

## **Jobcentre Plus**

Annual Report and Accounts 2008 – 2009

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### CORRECTION

#### **Page 17 – Environmental targets**

The second line of the table should read:

	Baseline	2007-2008	2008-2009	2010-2011 Target
Business Road Travel – (,000s) Miles	28,053	31,845	29,789	23,845

**July 2009**

London: The Stationery Office



# Jobcentre Plus

Annual Report & Accounts  
2008-2009

**jobcentreplus**

Part of the Department  
for Work and Pensions



# Jobcentre Plus

Annual Report & Accounts

2008-2009

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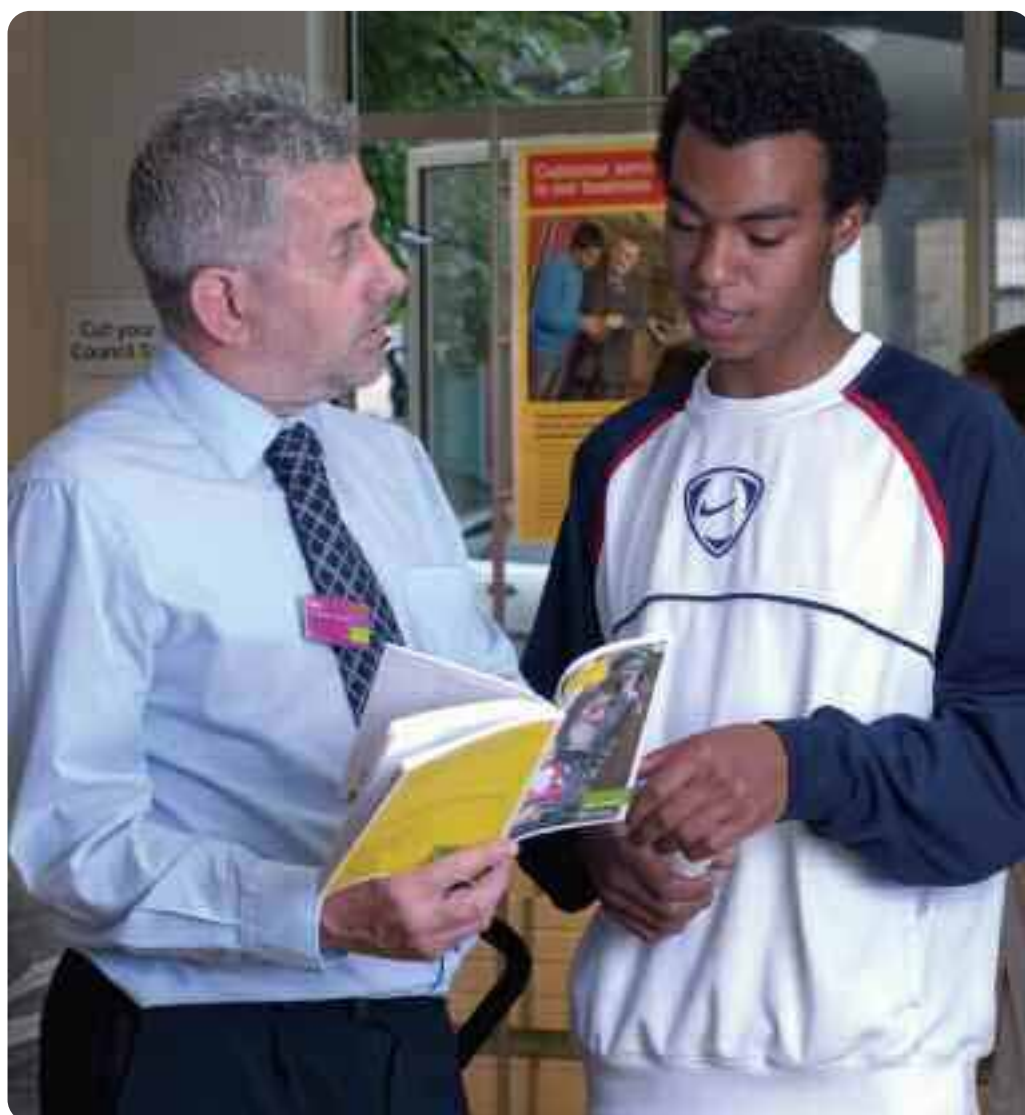
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# Chief Executive review

In 2008-2009 Jobcentre Plus responded very positively and effectively in supporting our customers through the onset of the economic downturn, at the same time as we delivered the Government's welfare reform initiatives.



Despite dealing with over one million more new claims for Jobseeker's Allowance (JSA) in 2008-2009, around a 50% increase compared to the previous year, we improved on the time taken to process JSA claims, successfully meeting our year-end target. In March 2009 we interviewed 80% of all new JSA customers within 3 days to offer help in finding work. We also performed above target in answering telephone calls to our contact centres.

This sustained high level of performance was achieved by building our capacity through streamlining our processes, bringing new people into the organisation and increasing productivity. Our staffing numbers rose during the year to the planned figure of 70,000 in March 2009. We have also redeployed people from support functions to customer service duties and received substantial support from colleagues in other parts of the Department for Work and Pensions (DWP) and the wider Civil Service.

We have expanded our Rapid Response Service to support companies once they have announced potential redundancies. We worked in partnership with companies such as BMW, Woolworths, Nissan and hundreds of smaller employers, deploying Jobcentre Plus people to attend on-site and offer advice and support to employees facing redundancy.

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Against this backdrop of rapid change and a need for increased customer support we successfully introduced, on time and within budget, the Employment and Support Allowance (ESA) for customers whose ability to work is affected by ill health or disabilities. ESA is the first new working age benefit to be introduced since 1996 and this was a significant achievement for Jobcentre Plus.

We also continued to support the Government's welfare reforms by completing the national rollout of Pathways to Work which aims to help customers with health conditions and disabilities return to work. We introduced new help in finding work for lone parents whose youngest child is 12 years old or more.

We have continued to deliver Local Employment Partnerships (LEPs), working with employers and partners to develop pre-employment training and work trials preparing our customers for the jobs available. By March 2009 over 145,000 people had found work with over 20,000 employers through LEPs.

Given the challenges we have faced, we have performed well against our targets. We met the 2008-2009 Employer Outcome Target, the targets for benefit clearance times, and fully expect to meet the Interventions Delivery Target. We have proven our ability to achieve high standards whilst managing major change in the face of rising volumes and increased workloads.

I am proud of the commitment shown by our people in meeting the demands of the past year and putting the customer at the centre of all that we do. I would personally like to thank them and our partners for what has been achieved.



**Mel Groves**  
7 July 2009



# Our services

Jobcentre Plus is an executive agency of the Department for Work and Pensions. We will continue to provide dedicated support to all our customers through this challenging economic period and deliver on our purpose of 'Work for those who can and support for those who cannot'.

Jobcentre Plus is dealing with this major challenge by responding quickly and positively to the increasing demands for our services, and striving to meet the needs of all our customers.

We remain focused on providing a range of services direct to individuals and employers and also working in partnership with other organisations. In delivering our services we promote equal opportunities, aim to eliminate unfair or unlawful discrimination and make our services accessible to all our customers.



## **Helping our customers find and stay in work**

We help our customers to find work by supporting them to apply for jobs through additional personal adviser support and by increasing opportunities through our Local Employment Partnerships. We treat customers, including people dealing with Jobcentre Plus and the benefits system for the first time, as individuals with individual needs. We will continue to help people gain the support, skills and training they need to move from benefits into work.

## **Supporting our customers**

We support our customers by advising them on the benefits available, explaining the conditions for receiving benefits and paying benefits accurately and on time. We also make payments or loans from the Social Fund where customers need additional financial support.

## **Working with employers**

We help employers by providing advice on the jobs market and recruitment including advice on diversity (valuing people's differences). We advertise jobs, find people with the right skills to apply for them and help prepare potential recruits through Local Employment Partnerships. We provide support and advice on employing disabled people.

# Our priorities for 2008-2009

These are the priorities as set out in the Jobcentre Plus 2008-2009 Business Plan. Part way through the year, due to the economic downturn, Jobcentre Plus had to quickly and effectively respond to increased demands on its services and support significantly higher numbers of people to find work.

Whilst still delivering against the stated 2008-2009 priorities we also had to review our service delivery strategy, taking account of our changed workforce and estates divestment plans.

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## Transforming our services

### We planned to:

- introduce the new Employment and Support Allowance (ESA) regime for new customers claiming benefits for a sickness or disability;
- make our Local Employment Partnerships a success;
- introduce a new range of services for lone parents, including new group seminars and supporting lone parents with children aged 12 and over when their entitlement to Income Support ends; and
- prepare for introducing a flexible 'New Deal' of more tailored support for people looking for work, alongside an integrated employment and skills service.

## Delivering our performance

### We planned to:

- deliver all of our targets, including reducing staff absence;
- work within our allocated budget;
- improve how productive we are;
- keep our customers' personal information safe; and
- improve the accessibility and level of service to all our customers; work in partnership with other organisations and our customers' representatives to the benefit of our customers; and promote equal opportunities and diversity.

## Delivering services more efficiently and effectively

### We planned to:

- constantly review our internal processes using continuous improvement techniques;
- continue to modernise and expand our telephony services, spreading contact centre best practice across our business;
- work with the Pension, Disability and Carers Service to improve how we deal with customers who use both agencies; and
- get the best value from our estate and information technology.

## Delivering our values through our people

### We planned to:

- help our people put the customer first in everything we do;
- support our people and the organisations we work in partnership with to develop the skills we need for the future;
- develop our leaders at all levels to inspire our people, deliver results and achieve our vision for the future; and
- change the way in which we work so we become more cost-effective for our customers and our people.

# Delivering through challenging times

2008-2009 saw the effects of the worldwide economic downturn significantly affect the work of Jobcentre Plus. We were well prepared for the increased volumes because of the built-in flexibility in our business resulting from modernisation. We were able to maintain our customer service standards due to our professional network of jobcentres, contact centres operating a linked telephony system at industry standards, and centralised benefits processing.

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From around September 2008, volumes began to increase steadily. From a level of around 45,000 new JSA claims per week, claims increased to 81,000 per week in March 2009. Monthly increases had continued to outstrip forecasts since October 2008 and numbers peaked at 105,000 per week in January 2009.

We reacted quickly, rapidly increasing the number of people dealing with claims, and making greater use of our office accommodation and IT capacity to deal with rising volumes, whilst at the same time maintaining our procedures and moving as many people as possible off benefits.



Between October 2008 and March 2009 Jobcentre Plus:

- recruited 5,000 more staff;
- redeployed volunteers from within Jobcentre Plus;
- recruited help from around government;
- kept open 25 offices previously considered for closure; and
- introduced more evening or weekend working and overtime.

We were also helped very substantially by other parts of our own Department – DWP – who supported us through the deployment of volunteers to work in Jobcentre Plus and the transfer to us of substantial contact centre capacity.

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## REAL HELP NOW

Jobcentre Plus rose to the challenge to provide even more support to customers than ever before:

### **For customers prior to unemployment:**

Increased funding for the Rapid Response Service enabled us to respond swiftly and flexibly to offer help when redundancies were announced. It has been used by around 1,500 employers since November 2008. Working in partnership we have supported employers such as Nissan, Woolworths and BMW, deploying Jobcentre Plus people to attend on-site and offer advice to employees.

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

We have helped the newly unemployed get up to date with the latest job search techniques through:

- access from day one of their unemployment to Programme Centres, which offer individually tailored job-search assistance for customers facing specific problems in finding and keeping work.

We provided further support to the newly unemployed through:

- access to specialist help in CV writing, interview preparation, debt and money advice, confidence building and work skills;
- support to help remove potential barriers to taking up employment;
- access to Local Employment Partnership vacancies;
- additional funding for the Access to Work scheme for people affected by disabilities; and
- help with their mortgage, dependent on income, for those who are unemployed for over 13 weeks.

