year.

Note 26 **Post balance sheet events**

The accountabilities in respect of Contracted Employment Programmes (CEP's) funded through Departmental Expenditure Limit Programmes (DELP) transferred from Jobcentre Plus to the Work Welfare and Equality Group (WWEG) on 1 April 2007. These accountabilities transferred include Remploy and Pneumoconiosis. The transfer establishes end-to-end ownership of CEP's within WWEG. The programme costs and associated disclosures will therefore be recorded in the Corporate and Shared Services account, an unpublished account consolidated in the Resource Accounts, for the year ended 31 March 2008 and onwards.

The procurement and contract management functions relating to the CEP's transferred from Jobcentre Plus to the Commercial and Estates Directorate (CED) on 1 April 2007. The CED is the Department's centre of excellence for these functions.

Other than the above there have been no material post balance sheet events that require disclosure in these accounts.

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

The authorised date for issue is 20 July 2007.

Note 27 Transfers of functions

Balance Sheet

	Published accounts at 31 March 2006 £'000s	Pneumoconiosis £'000s	Re-stated accounts at 31 March 2006 £'000s
Fixed Assets	680,082		680,082
DEBTORS: Amounts falling due after more than one year	31,102		31,102
CURRENT ASSETS			
Debtors: amounts falling due within one year	54,640		54,640
Cash at bank and in hand	509		509
	<u>55,149</u>		<u>55,149</u>
CURRENT LIABILITIES			
Cash overdrawn			
Creditors: amounts falling due within one year	(372,986)		(372,986)
	<u>(372,986)</u>		<u>(372,986)</u>
NET CURRENT ASSETS / (LIABILITIES)	<u>(317,837)</u>		<u>(317,837)</u>
Total Assets less current liabilities	393,347		393,347
PROVISIONS FOR LIABILITIES AND CHARGES	(4,191)	(4,453)	(8,644)
	<u>389,156</u>	<u>(4,453)</u>	<u>384,703</u>
Taxpayers Equity:			
General fund	388,790	(4,453)	384,337
Revaluation reserve	366		366
	<u>389,156</u>	<u>(4,453)</u>	<u>384,703</u>

Note 27 Transfers of functions (continued)

Operating Cost Statement

	Published accounts at 31 March 2006 £'000s	Pneumoconiosis £'000s	Re-stated accounts at 31 March 2006 £'000s
Administration costs	3,469,689	-	3,469,689
Administration income	(6,515)	-	(6,515)
Net Administration costs	3,463,174	-	3,463,174
Programme costs	1,165,491	10,991	1,176,482
Programme income	(85,086)	-	(85,086)
Net Programme costs	1,080,405	10,991	1,091,396
Net Operating cost	4,543,579	10,991	4,554,570

The administration and accounting for pneumoconiosis has been included within the accountabilities of Jobcentre Plus with effect from 1 April 2006. HM Treasury approved the transfer from Benefit Expenditure accounts; an unpublished account consolidated in the Resource Accounts. The provision has been made in respect of compensation payments that are made under the workers' Pneumoconiosis Compensation Payments Scheme. This is intended to compensate those suffering from certain dust diseases where they are unable to claim compensation by way of civil action in the courts. Award of Industrial Injuries Disablement Benefit is a precondition for payments to all sufferers and most dependants.

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