We also began to prepare for new initiatives due to be delivered from April 2009:

- a new one-hour group information session on job-search techniques;
- a new one-day advice and coaching session delivered by external providers, including some specific advice for customers looking for professional or executive jobs; and
- extra support for customers who remain out of work after 6 months and those approaching 12 months unemployment.

# Transforming our services

## Our achievements in 2008-2009

A key achievement in 2008-2009 has been the successful introduction, on time and on budget, of the Employment and Support Allowance (ESA) for customers whose ability to work is affected by ill health or disabilities. ESA is designed to help our customers to reach their full potential and move into work where they are able. It is the first new working age benefit introduced since 1996.

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

- supported a new National Employment Partnership, which is chaired by the Prime Minister. Twenty two major employers and representative groups have committed to advertising all their non-specialist vacancies through Jobcentre Plus;
- signed a memorandum of understanding with the Recruitment and Employment Confederation, which represents private recruitment agencies. This agreement sets out how we will work together to ensure the best service for unemployed people and employers. These arrangements are particularly important for people with a professional or executive work history, for whom specialist agencies can provide specific help;
- supported lone parents whose youngest child is 12 years old or more in their search to find work;
- guaranteed a job interview with an employer, where possible, for lone parents who are ready to move into work and provided in-work support and guidance;
- introduced “Options and Choices Events” group seminars for lone parents to help them in their search for work;
- completed the national rollout of Pathways to Work which provides personalised support nationwide to help customers with health conditions and disabilities prepare for and return to work. This has demonstrated a really successful collaboration between public and private sector employment specialists;
- successfully contributed to Local Area Agreements for tackling unemployment as a priority at a local level, in partnership with public organisations, including local authorities. Of the 150 top-tier local authorities 93% now have at least one target to tackle worklessness;
- worked with local authorities in England,<sup>1</sup> receiving the Working Neighbourhoods Fund, to target support to help customers in areas of high unemployment;
- built on and fulfilled our commitments within LEPs. We continued to work with individual employers and partners to design appropriate pre-employment training and work trials to prepare our customers for work. By March 2009, LEPs had helped 145,000 people to find jobs, more than 20,000 employers had recruited in this way and over 80,000 employer workplaces were involved;

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<sup>1</sup> Funding for deprived areas in Scotland and Wales continued separately in 2008-2009

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- extended our services to the unemployed partners of customers who claim Jobseeker's Allowance, offering guidance and support to help them find work;
  - continued to prepare for the introduction of a new jobseeker's regime and flexible New Deal which will operate through partnership with the private and third sector to offer personalised advice and support for jobseekers. Twenty eight Jobcentre Plus districts are on target to introduce a flexible New Deal from October 2009;
  - started to trial a system, in England<sup>2</sup>, to bring together the services of our personal advisers and skills advisers, working towards an Integrated Employment and Skills Service;
  - continued to test a credit which helps make sure customers are better off in work and off benefits; and
  - used our insight into the labour market and employers' needs to better understand the qualities and skills employers value.



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

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**To make our services better and easier to access we have taken account of the needs of the many customers who have not used our services before and:**

- re-shaped some of our services, in response to customer feedback and increased demand, improving the help we offer from day one of unemployment to provide clearer advice to those who have no recent experience of looking for jobs;
- focused on improving how we signpost our services so that people who have not used us before can find the help and information they need quickly;
- worked with DWP communications colleagues on a marketing campaign designed to inform people where they can go for help. This has included:
  - adverts in the national and local press;
  - a range of online sites;
  - leaflets and posters; and
  - improving information available on our website and on Directgov to ensure that people can quickly find the help and information they need.
- tested the facility for JSA customers to make their claims on line. This is due to go live in July 2009, starting with customers claiming contribution-based JSA;
- enabled benefits customers to resolve certain enquiries online;
- completed a 3-year programme to link together 31 contact centres across the UK, making Europe's largest single virtual telephone network. A single national telephone number is now available for all new benefit claims, and customer calls can be directed to the next available member of staff wherever they are in the country. 6,500 agents handle 18 million customer calls a year;
- utilised our telephone network to better support how we deliver the Social Fund;



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- increased the number of staff dealing with crisis loans to ensure we answer telephone calls and deal with applications quickly;
  - developed changes to Social Fund legislation and procedures to ensure the cash-limited fund is better targeted on those customers in genuine need. Many of these changes will be implemented in 2009-2010;
  - reduced the need for customers who receive more than one benefit to tell each DWP agency separately about a change in their circumstances, starting with customers reporting a change of address from April 2009. We have also tested a process, that will begin in May 2009, to help customers moving from working age benefits to pension age benefits by re-using information we already hold;
  - participated in “Tell us Once” pilots, a cross-government programme led by DWP, to transform the way people can tell local and central government about changes to their circumstances, beginning with notifications of birth and death;
  - continued to work with DWP to simplify benefit policy so that we can make faster benefit payments with fewer errors; and
  - successfully completed pilots offering a single point of support for customers who move in and out of work. The new process will make it easier for customers to claim their entitlements as information is securely shared with HM Revenue and Customs for tax credits, and with local authorities for Housing and Council Tax Benefit.





# Delivering our performance

## Our achievements in 2008-2009

The downturn in the economy has made it even more important for us to help our customers to move into work. We have implemented a range of initiatives that give more support to help them do so as quickly as possible.

Our targets help us maintain the focus on helping customers move into work, reducing losses through fraud and error and improving the accuracy and speed of benefit processing, alongside delivering our commitments to customer service. Notwithstanding the onset of the economic downturn our targets for 2008-2009 were challenging and had to be met against a background of major changes to our services.

### **Our targets support the achievement of the Department for Work and Pensions' vision to:**

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

### **Summary of overall performance 2008-2009**

We met the 2008-2009 Employer Outcome and Benefit Clearance Time targets. However, the Customer Service Target was not met, albeit by a very small margin. Forecasts indicate that we will meet the Interventions Delivery target.

We will publish the results of our Interventions Delivery Target for 2008-2009 in September 2009 and our Job Outcome Target for 2008-2009 in November 2009 on the Jobcentre Plus website.

### **2007-2008**

You can find information on the achievement of our targets for Job Outcome, Interventions Delivery and Monetary Value of Fraud and Error for 2007-2008 on the Jobcentre Plus website.

<http://www.jobcentreplus.gov.uk/jcp/aboutus/jobcentreplusperformance/index.html>





### **Job Outcome Target**

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

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

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

Our target for 2008-2009 was to achieve a 5% increase in the total points we achieved in 2007-2008. The most recent performance data to November 2008 shows an achievement of 87% against profile.<sup>3</sup>

### **Average Actual Clearance Times Target**

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

In 2008-2009 we achieved a performance of 10.1 days for Jobseeker's Allowance claims against a target of 11.5 days. For Income Support claims we achieved 8.3 days against a target of 10.0 days, and for Incapacity Benefit claims we achieved 13.3 days against a target of 15.0 days. For both Jobseekers Allowance and Income Support claims this was the best performance since the target was introduced.

### **Monetary Value of Fraud and Error Target**

DWP has a strategic objective to ensure that no more than 1.82% of all benefit is overpaid and no more than 0.76% underpaid by March 2011.

Jobcentre Plus, along with other DWP agencies, contributes to the delivery of this objective. In 2008-2009 we carried out over 2 million counter-fraud activities designed to reduce fraud and error in the benefits system.

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



### **Customer Service Target**

This target measures how well we deliver our services to customers. The 3 main ways in which our customers access Jobcentre Plus services are: in person, by telephone and electronically.

Our customer service is measured under 3 headings:

- timeliness – the availability and accessibility of our services;
- professionalism – how friendly, polite and sympathetic we are; and
- information – whether the information we give to customers is accurate and comprehensive. This includes the information we display in our offices and on our website: information we give to customers: and where appropriate, how well we understand customers' circumstances and requests and anticipate their needs.

Information is assessed under 2 measures:

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

The 3 elements (timeliness, professionalism and information) make up the overall national target.

In 2008-2009 we achieved a level of 85.8%, against a target level of 86%.

### **Employer Engagement Target**

This target measures how we offer employers the best possible service for their recruitment needs. We monitor our performance through an independent research company, who carry out random sampling of employers and our Employer Direct Contact Centres.

The target is measured under 3 components:

- outcome –
  - resolution – whether the employer filled their vacancy; and
  - responsiveness – whether it was filled within a timescale that met the needs of the employer;
- timeliness – the availability of Employer Direct online and the telephone response times for Employer Direct; and
- accuracy/professionalism – testing the Employer Direct vacancy-taking service.

These 3 components make up the overall national target of 92%.

In 2008-2009 we achieved a performance level of 93.9%.

### **Interventions Delivery Target**

This target is about giving work-focused support at the right time to customers entitled to Incapacity Benefit and Jobseeker's Allowance and lone parents receiving Income Support.

Latest performance figures for 2008-2009 show we have achieved 91.7%, against a target of 86%.

## Performance results for 2008-2009

### Job Outcome Target

To increase by 5% the total points we achieved in 2007-2008	Target to November 2008	100%
	Achievement to November 2008 <sup>4</sup>	87%
	Variance	-13%

### Average Actual Clearance Times Target

Income Support	Target	10 days
	Achievement	8.3 days
Jobseeker's Allowance	Target	11.5 days
	Achievement	10.1 days
Incapacity Benefit	Target	15 days
	Achievement	13.3 days

### Customer Service Target

To achieve an 86% level in the delivery of agreed customer service	Target	86%
	Achievement	85.8%

#### Customer Service Target component elements

Timeliness	Achievement	89.1%
Professionalism	Achievement	80.5%
Information	Achievement	98.1%

### Employer Engagement Target

To deliver 92% of services to the standards we have set for our business	Target	92%
	Achievement	93.9%

#### Employer Engagement Target component elements

Outcome	Achievement	93%
Timeliness	Achievement	97%
Accuracy and professionalism	Achievement	94.8%

<sup>4</sup> Due to delays associated with employers notifying HM Revenue and Customs when an employee starts work, there is usually a period of approximately 7 months before Jobcentre Plus is able to publish the final Job Outcome Target performance.

## Interventions Delivery Target

To take action within set timescales in 86% of cases	Target Interim achievement <sup>5</sup>	86% 91.7% (based on complete data to December 2008)
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### Intervention Delivery Target component elements

Conduct 85% of Incapacity Benefit work-focused interviews after the end of the 8th week and before the end of the 13th week of the claim	Planning assumption Achievement	85% 90.3% (April 2008 – March 2009)
Conduct 85% of Income Support lone-parent work-focused interview reviews that become due, within 3 months	Planning assumption Achievement	85% 91% (April 2008 – December 2008)
Conduct 90% of 13 and 26 week Jobseeker's Allowance advisory interviews that become due, within 6 weeks	Planning assumption Achievement	90% 92.5% (April 2008 – December 2008)

## Other performance indicators

We are held to account for 2 other performance measures which are not full targets because we share these responsibilities within the Department.

### Managing attendance

This indicator emphasises our commitment to maximise our resources by reducing staff sickness absence levels. Sickness absence has reduced this year from 10.1 average working days lost at March 2008 to 9.3 days at March 2009 against a milestone target of 8.3 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<sup>6</sup>.

<sup>5</sup> Final 2008-2009 IDT performance will be available in September 2009

<sup>6</sup> During 2008-2009, a new system was introduced in Jobcentre Plus for reporting sickness absence levels. From 2008-2009 all sickness absence figures are reported using this new system. This means that the 10.1 average working days lost, reported at March 2008, would equal to 10.4 average working days lost if calculated using the new reporting system.

### Payment modernisation

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

### Environmental targets

All Government Departments and agencies have been set a series of targets to reduce their impact on the environment under the banner of Sustainable Operations on the Government Estate (SOGE). Jobcentre Plus contributes towards the targets set for the Department for Work and Pensions.

	Baseline	2007-2008	2008-2009	2010-2011 Target
<b>Business Road Travel – CO2 Emissions (Tonnes)</b>	9,223	10,385	9,694	<b>7,839</b>
<b>Business Road Travel – Miles</b>	28,053	31,845	29,789	<b>23,845</b>
<b>Energy Consumption of Offices – KgC Emissions</b>	45,596,735	35,325,845	34,575,088*	<b>33,427,781</b>
<b>Electricity Efficiency – KW/h m2</b>	321	284	289**	<b>275</b>
<b>Water Consumption – m3</b>	965,085	605,779	544,556	<b>723,814<sup>7</sup></b>

\* *Weather correction factor for 2007-2008 applied*

\*\* *Energy efficiency based on 2007-2008 m<sup>2</sup>*

For 2009-2010 we have adopted more robust systems for gathering data to improve performance.

<sup>7</sup> The target year for Water Consumption reduction is 2020 rather than 2010

# Delivering services more efficiently and effectively

We have established a network of trained continuous-improvement champions and practitioners to help drive forward continuous improvement across the business. By examining the new claims process using these techniques, we identified a simple change that improved customer service by removing up to 3 days from the length of the process and improving security of customer details.

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## Improving our efficiency and effectiveness while maintaining our standards

### We have:

- reduced waste by continuing to improve our business processes and training our people in continuous-improvement techniques;
- continued to play a key role in the DWP objective to reduce fraud and error by developing ways to prevent and detect fraud, working in partnership with other organisations and Government Departments where this is appropriate;
- continued to tackle error in the benefit system to help the Department to reduce official and customer error;
- developed our information technology systems to help staff to see, change and share relevant information to meet more of our customers' needs first time;
- implemented a modern integrated telephony network with improved messaging and call routing;
- worked closely with Directgov to enable our customers to search more effectively for vacancies, training and childcare opportunities online;
- planned to replace our jobpoints, beginning in late 2009, to provide a better service for our customers through improved technology; and
- used our offices and information technology more efficiently to reduce costs. During 2008-2009 we planned to reduce our estates in line with reducing workloads. However, the economic downturn has required us to review and revise our service delivery plans to meet demand.



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## Customer Feedback

Every working day in 2008-2009 we received around 10,000 job vacancies from employers; conducted around 45,000 adviser interviews; processed around 18,000 new benefit claims; and answered over 90,000 calls to our contact centres. We are committed to listening to our customers and acting on their feedback.

We welcome views from customers on our service and on how we can make improvements. Our 'Tell us what you think' leaflet gives details on how to give your views.

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

In the year 2008–2009 we received 10,658 compliments. The 3 main features we were praised for were:

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

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

### Complaints handled at source or at District Manager level

**Target:** To clear 90% of complaints received with 10 days

Total number of complaints received: 41,181  
In 2008-2009 we achieved a performance level of 88.1%

### Top 5 categories:

- issues with claims for Jobseeker's Allowance;
- issues with claims for Income Support;
- information and advice provided;
- issues with claims for Incapacity Benefit; and
- helpfulness/courtesy of staff.





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### Complaints handled at Chief Executive level

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

Total number of complaints received: 4,021

In 2008-2009 we achieved a performance level of 90%

#### Top 5 categories:

- follow up – where a customer has approached us previously but remains dissatisfied with the response;
- issues with claims for Incapacity Benefit;
- issues with claims for benefit entitlement;
- complaints escalated from District Manager level; and
- issues with claims for Income Support.

We seek to improve complaints handling by:

- revising our standard complaint categories to provide more detailed information than the existing headings, such as benefit titles, which do not provide a real insight into the problems customers experience;
- introducing the Customer Charter to establish the importance of customer service in our approach;
- working with DWP to develop a Department-wide standard complaints-resolution model, to improve complaints handling and offer greater insight into customer complaints, so enabling us to improve our business design; and
- carrying out customer research to establish why customers complain and what, if any, are the barriers to making a complaint.



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## Sustainable Development

In April 2008, Jobcentre Plus launched its 2008-2011 Action Plan, which sets out how we will work to achieve the goals of the Government's UK Strategy for Sustainable Development and fulfil our legal requirements.

We are committed to:

- increasing energy efficiency;
- reducing the consumption of electricity, fossil fuel and water;
- reducing CO2 emissions and other greenhouse gases by reducing our business travel;
- reducing the environmental impact of all Jobcentre Plus activities;
- reducing consumption of raw and processed materials; and
- minimising waste disposal.



We have started by developing management information on what we, as a business, are currently doing and by reporting monthly on the amount of business travel we undertake. During the first quarter of 2009-2010 data on our energy and water consumption for each building will become available.

To ensure that we adopt the principles of sustainable development in our policy development and decision making, we have been developing a policy impact assessment tool with DWP. The tool covers finance and diversity and equality issues as well as sustainable development.

During 2008-2009, we continued to establish our own SEEDs awards (Social, Environment, Economic, Developing sustainability) – a scheme recognising and celebrating the time, energy, and commitment many of our people give to improving sustainability in our offices and local communities. In its first year of operation the scheme has attracted over 80 nominations, with 15 winners, from across the business. Activities ranged from establishing recycling facilities in offices to helping vulnerable people in the local community.

# Delivering our Values through our people

During the year Jobcentre Plus has seen a significant increase in the levels of customer contact as a result of the economic position. To maintain our level of customer service we increased recruitment during the second part of 2008-2009. Between October 2008 and March 2009 we recruited around 5,000 people. This enabled us to handle the increased workload and continue to deliver a first class service to our customers.

Between January and April 2009 we trained over 3,500 new people. To achieve this we increased the number of people delivering and supporting training from 324 to 722 and developed shortened training routes focusing initially on the key functions. We have tracked all who followed the shortened route and have programmed in any extra learning they will need for their wider role.

Our Values are shared with the rest of DWP. Our statement of Values below describes how we intend to take forward the Values in our own business.

## Our Values

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

### Achieving the best

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

### Respecting people

By 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.

We will use our Values in our day-to-day work environment, focusing on delivering high-quality customer services. We will make full use of our people's skills and reward their contribution to our business.

We will also build on our progress towards achieving our diversity and equality goals by raising awareness of, and following the actions set out in, our Equality Schemes and 'Diversity Challenge'.<sup>8</sup>

### Helping our staff put the customer first in everything that we do

In 2008-2009, we made sure our people were in the best position to meet our business needs by:

- developing a People Strategy to focus all our activities and resources on our customers' needs;
- improving our workforce management and introducing a network of recruitment advisers

<sup>8</sup> For further details please visit the Jobcentre Plus website: [http://www.jobcentreplus.gov.uk/JCP/Aboutus/Equality\\_Schemes/index.html](http://www.jobcentreplus.gov.uk/JCP/Aboutus/Equality_Schemes/index.html)

so that we could identify and respond rapidly, deploying new recruits to our customer-facing roles;

- working with DWP agencies and other Government Departments to find and use people already working in the public sector to cope with an increasing customer base while avoiding staff surpluses; and
- switching our technical learning and development resources from HR to directly support our customer-facing operations.

### **Supporting our staff and the organisations we work in partnership with to develop the skills we need for the future**

#### **In 2008-2009 we have:**

- supported our existing and new people to develop their skills in their current roles, learn new roles and develop skills and knowledge to support welfare reform initiatives such as the introduction of ESA;
- improved the quality of our existing learning and development products to make sure they help us deliver change and maintain of our performance;
- encouraged people's performance by rewarding them and recognising their contribution;
- built closer and more positive working relationships with our people by improving the way we tell them about changes and involving them in how we develop and implement these changes;
- listened to and worked with our people to respond to issues raised in the annual staff survey; and
- maintained a positive relationship with our trade unions.

### **Developing our leaders at all levels to inspire our people, deliver results and achieve our vision for the future**

#### **In 2008-2009 we have:**

- built on our managers' skills at all levels to help them lead, train, support and develop the people they are responsible for through changes in our business;
- improved succession planning for our key roles in line with our talent management principles; and
- identified and built on the ability of our people by recognising talent and using the Professional Skills for Government programme.

### **Changing the way we work so we become more cost effective for our customers and our people**

#### **In 2008-2009 we have:**

- worked with HR colleagues across DWP to structure our HR functions to best support the business within agreed financial limits;
- provided HR expertise to help deliver the welfare reform agenda and the efficiency programmes that will enable us to deliver more for less in line with the Spending Review Settlement;
- worked with DWP to rationalise generic learning and development by removing duplication and inefficiencies; and
- sought to create a culture in which efficiency and continuous improvement are key. We have introduced new ways of working to improve our effectiveness and how well we respond to change.

# Management commentary on the Annual Accounts

## **a) Statutory Background**

Jobcentre Plus presents its accounts for the year ended 31 March 2009. The accounts have been prepared in accordance with the direction given by HM Treasury in pursuance of Section 7(2) of the Government Resources and Accounts Act 2000.

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

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

The National Insurance Fund is the responsibility of HM Revenue and Customs. However the contributory benefits funded from the National Insurance Fund are administered by the Department on behalf of HM Revenue and Customs. Jobcentre Plus incurs costs associated with the administration of these benefits. Jobcentre Plus receives income from the National Insurance Fund to recover these costs and these recoveries are recorded in the General Fund as Financing from the National Insurance Fund (see Notes to the Accounts 13 & 15c).

## **b) Scope of Jobcentre Plus' Accounts**

These financial statements relate to Jobcentre Plus' administrative and Employment Programme expenditure. From 1st April 2007 responsibility for the majority of Employment Programme expenditure was transferred to the Work, Welfare and Equality Group (WWE) and accordingly no longer features in these accounts. The only remaining Programme expenditure relates to Invest to Save funding. Jobcentre Plus falls within the resource

accounting boundary of the DWP and its Agency Accounts are consolidated along with Employment Programme expenditure within the Department's Resource Accounts.

Jobcentre Plus is also responsible for the payment of various benefits including Income Support, Jobseekers Allowance, Incapacity Benefit & Employment and Support Allowance. 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](http://www.dwp.gov.uk/resourcecentre/policy_strategy.asp)

As part of the DWP, the Agency has to manage its business and meet its objectives within the resource constraints set by the Department. In 2008-2009 Jobcentre Plus shared a Request for Resource with the Work, Welfare and Equality Group (WWE) within the DWP's estimate. It also contributes to an administration cost and net cash requirement limit with other parts of the Department.

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

The Spending Review in 2007 set the basis for the funding available for Jobcentre Plus in 2008-2009.

## **c) International Financial Reporting Standards**

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

d) **Sickness absence data**

Average working days lost per staff member year in 2008-2009 was 9.3 days (2007-2008 10.1 days) Further details can be found under managing attendance on page 16.

e) **Personal data related incidents**

**Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's office in 2008-2009**

<b>Statement on information risk</b>	We have implemented a range of information security improvements based on internal audit and Cabinet Office recommendations, which reports to the Information Security Committee. In line with Cabinet Office requirements my Finance Director assumed the accountabilities of Jobcentre Plus Information Asset Owner during the course of the year and to support this role a separate Security Division was set up. The increased senior focus has already started to have an impact in driving forward improvements in the management of information risk. We have worked hard to improve our information assurance maturity, and we are confident that we meet and in many areas exceed the Data Handling Review requirements. Our information security training and awareness campaigns have been reflected by very positive results in the recent Staff Survey. We have identified a number of areas where we can further strengthen and improve the overall management of the information risk across DWP. Although recognising that very substantial progress towards eliminating weakness has been made in 2008-2009, the Departmental Security Officer has assessed that the overall level of assurance around security controls remains limited and we are committed to continue to support the Senior Information Asset Owner to further strengthen controls over information security.			
<b>Date of incident (month)</b>	<b>Nature of incident</b>	<b>Nature of data involved</b>	<b>Number of people potentially affected</b>	<b>Notification steps</b>
September 2008	Loss of paper documents from outside secured Government premises	Names, dates of birth, addresses and copies of identity documents	459	Individuals notified by post
<b>Further action on information risk</b>	Jobcentre Plus will continue to monitor and assess its information risks, in light of the events noted above, in order to identify and address any weaknesses and ensure continuous improvement of its systems. New procedures have already been implemented which place greater control on the movement of paper documents so as to further reduce the risk to individuals. Planned steps for the coming year include the completion of security awareness training for all employees.			

**Table 2: Summary of other protected personal data related incidents in 2008-2009**

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

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

**f) Results for the Year**

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

The net operating cost amounted to £3,314.9 million (2007-2008 £3,363.0 million). Capital expenditure for the year, full details of which are given in Notes to the Accounts 7 & 8, amounted to £7.2 million (2007-2008 £14.8 million).

**g) Employment of Disabled Persons**

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

**h) Commitment to Equality and Diversity**

We have worked to improve the accessibility of our services and to better understand and meet our customers' diverse needs.

This has included:

- working in partnership with customer representative organisations;
- Introducing the Accessing Jobcentre Customer Services project which has enabled us to improve our customer service, by identifying customers who need extra support, for example through face-to-face discussion and providing that support or directing them to people that can help;
- working towards delivering our Diversity Challenge pledge, to ensure we comply with equality legislation;
- discussion with the Equality and Human Rights Commission on our duties as a public authority; and
- the celebration of Diversity Week.

For full details of our progress please see our 2008-2009 Equality Schemes Progress report on our website at [http://www.jobcentreplus.gov.uk/JCP/Aboutus/Equality\\_Schemes/index.html](http://www.jobcentreplus.gov.uk/JCP/Aboutus/Equality_Schemes/index.html).

## **i) Employee Involvement and Engagement**

Jobcentre Plus respects its people and values their contribution. We have a strong internal communications network in place. Our people are encouraged to share information and contribute news, views and feedback. Opportunities to do so include regular telephone conferences with the Board, which are open to people across the organisation; and Team Talk events, where Board members visit our customer-service teams across the UK to invite questions and discuss how services can be improved.

Senior management agree to address issues arising from the annual staff survey by analysing and acting on the survey results. We recognise the outstanding achievements of our people through our annual awards events.

We pass on regular news and information to our people through the Jobcentre Plus and DWP communication sites on the intranet, as well as through regular bulletins and messages cascaded through team meetings.

An employee assistance programme supports staff and managers in handling difficult incidents and promotes well-being in the workplace.

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

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

## **j) Pension Liabilities**

The employees of Jobcentre Plus are Civil Servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. The Principal Civil Service Pension Scheme (PCSPS) is the main pension scheme for all Civil Servants including Jobcentre Plus' employees. It is a defined benefit scheme, with benefit expenditure borne on the Civil Superannuation Vote. Details of the Pension Scheme are disclosed in Notes to the Accounts 2c.

## **k) Payments to Suppliers**

Jobcentre Plus is committed to the prompt payment of bills for goods and services received. Payments are normally made as specified in the supplier's contract. If there is no contractual provision or other understanding, they should be paid within 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 89.0% (2007-2008 – 95.6%) of bills were paid within this standard. The reduction against 2007-2008 was due to the clearance of a large volume of low value items with two large suppliers.

## **l) External Auditors**

The accounts have been audited by the Comptroller and Auditor General whose certificate and report appear on pages 48 and 49.



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### m) Board of Management

Members of the Jobcentre Plus Board during the year were:

Mel Groves CBE	Acting Chief Executive (from 10 November 2008, formerly Chief Operating Officer)
Lesley Strathie	Chief Executive (until 9 November 2008)
Phil Bartlett	Director, Employment & Support Allowance Programme (until 8 February 2009)
David Chapman	Director, Information Technology (from 23 June 2008)
Roland Ginn	Director, Finance
Jeremy Groombridge CB	Director, Transformation and Product Management
Matthew Nicholas	Director, Employers & Stakeholders (from 6 May 2008, formerly External Relations & Communications)
Ruth Owen	Chief Operating Officer (from 17 November 2008, formerly Director, Business Strategy & Planning)
Pete Searle	Acting Director, Business Strategy & Planning (from 17 November 2008)
Doug Watkins	Director, Human Resources
Malcolm Whitehouse	Director, Information Technology (until 22 June 2008)
Mark Fisher	Advisory Director, Welfare to Work (from 9 March 2009)
Stephen Martin	Advisory Director, Welfare to Work (until 6 July 2008)
Sharon White	Advisory Director, Welfare to Work (from 7 July 2008 until 8 March 2009)
John Clare CBE	Non-executive Chairman
Sarah Anderson CBE	Non-executive Director
Kenneth Ludlam	Non-executive Director

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**n) Board of Management Responsibilities**

The Board of Management have approved the accounts for the year ended 31 March 2009 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 he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

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

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

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

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



**Mel Groves**  
Jobcentre Plus Accounting Officer  
7 July 2009

# Remuneration report

## **a. Remuneration Policy**

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

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

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

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

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

## **b. Service Contracts**

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

The officials covered by this report hold appointments, which are open-ended subject to performance. Early termination, for all officials, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://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	2008-09		2007-08	
	Salary	Benefits in kind (to nearest £100)	Salary Restated	Benefits in kind (to nearest £100)
	£'000s	£	£'000s	£
Mel Groves CBE	140-145	2,500	130-135	2,000
Lesley Strathie	110-115	–	155-160	–
Phil Bartlett	75-80	–	85-90	–
David Chapman	75-80	–	–	–
Roland Ginn	125-130	–	110-115	–
Jeremy Groombridge CB	105-110	2,700	100-105	2,600
Matthew Nicholas	105-110	–	95-100	1,800
Ruth Owen	120-125	400	100-105	500
Jane Saint	–	–	35-40	–
Pete Searle	30-35	–	–	–
Doug Watkins	100-105	–	65-70	–
Malcolm Whitehouse	35-40	–	115-120	–
Mark Fisher**	–	–	–	–
Stephen Martin**	–	–	–	–
Sharon White**	–	–	–	–

\*\* DWP Work, Welfare and Equality Group employ Stephen Martin and Mark Fisher for 2008-2009 and employed Sharon White until 8 March 2009. Jobcentre Plus do not incur any element of the cost of their salaries or pension entitlements.

e. Restatement

Bonuses are paid in July following the financial year to which they relate i.e. bonuses included in 2008-2009 salaries relate to 2007-2008 performance. The previous approach was to disclose bonus payments on a strict cash accounting basis. Where a Director was in post in July, their salary included the bonus paid in relation to their performance and position for the

prior year. In 2008-09 we have revised these rules and now include the July payment if it relates to their performance on the board regardless of whether the director has since left their role. This ensures the payments made to directors in relation to their period of service on the board are disclosed in their totality.

## f. Salary

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

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

## g. 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.

## h. Pension benefits (audited)

Name	Real increase in pension at pension age	Real increase in lump sum at pension age	Accrued pension at age at 31 March 2009	Accrued lump sum at age at 31 March 2009	CETV at 31 March 2008 Restated	CETV at 31 March 2009	Real increase in CETV
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Mel Groves CBE	0-2.5	0-2.5	60-65	190-195	1,400	1,442	8
Lesley Strathie	0-2.5	0-2.5	65-70	200-205	1,244	1,291	1
Phil Bartlett	0-2.5	0-2.5	30-35	95-100	561	598	–
David Chapman	0-2.5	–	5-10	–	44	58	9
Roland Ginn	2.5-5	–	5-10	–	65	133	40
Jeremy Groombridge CB	0-2.5	0-2.5	40-45	125-130	774	828	3
Matthew Nicholas	0-2.5	–	55-60	–	847	937	18
Ruth Owen	2.5-5	10-12.5	20-25	70-75	244	310	47
Pete Searle	0-2.5	0-2.5	20-25	60-65	309	321	2
Doug Watkins	2.5-5	12.5-15	25-30	85-90	329	425	71
Malcolm Whitehouse	0-2.5	–	5-10	–	127	133	5

None of the directors contribute to a Partnership pension.

### **i. Pension Benefits Restatement**

As the factors used in calculating the Cash Equivalent Transfer Value (CETV) were updated in October 2008, the CETV figures have been restated at 31 March 2008. As a result of this the opening CETV of the 2008-2009 calculations is different to the closing CETV from the 2007-2008 calculations.

### **j. Civil Service Pensions**

Pension benefits are provided through the Civil Service Pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (Classic, Premium or Classic Plus) or a 'whole career' scheme (Nuvos). These schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with changes in the Retail Prices Index (RPI). New entrants after 1 October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium, Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in Classic and benefits for service from October 2002 calculated as in Premium. In Nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3.0% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3.0% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

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### **k. Cash Equivalent Transfer Value**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **l. Real increase in Cash Equivalent Transfer Value**

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

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**m. Non-executive Board Members (audited)**

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

	<b>2008-09 Total Fees and Expenses</b>	<b>2007-08 Total Fees and Expenses</b>
	<b>£'000s</b>	<b>£'000s</b>
John Clare CBE	21	20
Sarah Anderson CBE	23	22
David Coles	–	13
Kenneth Ludlam	21	3



**Mel Groves**  
Jobcentre Plus Accounting Officer  
7 July 2009



# Appendix 1

## External recruitment for 2008-2009

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

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

Civil Service Commissioners' rules, with selection based on merit.

From 1 April 2008 to 31 March 2009, 8,869 people were successful at interview for permanent posts in Jobcentre Plus. During the same period 1,962 employees were also recruited through programmes to help the unemployed such as Local Employer Partnerships.

Gender	Staff in post	%
Female	5,408	60.98
Male	3,461	39.02
<b>Total</b>	<b>8,869</b>	
<b>People in the above with disabilities</b>	<b>56</b>	<b>0.63%</b>
Ethnicity	Staff in post	%
Asian (Bangladeshi)	21	0.24
Asian (Indian)	84	0.95
Asian (other origin)	10	0.11
Asian (Pakistani)	60	0.68
Black (African)	66	0.74
Black (Caribbean)	51	0.58
Black (other origin)	*	*
Chinese	*	*
White	1,950	21.99
Mixed Ethnic background		
Asian & White	11	0.12
Black African & White	*	*
Black Caribbean & White	*	*
Mixed ethnic (other)	19	0.21
Other ethnic origin	*	*
No response/unclear response	6,567	74.04
<b>Total</b>	<b>8,869</b>	

\* Figures have not been provided as below 10



## Use of permitted exceptions

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

Permitted exception category	TOTAL
Appointment under government programmes to assist the long term unemployed for example Local Employer Partnerships	107
Extensions over 12 months	20
Extensions of short-term appointments beyond initially published period including conversions to permanency	54
Extensions to secondments with reasons	0
Secondments	0
Transfers of staff with their work (not under TUPE)	0
Reappointment of former civil servants	25
Appointments of surplus acceptable applicants to shortage posts.	0
<b>TOTAL</b>	<b>206</b>



# Annual Accounts

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# Statement of Agency's and Accounting Officer's Responsibilities

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Under the Government Resources and Accounts Act 2000, Jobcentre Plus is required to prepare resource based accounts for each financial year, in conformity with an HM Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by 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 flow of Jobcentre Plus for the financial year, and of the state of affairs as at 31 March 2009.

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

# Jobcentre Plus Statement on Internal Control

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**1st April 2008-31st March 2009**

## **Scope of responsibility**

1. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Jobcentre Plus policies, aims and objectives whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.
2. Jobcentre Plus is an Executive Agency of the Department for Work and Pensions (DWP). I am accountable to the DWP Permanent Secretary via the Department's Executive Team.
3. I am responsible for the delivery of Jobcentre Plus objectives. I deliver these objectives within a framework of policies developed by Ministers, and the Client Groups as outlined in the Department's Public Service Agreement. I am responsible for developing business strategies and plans to deliver the objectives set for Jobcentre Plus by Ministers and their Permanent Secretary within the resource allocated in the last Spending Review. I am also responsible for delivering the specific operational targets set by the Client Groups. Links have been established between Jobcentre Plus and other Agencies of DWP to ensure that our respective customers receive the help and support that they require.
4. As a substantial part of Jobcentre Plus activity is delivered via external partners, it is important to ensure that robust contract management arrangements are in place. These contracts are managed through the Department's Commercial Directorate who ensures all commercial activity is carried out legally and provides best value for money. My Employers and Stakeholders Directorate oversees and advises my Board on Jobcentre Plus' role in Employment Programme delivery and partnership

activities. Jobcentre Plus is also directly accountable, on behalf of DWP, for the contract with Atos Origin for the delivery of medical services in support of Employment and Support Allowance, Incapacity and other benefits. This contract is overseen by an Executive Board with the chair accountable to my Director for Transformation and Product Management.

5. Alongside our external partners, a good deal of Jobcentre Plus activity is delivered by the Department through shared services such as Estates, IT etc. These are also managed on my behalf through contractual arrangements. Where appropriate, the main relationships between Jobcentre Plus and the Department are managed through Service Level Agreements (SLAs) and Partnership Agreements. The work of Jobcentre Plus is increasingly reliant on data sharing with other Government Departments and other organisations. My Finance Directorate is leading work within Jobcentre Plus in mitigating risks in the sharing and use of information.

## **The purpose of the system of internal control**

6. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 2009 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury (HMT) guidance.

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## Capacity to handle risk

7. The Jobcentre Plus Board considers the strategic risks to delivering the Jobcentre Plus business objectives and reports these in the Strategic Risk Register. As Board Directors for the Agency, they also have a clear accountability framework to ensure that systems are in place to effectively manage risk within their Directorates and are required to provide an assurance as to the effectiveness of their risk management arrangements through the Letter of Assurance (LoA) process.
8. Executive Board Directors have specific responsibility for identifying their highest risks and longer term threats in the context of the 3 Year Strategic Plan. The risks are managed through a process of independent challenge, initially through the Jobcentre Plus Planning Performance and Risk Committee (JPPRC), with further reviews being undertaken by Risk Assurance Division (RAD), who also provide our internal audit function, and by the non-executive members of the Jobcentre Plus Board, before being actively managed by the Board. Internal Audit's work programme is aligned with the strategic risks and their quarterly meetings with Directors helps inform their future work programme capturing key concerns on the control environment.
9. Less significant risks to the business are managed through a series of sub-boards which report to the main Jobcentre Plus Board. Each of these is chaired by a Board member having responsibility for managing risk within their specific business area. This approach ensures that risks are managed at the most appropriate level within the organisation.

## The risk and control framework

10. On behalf of the Board, the JPPRC, chaired by the Director of Business Strategy & Planning, oversees the risk management process. The Departmental methodology is used to identify and assess the risks and accountable risk owners are nominated at Board Director level. Risks are rated and prioritised within agreed tolerance levels which demonstrate the Agency's risk appetite.
11. This oversight ensures that management focus remains on the most significant risks facing the business and ensures mitigation activities are being actively managed. The JPPRC provides an independent challenge to the information referred to the main board and has the opportunity to review sub-board risk registers to ensure that the right risks have been captured and that they are being managed effectively.
12. Information Security risks are identified and managed using the standard Departmental Risk Framework providing the basis for consistent evaluation and management of risks, including an assessment of the control environment and, where appropriate, the escalation and de-escalation of risks. An overarching Information Security risk is captured within the Strategic Risk Register with oversight control and challenge provided by JPPRC.
13. The Agency recognises the importance of risk management principles and a dedicated team of specialists, within the Strategic Planning Division, act as the focal point within Jobcentre Plus supporting the business in managing risks and promoting good practice through the provision of advice to managers on risk management issues. Jobcentre Plus operates an integrated risk based planning process which is aligned to the DWP standardised risk management framework. A review of the end to end risk management

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process is currently underway working with the DWP Corporate Risk Management Team and other Agency colleagues to 'LEAN' the process and instigate good practice methodologies.

14. The Department's risk management internet based learning product together with the Jobcentre Plus planning guidance and ongoing support from risk specialists, ensures consistency in our approach to risk management and standardisation with the Department's policies in this area. A risk management Learning and Development suite of products can also be accessed by all staff and forms part of Jobcentre Plus's blended learning approach to risk management.

#### **Review of effectiveness**

15. 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 Committee and plans to address weaknesses and ensure continuous improvement of the system are in place.
16. The Jobcentre Plus Corporate Governance Committee incorporates the functions and responsibilities of an audit committee for the Agency and works with RAD to focus on those areas of the business at greatest risk. The Committee has recently adopted HM Treasury best practice and from March 2009 comprised four non-executives; it is chaired by Kenneth Ludlam, a non-executive Director of the Board. The Corporate Governance Committee received regular updates on actions to address previously identified weaknesses with the Jobcentre Plus system of internal control. This allowed them to assess the effectiveness of mitigation actions and, where appropriate, request further work to be undertaken to strengthen the control environment.
17. RAD undertakes a risk-based work programme of reviews as agreed by the Corporate Governance Committee, taking into account the business risks identified in collaboration with Jobcentre Plus senior management. The work undertaken by RAD allows the Director of Risk Assurance Division to provide his independent opinion on the level of assurance provided by the Jobcentre Plus governance, risk and control framework. For 2008-2009 his overall assessment has improved from Limited to Reasonable Assurance, whilst highlighting two matters on which he qualifies his assessment. These relate to the challenges faced in further strengthening information risk management and tackling the continuing need to improve Social Fund decision making and the quality of supporting evidence.
18. Jobcentre Plus Executive Board Directors are required to comment on the effectiveness of their internal control systems and risk management procedures, including compliance with key identified policies and procedures, through the LoA process. Challenge or support to these statements is provided through the Assurance Framework Report (AFR). This report pulls together information from various sources to determine how well Jobcentre Plus internal controls are working and how effectively risks are being managed. The report was presented quarterly to the Jobcentre Plus Corporate Governance Committee.



19. A consequence of the increasing volumes of business arising from the economic downturn is an increased risk of non-compliance with key policies and procedures. In order to mitigate this risk, work is also progressing to further strengthen the identification and reporting of non-compliance. From 2009-2010 compliance reporting will be enhanced by introducing a specific targeted attestation based Board Director LoA process, whilst further developments of the Assurance Framework Report will continue to improve Corporate Governance Committee insight into levels of compliance within Jobcentre Plus.
20. My Finance Directorate are also leading work to develop a “Compliance Framework” to be used to improve compliance with policies and procedures. The Framework will be piloted during 2009-2010, initially to developing processes before wider implementation to existing policies and procedures. In developing the Compliance Framework my Agency is closely engaged on the Departmental led Compliance Project.
21. Reliable management information is a key requirement of an effective internal control system. The Business Control System (BCS) was established to provide a compliance and assurance system to support the performance of mandatory management checks. Following a review of compliance with the BCS, work is progressing to strengthen the mandatory checking regime. This includes undertaking an assessment of the continued relevance of existing mandatory checks.

### Significant control challenges

22. Increasing unemployment registers are impacting upon all aspects of Jobcentre Plus business and changes the overall control environment in which our internal control regime has to function. Within the Jobcentre Plus overall control framework, systems are in place to ensure that effective and proportionate risk mitigation action is taken to address the control challenges posed by the economic downturn. An overarching risk is actively managed through the Strategic Risk Register and a specific cross Directorate Management Team has been set up to provide oversight control over actions to mitigate the effects of the downturn. These proactive actions have resulted in securing additional resource from HM Treasury, process efficiency improvements, through LEAN, and the development of effective estate and workforce planning arrangements. This work is increasing the capacity and capability within Jobcentre Plus to respond quickly and effectively to the delivery challenges posed by the downturn.
23. Whilst recognising the Reasonable Assurance provided by RAD, The Corporate Governance Committee has identified the following key areas where further improvement action was required:
- a. **Information Security:** During 2008-2009 we have continued to focus heavily on the security of the information that we hold. We have implemented a range of information security improvements based on internal audit and Cabinet Office recommendations, which reports to the Information Security Committee. In line with Cabinet Office requirements my Finance Director assumed the accountabilities of Jobcentre Plus Information Asset Owner (IAO) during the course of the year and to support this role a separate Security Division was set up.

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The increased senior focus has already started to have an impact in driving forward improvements in the management of information risk. We have worked hard to improve our information assurance maturity, and we are confident that we meet, and in many areas, exceed the Data Handling Review requirements. Our information security training and awareness campaigns have been reflected by very positive results in the recent Staff Survey.

In line with Cabinet Office requirements, RAD has assessed the effectiveness of Jobcentre Plus work to mitigate risks relating to Information Security and have provided a limited assurance. Although recognising the progress made to improve the control environment they have identified a number of areas where control needs to be further strengthened. For example in the management of access levels, controlling data on end user computing applications and developing systems of assurance over the work of partners and other Departmental functions. Improvement activity to strengthen control is captured within an overarching action plan, which is proactively managed by my Security Division. We are also committed to continuing to support the Senior Information Asset Owner to further strengthen controls over information security where improvement activity is required.

- b. Document Retrieval:** Although the position relating to document retrieval has improved over the course of the year work is still required to ensure that service delivery standards are met consistently and Jobcentre Plus is fully engaged with Departmental work to improve performance. This includes agreeing service delivery indicators, enhancing the document management storage system, and the introduction of a documented 'track and trace' service which aligns with the new security guidance, and proposed changes to the document management and retrieval system. Within Jobcentre Plus a number of specific initiatives are also being progressed to strengthen control including a comprehensive review of destruction and retention timelines for all documentation held remotely to ensure documents are retained for the correct amount of time and destroyed, where appropriate, to release storage capacity. A work programme has also been set up to investigate how electronic media can be utilised to reduce paper flows, for example, through the use of scanning and digitalisation which is currently being piloted.
- c. Monetary Loss through Fraud & Error:** Monetary loss through fraud and error in Jobcentre Plus is a contributory factor to qualification of the Departmental Resource Account with the September 2008 data (the most recent data available) showing total losses of £550m (or 5%). Although a significant amount of work has already been undertaken, a number of additional initiatives are planned to further improve performance, including:

- improved IT, which has significantly reduced the two highest official errors in Income Support;
- improved analysis of information from the Fraud Referral and Case Management System to allow the better targeting of fraud reduction action;
- closer working with financial institutions to improve co-operation in identifying cases of high value fraud;
- commissioning of additional data matching activity to better identify key errors;
- the creation of Error Control Officers who will challenge mistakes in error classification resulting in more accurate estimate of losses.

During 2008-2009 we successfully undertook over 2 million counter fraud and error reduction activities, for example, completed investigations and accuracy checks. To reduce the impact on our performance in this area from rising registers, the targets for 2009-2010 require a greater number of activities to be undertaken with a number of further mitigations also planned. These include the recruitment of additional staff, the use of targeted assurance and accuracy checks, and undertaking claim reviews based on risk focussed data matching scans. In the longer term, we are also investigating whether it is possible to produce more up to date management information in this area.

**d. Work Capability Assessments:**

Work is progressing with our external partner to improve performance in completing work capability assessments, which is impacting upon the delivery of the Employment Support Allowance (ESA) commitments. This work includes: exploring the possibility of policy easements, reviewing the referral process, introducing IT enhancements and developing management information to better identify customers not progressing through the assessment points in the required timeframe.

- e. Debt Referral:** The levels of debt referred to the Central Debt Management Operation have a direct impact upon the Departmental Resource Account, where incomplete referrals continue to represent a significant control weakness. We are continuing work to strengthen controls in this area, as operated by the Agency. Weekly monitoring of referrals down to site level has been introduced, along with the introduction of a communication strategy to increase awareness and compliance with procedures. We have also continued to liaise with Departmental Debt Management colleagues to ensure accurate MI is recorded and a more efficient process has also been introduced for handling small value overpayments increasing the numbers of referrals and improving Debt Management recovery rates. We will continue to work closely with the Department to further strengthen the end to end referral process and ensure that performance does not deteriorate in 2009-2010, given the operational pressures arising from increasing numbers of claims to benefit.

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**f. Actioning discrepancies in National Insurance (NI) records:** Within the 2007-2008 Statement on Internal Control, I reported a potential control challenge owing to the National Insurance Recording System (NIRS2) failing to issue notifications relating to discrepancies in Customers' NI records. Following a pan DWP wide review, commissioned by The Departmental Audit Committee, a number of Departmental actions are progressing to improve control. These include strengthening joint working arrangements with Her Majesty's Revenue and Customs (HMRC), work to enhance the functionality of respective computer systems and investigating options to better identify records requiring corrective action. Jobcentre Plus activity has focussed on clearing identified discrepancies in NI records. Although clearance action will continue into 2009-2010 cases requiring corrective action have been prioritised and an actively managed action plan developed to manage the over arching clearance process.

**g. Social Fund:** Jobcentre Plus is responsible for the production of the Social Fund White Paper Account. An action plan, incorporating both short-term tactical fixes and longer-term strategic solutions, has been recently established to address the limitations relating to the Accounts production. The Social Fund Account has been qualified in previous years due to errors identified in decision making and issues around document retrieval. Initiatives have been introduced over the course of the year that are planned to strengthen, control and further improve Social Fund performance and quality. Results have been encouraging and the main improvement measures include the:

- introduction of a number of specific Jobcentre Plus measures to improve Social Fund document retrieval, including the piloting of the scanning of documents and the introduction of Single Points of Contact in each office to co-ordinate the retrieval of case papers;
- introduction of an official Monetary Value of Error sample from the 1st April 2008 to bring Social Fund into line with other benefits, although work is required to improve the checking processes and use of management information;
- development of an activity managed action plan endorsed by the Departmental Audit Committee to improve Social Fund debt management performance;
- roll out of the Quality Assurance Framework (QAF) to all Contact Centres following the successful introduction to Benefit Delivery Centres over the course of 2008-2009. The QAF is an important tool to improve decision making and provide reliable management information to monitor performance and identify improvement activity.



**Mel Groves**  
Jobcentre Plus Accounting Officer  
7 July 2009

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

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I certify that I have audited the financial statements of Jobcentre Plus for the year ended 31 March 2009 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 Cash Flow 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 Agency's and 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, the information, which comprises the Chief Executive Review, Performance Results for 2008-09, Sustainable Development, Management Commentary and the unaudited part of the Remuneration Report included in the Annual 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.

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## Basis of Audit Opinions

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

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

## Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2009, and of the net operating cost, recognised gains and losses and cash flows 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
- information, which comprises the Chief Executive Review, Performance Results for 2008-09, Sustainable Development, Management Commentary and the unaudited part of the Remuneration Report, included within the Annual Report, is consistent with the financial statements.

## 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.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

14 July 2009

# Jobcentre Plus Operating Cost Statement

For the year ended 31 March 2009

	Note	2008-09		2007-08	
		£'000s	£'000s	£'000s	£'000s
<b>ADMINISTRATION COSTS</b>					
Staff Costs	2	1,784,605		1,793,695	
Other Administration Costs	3	1,548,494		1,584,745	
<b>Gross Administration Costs</b>		<b>3,333,099</b>		<b>3,378,440</b>	
Administration Income	5	(18,757)		(18,012)	
<b>NET ADMINISTRATION COSTS</b>			<b>3,314,342</b>		<b>3,360,428</b>
<b>NET PROGRAMME COSTS</b>	6		<b>549</b>		<b>2,617</b>
<b>NET OPERATING COST</b>			<b>3,314,891</b>		<b>3,363,045</b>

All income and expenditure is derived from continuing operations.

The notes on pages 54 to 81 form part of these accounts.

# Jobcentre Plus Statement of Recognised Gains and Losses

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**For the year ended 31 March 2009**

There were no recognised gains and losses in the 2007-2008 and 2008-2009 financial years.

*The notes on pages 54 to 81 form part of these accounts.*



# Jobcentre Plus Balance Sheet

As at 31 March 2009

	Note	31 March 09		31 March 08 Restated	
		£'000s	£'000s	£'000s	£'000s
<b>FIXED ASSETS</b>					
Tangible assets	7	447,336		536,054	
Intangible assets	8	<u>27,602</u>		<u>26,442</u>	
			<b>474,938</b>		562,496
<b>DEBTORS: Amounts falling due after one year</b>	9		<b>22,514</b>		25,332
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due within one year	9	21,974		19,669	
Cash in hand	10	<u>383</u>		<u>398</u>	
		<b>22,357</b>		<b>20,067</b>	
<b>CURRENT LIABILITIES</b>					
Creditors: amounts falling due within one year	11	<u>(171,536)</u>		<u>(217,826)</u>	
<b>NET CURRENT LIABILITIES</b>			<b>(149,179)</b>		<b>(197,759)</b>
<b>Total Assets less Current Liabilities</b>			<b>348,273</b>		390,069
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12		<b>(5,927)</b>		<b>(7,865)</b>
			<b><u>342,346</u></b>		<b><u>382,204</u></b>
<b>FINANCED BY:</b>					
<b>Taxpayers Equity:</b>					
General Fund	13		342,050		381,908
Revaluation Reserve	14		<u>296</u>		<u>296</u>
			<b><u>342,346</u></b>		<b><u>382,204</u></b>

## Restatement

The restatement relates to the adoption of Financial Instrument Standards FRS 25, 26 and 29 and is shown in more detail in Note 27.



### Mel Groves

Jobcentre Plus Accounting Officer

7 July 2009

The notes on pages 54 to 81 form part of these accounts.

# Jobcentre Plus Cash Flow Statement

For the year ended 31 March 2009

	Note	2008-09 £'000s	2007-08 £'000s
Net cash outflow from operating activities	(15a)	(2,654,863)	(2,613,089)
Capital expenditure and financial investment	(15b)	(15,441)	(50,564)
Net financing from the Consolidated Fund	(15c)	2,252,354	2,207,183
Net financing from the National Insurance Fund	(15c)	419,868	456,903
Payments of amounts to the Consolidated Fund		(1,933)	(432)
<b>(Decrease)/Increase in cash in the period</b>		<b>(15)</b>	<b>1</b>

The notes on pages 54 to 81 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 2008-2009 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by Jobcentre Plus are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

### a. Accounting Convention

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

### b. Tangible Fixed Assets

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

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

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

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

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

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

### c. Land and Buildings

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

#### d. Depreciation

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

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

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

#### e. Intangible Fixed Assets

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

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

#### f. Stocks

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

#### g. Provisions

Jobcentre Plus provides for legal or constructive obligations as a result of a past event, which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the HM Treasury discount rate of 2.2% (2007-2008: 2.2%) in real terms.

#### h. Financing from the Consolidated Fund

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

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

### **i. Administration and Programme Expenditure**

The Operating Cost Statement is analysed between Administration and Programme income and expenditure. The classification of expenditure and income as Administration or as Programme follows the definition of administration costs set out in the FReM. Accountability for the majority of Programme income and expenditure transferred from Jobcentre Plus to the WWEG on 1 April 2007. The only remaining Programme expenditure relates to Invest to Save funding.

### **j. Operating Income**

Operating Income relates directly to the operating activities of Jobcentre Plus. It principally comprises of fees and a charge for services provided on a full-cost basis to external customers as well as public repayment work. Operating Income is retained as Appropriations-in-Aid and is stated net of Valued Added Tax (VAT). Where income is received over and above the budgeted Appropriations in Aid, this income is surrendered back to the Consolidated Fund in the form of a Consolidated Fund Extra Receipt (CFER).

### **k. Pensions**

The provisions of the 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% (2007-2008: 2.2%) in real terms (see Note 12). Where the DWP funds early release schemes centrally then a provision is created in the Departmental Resource Account with notional costs of lump sum and annual compensation payments recharged to Jobcentre Plus (see Note 4).

### **m. Cost of Capital Charge**

A charge, reflecting the cost of capital utilised by Jobcentre Plus, is included in Other Administration Costs (see Note 3). The charge is calculated at the real rate set by HM Treasury (currently 3.5% – 2007-2008: 3.5%) on the average carrying amount of all assets less liabilities, except for:

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

### **n. Operating Leases**

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

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### **o. Value Added Tax (VAT)**

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

### **p. Insurance**

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

### **q. Private Finance Initiative (PFI) Transactions**

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

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

### **r. Contingent Liabilities**

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

These comprise:

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

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## s. Financial Assets and Liabilities

Financial assets and liabilities are recognised when the Agency becomes party to the contracts that give rise to them. The Agency determines the classification of financial assets and liabilities at initial recognition in line with the categories designated by FRS 26 as appropriate. They are derecognised when the right to receive cash flows has expired or the Agency has transferred substantially all the risks and rewards of ownership or control of the asset. It is, and has been, the Agency's policy that no trading in financial instruments is undertaken.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Loans and receivables are initially recognised at fair value and subsequently held at amortised cost. The fair value of trade receivables is usually the original invoiced amount. Cash in hand is subject to insignificant changes in value.

### Financial liabilities measured at amortised cost

Trade creditors and accruals are non interest bearing and are stated at amortised cost.

### Fair value

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties. Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined using expected cash flows discounted back to a present value.

### Impairment of financial assets

The Agency assesses at each balance sheet date whether there is objective evidence that financial assets are impaired as a result of events that occurred after the initial recognition of the asset and prior to the balance sheet date. If such events have had an impact on the estimated future cash flows of the financial instrument they are impaired. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account the type of instrument and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counter-party's ability to pay all amounts due according to the terms of the asset being evaluated.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Future cash flows for a group of financial instruments that are collectively evaluated for impairment are estimated on the basis of expected cash flows for the assets and historical loss experience for assets with credit risk characteristics similar to those in the group.

## Note 2 Staff numbers and related costs

### a) Staff Costs

	2008-09			2007-08
	Total	Staff with a permanent UK employment		Total
	£'000s	Contract	Others	£'000s
Wages and Salaries	1,435,698	1,412,090	23,608	1,405,653
Employers' National Insurance	94,935	93,546	1,389	91,854
Superannuation and Pension Costs	253,972	253,590	382	296,188
<b>TOTAL STAFF COSTS</b>	<b>1,784,605</b>	<b>1,759,226</b>	<b>25,379</b>	<b>1,793,695</b>
Less recoveries in respect of outward secondments	(3,580)	(3,580)	–	(4,099)
<b>TOTAL</b>	<b>1,781,025</b>	<b>1,755,646</b>	<b>25,379</b>	<b>1,789,596</b>

### 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:

	2008-09			2007-08
	Total	Staff with a permanent UK employment		Total
		Contract	Others	
Average number of persons employed	67,308	65,644	1,664	67,110

The average staff figure excludes a total of 504 staff on loan from other parts of DWP as at 31 March 09. A total of £3.3 million has been included in Note 2a in relation to these staff.



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### c) Pensions

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

For 2008-2009, employers' pension contributions of £248.3 million (2007-2008: £244.7 million) were payable to the PCSPS, at one of four rates in the range 17.1% to 25.5% (2007-2008, 17.1% to 25.5%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 1 April 2008 the salary bands have been revised but the rates will remain the same. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the scheme.

Outstanding contributions amounting to £27.3 million (2007-2008: £23.0 million) were payable to the Civil Superannuation Vote at 31 March 2009 and are included in creditors (see Note 11).

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £546,351 (2007-2008: £318,327) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2007-2008: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. Contributions due to the partnership pension providers at 31 March 2009 were £70,414 (2007-2008: £34,013). Contributions prepaid at 31 March 2009 were £nil (2007-2008: £nil).

In 2008-2009: 121 (2007-2008: 78) persons retired on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £166,145 (2007-2008: £115,121). These liabilities are not the responsibility of the Agency but are to be paid by the Civil Superannuation Vote.

### Note 3 Other administration costs

	Note	2008-09		2007-08	
		£'000s	£'000s	£'000s	£'000s
Accommodation	3a		<b>94,655</b>		129,012
PFI Service Charges	3b		<b>340,634</b>		363,370
Rentals under Operating Leases			<b>3,155</b>		2,286
Compensation Payments to Customers	3c		<b>1,883</b>		1,247
Goods and Services:					
Computer Services		132,211		121,993	
Medical Services		89,961		70,294	
Contracted Out Services		75,140		62,802	
Telephone and Postage		16,573		17,355	
Office Supplies		4,630		14,926	
Printing & Stationery		20,381		14,858	
Publicity		3,049		790	
Consultancy & Professional Fees		16,971		22,381	
Project Recharge		(5,544)		808	
Other		2,124		2,334	
			<b>355,496</b>		328,541
Staff Related:					
Travel, Subsistence and Hospitality		29,537		29,171	
Other	3d	18,354		13,141	
			<b>47,891</b>		42,312
Non-Cash Items:					
Intra Departmental Charges	4	601,966		600,515	
Depreciation – Tangible Fixed Assets	7d	83,106		87,344	
Notional Cost of Capital	3e	10,934		15,044	
Amortisation – Intangible Fixed Assets	8	1,442		875	
Amortisation of TIES Prepayment	18	2,791		2,791	
Loss on Disposal of Fixed Assets	7d	4,082		7,401	
Provisions:					
Movement in Year	12	1,649		1,908	
Unwinding of Discount	12	69		42	
Notional Auditors' Remuneration	3f	357		337	
Movement in Impairment Provision	9	(2,355)		1,720	
Impairment Provision Utilised	15a	739		–	
			<b>704,780</b>		717,977
<b>TOTAL</b>			<b><u>1,548,494</u></b>		<b><u>1,584,745</u></b>

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#### **a. Accommodation**

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

#### **b. PFI Service Charges**

The PFI charge of £340.6 million for 2008-2009 (2007-2008: £363.4 million) is for the Private Sector Resource Initiative for the Management of the Estate (PRIME) rental and variable costs paid to Telereal Trillium in respect of accommodation provided under a centrally held PFI contract.

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

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

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

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

#### **e. Notional Cost of Capital**

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

#### **f. Notional Auditors' Remuneration**

The National Audit Office's fees reflect the notional cost of undertaking the audit of the statutory accounts. These accounts have been audited by the Comptroller and Auditor General, the fee for their services being £350,000 (2007-2008: £337,000). There was a £7,000 (2007-2008: £nil) fee in respect of IFRS work during 2008-2009.

## Note 4 Intra departmental charges

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

<b>Intra Departmental Charges</b>		Note	<b>2008-09</b> <b>£'000s</b>	2007-08 £'000s
<b>Services Received</b>				
PFI service charges	a	25	950	
Corporate Services Directorate:				
Corporate Services	b	274,356	248,503	
Information Technology	c	333,088	353,694	
Early Departure Scheme	d	1,978	19,664	
Corporate Other		60	427	
Other		<u>3,476</u>	<u>1,514</u>	
		<b>612,983</b>	624,752	
<b>Services Provided</b>				
Corporate Services Directorate:				
Accommodation		(9,416)	(20,340)	
Other		<u>(1,601)</u>	<u>(3,897)</u>	
		<b>(11,017)</b>	(24,237)	
<b>Total</b>		<u><b>601,966</b></u>	<u>600,515</u>	

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#### **a. Private Finance Initiative Service Charge**

The PFI service charge relates to the provision of Payroll and Human Resources Managed Services by Northgate Rebus HR. The charge represents costs incurred that are paid by the Department then recharged to Jobcentre Plus. Full details of the contract are given in Note 18 Commitments under PFI Contracts.

#### **b. Corporate Services**

The charge of £274.4 million (2007-2008: £248.5million) covers services provided by other DWP Business Units. The main elements are HR, Financial and Debt Recovery Services supplied by DWP Shared Services (£61.9m), encashment services provided by Post Office Counters Ltd and Alliance and Leicester Commercial Bank PLC (£86.6m) and Corporate IT (£45.3m).

The basis of the apportionment of recharges for corporate services supplied to Jobcentre Plus was updated in 2007-2008 following a thorough review to more accurately reflect the level of services received.

#### **c. Information Technology**

The Information Technology recharge reflects costs met centrally by DWP Corporate IT under the TREDSS contract and recharged to the Agency. The 2008-2009 figures of £333.1 million represents a 5.8% reduction on the £353.7 million charged in 2007-2008. This reduction is generated by moving from Transitional Mode of Operation (TMO) in TREDSS to Future Mode of Operation (FMO) whereby Jobcentre Plus has the advantage of reduced rates or charges relating to volume rather than fixed prices.

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

Provisions in respect of the Departmental 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. Where departures are funded by the Agency they are provided for within the Jobcentre Plus accounts and shown in Note 12.

## Note 5 Operating income

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

Operating income analysed by classification and activity as follows:

	2008-09 £'000s	2007-08 £'000s
<b>Administration Income</b>		
Income from external customers	8,657	13,374
Income from other Government Departments	5,833	4,201
Consolidated Fund Extra Receipts	<u>4,267</u>	<u>437</u>
<b>Total Administration Income</b>	<u><u>18,757</u></u>	<u><u>18,012</u></u>

### Analysis of Administration Income

	2008-09 £'000s	2007-08 £'000s
<b>Fees and Charges to External Customers</b>		
Secondments	3,580	4,099
European Social Fund Administration	1,350	6,633
Neighbourhood Renewal Fund	1,365	387
Mortgage lenders	481	513
Other	<u>1,881</u>	<u>1,742</u>
	<b>8,657</b>	13,374
<b>Fees and Charges to Other Government Departments</b>		
Medical Services provided	2,489	2,292
Employment Support Allowance work Northern Ireland	1,847	–
Other	<u>1,497</u>	<u>1,909</u>
	<b>5,833</b>	4,201
<b>Consolidated Fund Extra Receipts</b>		
Gateway Protection	2,316	–
Employment Support Allowance work Northern Ireland 2007-08	1,879	–
Other	<u>72</u>	<u>437</u>
	<b>4,267</b>	437
<b>TOTAL</b>	<u><u>18,757</u></u>	<u><u>18,012</u></u>

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

## Note 6 Net programme costs

	Note	2008-09 £'000s	2007-08 £'000s
Invest to Save		<u>549</u>	<u>2,617</u>

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

## Note 7 Tangible fixed assets

	Note	Leasehold Improve- ments £'000s	Fixtures & Fittings £'000s	Plant & Machinery £'000s	IT Equipm't £'000s	Assets Under Construction (c) £'000s	Total £'000s
Cost or Valuation:							
At 01 April 08		775,117	3,664	8,069	76,384	7,354	870,588
Restatement	a	(3,831)	–	–	–	–	(3,831)
Additions	b	–	–	–	(48)	4,649	4,601
Disposals		(7,309)	–	–	–	(97)	(7,406)
Reclassification		9,110	–	–	233	(9,343)	–
<b>At 31 March 09</b>		<b>773,087</b>	<b>3,664</b>	<b>8,069</b>	<b>76,569</b>	<b>2,563</b>	<b>863,952</b>
Less Depreciation:							
At 01 April 08		269,994	2,775	7,898	53,867	–	334,534
Charged in year	d	77,904	339	71	7,092	–	85,406
Disposals		(3,324)	–	–	–	–	(3,324)
<b>At 31 March 09</b>		<b>344,574</b>	<b>3,114</b>	<b>7,969</b>	<b>60,959</b>	<b>–</b>	<b>416,616</b>
<b>Net Book Value at 31 March 09</b>		<b>428,513</b>	<b>550</b>	<b>100</b>	<b>15,610</b>	<b>2,563</b>	<b>447,336</b>
Net Book Value at 01 April 08		505,123	889	171	22,517	7,354	536,054

a. The restatement relates to an exercise to update the fixed asset register. This involved the removal and re-instatement of a number of assets. The net effect was a reduction of £3.8m to the leasehold improvements cost base.

b. Total additions in the year were £4.6 million (2007-2008: £12.0 million).

c. Assets under construction relate to software development costs in respect of the Fraud Referral and Intervention Management System (FRAIMS) project. Expenditure is initially classed as assets under the course of construction until assets are brought into use. Once in use they are reclassified and depreciation applied accordingly.

d. Total depreciation in the year was £85.4 million (2007-2008: £93.5 million). This consisted of £83.1 million (2007-2008: £87.3 million) charged to the Operating Cost Statement and £2.3 million (2007-2008: £6.2 million) relating to assets purchased prior to 2008-2009 charged to the General Fund. The loss on disposal of fixed assets charged to the Operating Cost Statement in the year is £4.1 million (2007-2008: £7.4 million).

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

#### f. Cash Flow Reconciliation

	Note	2008-09 £'000s	2007-08 £'000s
Capital Creditors and Accruals at 1 April	11	9,368	45,111
Capital Additions	7b	4,649	14,821
Capital Creditors and Accruals at 31 March	11	(1,178)	(9,368)
<b>Purchases of Tangible Fixed Assets as per Note 15b</b>		<b>12,839</b>	<b>50,564</b>



## Note 8 Intangible fixed assets

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

	£'000s
Cost or Valuation:	
At 1 April 08	27,675
In year additions	<u>2,602</u>
<b>At 31 March 09</b>	<b><u>30,277</u></b>
Less Amortisation:	
At 1 April 08	1,233
In year charge	<u>1,442</u>
<b>At 31 March 09</b>	<b><u>2,675</u></b>
<b>NET BOOK VALUE</b>	
<b>At 31 March 09</b>	<b><u>27,602</u></b>
At 1 April 08	<u>26,442</u>

## Note 9 Debtors

### (a) Analysis by type

	2008-09	2007-08 Restated
	£'000s	£'000s
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade Debtors	6,045	10,239
Other Debtors	1,780	960
Other Government Departments	2,830	1,228
Other Department for Work and Pension Agencies	625	360
Accommodation Prepayment	2,791	2,791
Deposits and Advances	3,634	2,453
Prepayments and Accrued Income	7,950	7,674
Impairment Provision	(3,681)	(6,036)
	<b>21,974</b>	<b>19,669</b>
<b>AMOUNTS FALLING DUE AFTER ONE YEAR</b>		
Accommodation Prepayment	22,326	25,116
Deposits and Advances	188	216
	<b>22,514</b>	<b>25,332</b>
	<b>44,488</b>	<b>45,001</b>

Deposits and advances due within one year includes £29,000 (2007-2008: £44,000) of house purchase advances due from 28 (2007-2008: 41) members of staff. Those due after more than one year is £188,000 (2007-2008: £216,000) being house purchase advances due from 26 (2007-2008: 40) members of staff.

## (b) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2008-09 £'000s	2007-08 Restated £'000s	2008-09 £'000s	2007-08 Restated £'000s
Balances with other Departmental bodies	625	426	–	–
Balances with local authorities	381	96	–	–
Balances with other central Government bodies	2,449	1,066	–	–
<b>Intra-Government balances</b>	<b>3,455</b>	<b>1,588</b>	<b>–</b>	<b>–</b>
Balances with bodies external to Government	18,519	18,081	22,514	25,332
<b>Total debtors at 31 March</b>	<b>21,974</b>	<b>19,669</b>	<b>22,514</b>	<b>25,332</b>

### Restatement

The restatement relates to the adoption of Financial Instrument Standards FRS 25, 26 and 29 and is shown in more detail in Note 27.

## Note 10 Cash in hand

	2008-09 £'000s	2007-08 £'000s
Balance at 1 April	398	397
Net change in cash balances	(15)	1
<b>Balance at 31 March</b>	<b>383</b>	<b>398</b>

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

## Note 11 Creditors

### (a) Analysis by type

	2008-09 £'000s	2007-08 £'000s
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Taxation and Social Security	33,933	32,266
Trade Creditors	7,677	23,111
Other Creditors	1,885	1,936
Other Department for Work and Pension Agencies	–	2
Amounts due to Other Government Departments	933	992
Accruals and Deferred Income	96,321	127,148
Capital Accruals	1,178	9,368
Superannuation	27,255	22,983
Consolidated Fund extra receipts due to be paid to the Consolidated Fund – received	2,354	20
<b>TOTAL</b>	<b>171,536</b>	<b>217,826</b>

### (b) Intra-Government Balances

	Amounts falling due within one year	
	2008-09 £'000s	2007-08 £'000s
Balances with other Departmental bodies	–	2
Balances with other central Government bodies	64,474	56,241
Intra-Government balances	<b>64,474</b>	56,243
Balances with bodies external to Government	107,062	161,583
<b>Total creditors at 31 March</b>	<b>171,536</b>	<b>217,826</b>

There were no creditors falling due after more than one year in the 2007-2008 and 2008-2009 financial years.

## Note 12 Provisions for liabilities and charges

	Early Departure Costs	Industrial Injuries Benefit Payments	BPRP Provision	Total
	£'000s	£'000s	£'000s	£'000s
Balance as at 1 April 08	2,923	1,460	3,482	7,865
Provided in the year				
New Entrants	1,639	99	–	1,738
Uplift	64	36	–	100
Other changes to provision	15	(204)	–	(189)
Utilised in year (cash)	(1,837)	(79)	(1,740)	(3,656)
Unwinding of discount	37	32	–	69
<b>Balance as at 31 March 09</b>	<b>2,841</b>	<b>1,344</b>	<b>1,742</b>	<b>5,927</b>

### Early Departure Costs

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

### Industrial Injuries Benefit Payments

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

### Benefit Processing Replacement Programme Provision

The Benefit Processing Replacement Programme (BPRP) provision is in relation to two separate maintenance and support contracts which the Department has contracted to in respect of the BPRP. The BPRP was formally closed in August 2006. Further details are given in Note 19.

## Note 13 General Fund

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

	Note	2008-09		2007-08 Restated	
		£'000s	£'000s	£'000s	£'000s
Opening balance			<b>381,908</b>		484,321
Restatement	27				(1,473)
<b>Net Parliamentary Funding</b>	15c		<b>2,252,354</b>		2,207,183
<b>National Insurance Fund:</b>	15c		<b>419,868</b>		456,903
<b>Net Transfer from Operating Activities</b>					
Net Operating Cost		(3,314,891)		(3,363,045)	
CFER's repayable to Consolidated Fund	5	(4,267)		(437)	
			<b>(3,319,158)</b>		<b>(3,363,482)</b>
<b>Non Cash Charges</b>					
Cost of Capital	3	10,934		15,044	
Auditors' remuneration	3	357		337	
Fixed assets restatement		(6,179)		(17,594)	
Notional charges	3	601,966		600,515	
			<b>607,078</b>		598,302
Transfer from Revaluation Reserve	14		–		154
<b>Balance as at 31 March</b>			<b>342,050</b>		<b>381,908</b>

### Restatement

The restatement relates to the adoption of Financial Instrument Standards FRS 25, 26 and 29 and is shown in more detail 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:

	<b>2008-09</b>	2007-08
	<b>£'000s</b>	£'000s
Balance as at 1 April	296	450
Transfer to General Fund in respect of realised element of Revaluation Reserve	—	(154)
<b>Balance at 31 March</b>	<b><u>296</u></b>	<b><u>296</u></b>

## Note 15 Notes to the Cash Flow Statement

### (a) Reconciliation of operating cost to operating cash flows

	Note	<b>2008-09</b>	2007-08
		<b>£'000s</b>	Restated £'000s
Net operating cost		(3,314,891)	(3,363,045)
Adjustments for non-cash transactions	3	704,780	717,977
Decrease/(Increase) in Debtors		78	(4,065)
(Decrease)/Increase in Creditors		(46,290)	2,517
Less movements in debtors relating to items not passing through the Operating Cost Statement		(739)	1,473
Less movements in creditors relating to items not passing through the Operating Cost Statement		5,855	35,739
Use of provisions	12	(3,656)	(3,685)
<b>Net cash outflow from operating activities</b>		<b><u>(2,654,863)</u></b>	<b><u>(2,613,089)</u></b>

(b) Analysis of capital expenditure and financial investment

	Note	2008-09 £'000s	2007-08 £'000s
Tangible fixed asset additions	7f	(12,839)	(50,564)
Intangible fixed asset additions	8	(2,602)	–
<b>Net cash outflow from investing activities</b>		<b>(15,441)</b>	<b>(50,564)</b>

(c) Analysis of financing

	2008-09 £'000s	2007-08 £'000s
From the Consolidated Fund (Supply) – current year	2,252,354	2,207,183
From the National Insurance Fund	419,868	456,903
<b>Net Financing</b>	<b>2,672,222</b>	<b>2,664,086</b>

**Restatement**

The restatement relates to the adoption of Financial Instrument Standards FRS 25, 26 and 29 and is shown in more detail in Note 27.

**Note 16 Capital commitments**

Jobcentre Plus has £5.8m of capital commitments at 31 March 2009 for which no provision has been made. This is for the detailed design and build for the enhancement of the Fraud Referral and Intervention Management System (FRAIMS) and upgrading associated licences.

The amount shown below represents expenditure committed as at 31 March 2009 on work which will continue to the end of 2009-2010.

	31 March 2009 £'000s	31 March 2008 £'000s
Contracted capital commitments at 31 March for which no provision has been made	<b>5,783</b>	<b>441</b>



## 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 2009 the Agency was committed to making the following payments during the next year, analysed according to the period in which the lease expires:

	<b>31 March 2009</b>	31 March 2008
	<b>£'000s</b>	£'000s
Expiry within 1 year	683	305
Expiry after 1 year but not more than 5 years	1,067	1,897
	<u><b>1,750</b></u>	<u><b>2,202</b></u>

## Note 18 Commitments under Private Finance Initiative contracts

### 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 ran from 1 April 1999 to 31 August 2008. The estimated capital value was £5.8m 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 £0.025 million (2007-2008: £1.0 million), and the payments to which the Department has committed to during 2008-2009, analysed by the period during which the commitment expires, are shown below.

	<b>2009-10</b>	2008-09
	<b>£'000s</b>	£'000s
Expiry within 1 year	—	3
	<u>—</u>	<u>3</u>

## Accommodation Services

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

- Note 3 shows the PFI charges of £340.6 million.
- In exchange for assets, Jobcentre Plus received a payment and a reduction in future years' service charges that will be recharged by DWP and treated as a prepayment, included in Note 9, which is amortised on a straight-line basis over the remaining life of the contract. Note 3 shows the amortisation charge for the year to 31 March 2009 of £2.8 million.
- Further details of this contract can be found in the DWP Resource Accounts.

## Note 19 Other financial commitments

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

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

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

Following the closure of the BPRP programme in August 2006, a review has been undertaken of future unavoidable commitments. Total future commitments of £1.7 million are analysed according to the period in which the lease expires as shown below:

	<b>31 March 2009</b>	<b>31 March 2008</b>
	<b>£'000s</b>	<b>£'000s</b>
Expiry within 1 year	1,742	–
Expiry after 1 year but not more than 5 years	–	3,482
	<b><u>1,742</u></b>	<b><u>3,482</u></b>

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## Note 20 Financial Instruments

FRS 29, Financial Instruments : Disclosure, requires disclosure of the role financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Because of the largely non-trading nature of its activities and the way Government Agencies are financed, Jobcentre Plus is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 29 mainly applies. Jobcentre Plus has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

### a. Liquidity Risk

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

### b. Foreign Currency Risk

The Agency has no foreign currency exposure.

### c. Interest Rate Risk

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

### d. Credit Risk

Credit risks arise from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables and committed transactions. The agency's exposure to credit risk is limited due to the majority of administrative related debt being with other Government Departments.

### e. Market Risk

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

### f. Financial Liabilities

All financial liabilities are held at amortised cost.

### g. Financial Assets

All financial assets are classified as loans and receivables.

### h. Fair Values

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value. The book values of the Agency's financial assets and liabilities at 31 March 2009 are not materially different from their fair values (see notes 9 and 11). They have accordingly not been shown separately.

## Note 21 Contingent assets and liabilities

Jobcentre Plus had no contingent assets or liabilities at 31 March 2009.

## Note 22 Losses and Special Payments

### (a) Losses Statement

	2008-09 £'000s	2007-08 £'000s
Total Cases: 3,360 (2007-08: Nil)	739	–
Details of cases over £250,000: 1 (2007-08: Nil)		
Bookkeeping loss	3,235	–
	<u>3,974</u>	<u>–</u>

The fixed asset administrative write-off loss of £3.2m relates to a review of the Jobcentre Plus asset register during 2008-09. This amount related to spend recorded as Leasehold Improvements Assets Under the Course of Construction prior to the 2007-08 financial year. The assets could not be supported by documentation and have been taken to the General Fund in 2008-09.

### (b) Special Payments

	2008-09 £'000s	2007-08 £'000s
Total Cases: 7,616 (2007-08: 5,320)	3,865	3,279
Total cases over £250,000: 1 (2007-08: Nil)		
Compensation payment	320	–
	<u>4,185</u>	<u>3,279</u>

The compensation payment of £320k relates to an out of court settlement to a former employee in respect of a claim against Jobcentre Plus.

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## Note 23 Related party transactions

Jobcentre Plus is an Executive Agency of the DWP.

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

### Other Government Departments and Public Bodies

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

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

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

The Jobcentre Plus Chief Operating Officer has a close family relationship with a vice-president of Electronic Data Systems (EDS) the major supplier of IT Services to the Department of Work and Pensions. The Department's contract with EDS is managed by their Corporate IT Directorate and any decisions impacting Jobcentre Plus would fall to the Jobcentre Plus IS/IT Director. Governance processes are also in place within Jobcentre Plus to ensure that any officers must declare an interest in any procurement exercise they undertake.

## Note 24 Late payment of commercial debt

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

In 2008-2009 £nil (2007-2008: £2,354) of interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998. These are included in other administration costs (see Note 3).

## Note 25 Charitable donations

Jobcentre Plus made no charitable donations during the year.

## Note 26 Post balance sheet events

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

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

The authorised date for issue is 14 July 2009.

## Note 27 Prior year restatement

### Balance Sheet

	Published accounts at 31 March 2008 £'000s	Restatement £'000s	Restated accounts at 31 March 2008 £'000s
<b>Fixed Assets</b>	562,496	–	562,496
<b>DEBTORS: Amounts falling due after more than one year</b>	25,332	–	25,332
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	21,142	(1,473)	19,669
Cash in hand	398	–	398
	<u>21,540</u>	<u>(1,473)</u>	<u>20,067</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	(217,826)	–	(217,826)
<b>NET CURRENT LIABILITIES</b>	<u>(196,286)</u>	<u>(1,473)</u>	<u>(197,759)</u>
<b>Total Assets less Current Liabilities</b>	<b>391,542</b>	<b>(1,473)</b>	<b>390,069</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	(7,865)	–	(7,865)
	<u>383,677</u>	<u>(1,473)</u>	<u>382,204</u>
<b>Taxpayers Equity:</b>			
General Fund	383,381	(1,473)	381,908
Revaluation Reserve	296	–	296
	<u>383,677</u>	<u>(1,473)</u>	<u>382,204</u>

The restatement relates to the adoption of Financial Instrument Standards FRS 25, 26 and 29 which has increased the impairment provision.

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A vertical sign for Jobcentre Plus. The top section is green with the text 'jobcentreplus' in white and yellow. Below this is a white section with the text 'Part of the Department for Work and Pensions'. The sign features four horizontal bars: three purple bars with the words 'Jobs', 'Benefits', and 'Information' in yellow, and a bottom green bar with the text 'new deal' in white and a small star icon.

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