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36th Report	HM Treasury: making the changes in operational PFI projects
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Thirty Sixth Report

HM Treasury

Making changes in operational PFI projects

1. HM Treasury welcomes this report by the Public Accounts Committee in which the Committee examined the staffing and management of changes, the reasons for not putting larger changes out to competitive tender, the charging of management fees by Special Purpose Vehicles and the value for money of small changes. HM Treasury accepts the Committee's conclusion that over the course of 25 to 30 years of operation changes will be needed to the services and assets provided under operational PFI projects; it also concurs with the Committee's findings that some contract management teams are under-resourced and that some projects are not managed on a full-time basis and encourages the responsible authorities to correct this situation.

2. HM Treasury is pleased that the Public Accounts Committee has endorsed recent Treasury guidance, which will help to ensure that value for money is obtained when changes are made, and has also endorsed the roll-out of training programmes to support contract managers. Complex procurement expertise in central and local government is an issue of importance for the Government.

PAC Conclusion (1): In 2006, changes to operational PFI projects totalled £180 million, but many operational PFI contracts are under-managed. Negotiating good deals is important but managing them well afterwards is key to value for money. Yet there are wide variations in the level of resources used to manage PFI deals, and many schools and hospitals consider that they do not have enough staff to do a good job.

PAC Conclusion (2): There are limits to the Treasury's capacity to control the allocation of resources to contract management at a local level. The Treasury should identify and disseminate examples of where, in handling change, PFI projects have benefited from sufficient resourcing of contract management.

3. The Treasury accepts the Committee's recommendation and its recognition that there are limits to the Treasury's capacity to control the allocation of resources to contract management at a local level.

4. HM Treasury encourages the sharing of best practice between all stakeholders in the PFI community through (inter alia) the Operational Task Force, 4ps (local government's project delivery specialists), Departmental Private Finance Units and the Local Authorities PFI Policy Group.

5. The Treasury has published detailed guidance (*Operational Taskforce Note 2*, for example) on a variety of issues in this area, including the resources and skills needed by authorities, and works with others across Government to ensure the implementation of best practice.

6. Through its Operational Task Force, the Treasury raises awareness of the issue of contract changes and provides training and support to contract management teams to ensure they have the resources they need. This is not solely a question of numbers of staff but is as much having the right skills available: the Operational Task Force therefore offers a helpdesk and a programme of road-shows, conferences and training courses to support projects.

7. The Treasury will commission the Operational Task Force to identify and disseminate a set of case studies of successful changes, acknowledging that sufficient resourcing is only one of the contributory factors to success.

PAC Conclusion (3): There is insufficient central support for contract managers. The Treasury, Departments and Partnerships UK should increase the rollout of training programmes to support contract managers when changes need to be made to PFI projects.

8. The Treasury welcomes the Committee's endorsement of the training programmes that are intended to support contract managers and accepts its recommendation.

9. The Treasury has issued guidance that sets out the skills that contract managers should have (*Operational Taskforce Note 2*, for example)

10. The Treasury recognises that there is ongoing work to do in improving the skills of contract managers. The Treasury's Operational Task Force and 4ps, while reviewing demand on a continuing basis, will carry on with the rollout of training courses and conferences reaching hundreds of contract management staff each year to ensure they have the skills needed to manage change. To date the Operational Task Force has trained over 200 public sector staff from 75 contracting authorities with responsibility for approximately 150 contracts in the handling of contract change and more than 50 public sector staff have been trained in the change aspects of contract management through 4ps' programmes.

PAC Conclusion (4): At present, only 27 per cent of project changes over £100,000 are subject to competition. The arguments for handing additional work to an incumbent contractor are not persuasive nor do they hold sway in every project. Public sector authorities should raise this percentage so that alternative bidders compete to undertake the work whenever possible.

11. The Treasury accepts the Committee's recommendation. Decisions on the right value for money route for specific projects are for the relevant accounting officer.

12. The National Audit Office report shows that most large changes were either competitively tendered or were unsuitable for tendering; projects where competitive tendering was not possible have mechanisms such as benchmarking in place to protect value for money.

13. It is the Treasury's presumption that competition should be used in all forms of procurement: in the case of larger changes in PFI projects competitive tendering should be undertaken if it is sensible to do so. There may however be in some instances reasons not to competitively tender, including the difficulty of managing the interface between a new contractor and the incumbent.

14. In situations where the accounting officer decides against competitive tendering for value for money reasons, the Treasury encourages projects (through, for example, *Standardisation of PFI Contracts Version 4* and *Operational Taskforce Note 3*) to put in place a robust change protocol, supported by a good relationship between public sector contract managers and their private sector partners, that sets out the process for issues such as tendering, fees and lifecycle.

PAC Conclusion (5): Management fees cost the taxpayer over £6 million a year, despite Treasury guidance issued in March 2007 which advised against the payment of management fees in new PFI deals. Hundreds of operational deals are still paying unjustified management fees. The Operational Taskforce, run by Partnerships UK on behalf of the Treasury, should require existing operational deals to remove management fee charges from existing contracts.

15. The Treasury accepts the Committee's recommendation. As the report acknowledges the Treasury has already issued guidance to safeguard the public sector from unjustified management fees on changes, including the March 2007 version of the mandatory PFI contract (*Standardisation of PFI Contracts Version 4*). This guidance also sets out in extensive detail for new contracts how the costs of changes should be shared between the public and private sectors.

16. For older contracts, the Treasury has published retrospective protocols (*Operational Taskforce Note 3*) and is supporting authorities through the Operational Task Force to negotiate appropriate systems for delivering change at the right price. The Operational Task Force also supports authorities in negotiating reasonable levels of management fees where these are not specified in the contract.

PAC Conclusion (6): There are large differences in the cost of making similar minor changes to PFI projects, but the effort put into checking that costs are reasonable varies widely from project to project. Public sector authorities need to validate the value for money of changes to PFI contracts. By the end of 2009, Partnerships UK should draw up guide prices for common minor jobs, based on existing cost information from the Royal Institution of Chartered Surveyors and others.

17. The Treasury accepts the Committee's recommendation. While the Treasury is committed to driving down the cost of minor changes, it may not always be value for money to create new systems for these changes, which (according to the NAO's report) cost under £6 million annually across all 391 operational projects. Furthermore, new contracts typically contain a schedule of prices for minor works.

18. However, authorities can call on the Treasury's Operational Task Force for advice on the management of small changes. The Operational Task Force provides comparative information from other projects on the typical costs of small changes while 4ps runs a set of sector-specific networking groups for Local Authority projects. The Operational Task Force is also compiling a database of benchmarking information that will be available to projects.

19. The Treasury therefore believes that a further database or guide to prices would be of limited use given cost information is already available from the Royal Institution of Chartered Surveyors and others and given the variety of prices and conditions for minor changes.

Fortieth Report

Department for Environment, Food and Rural Affairs

Management of Expenditure

1. The Department for Environment, Food and Rural Affairs (the Department) welcomes this report by the Public Accounts Committee in which it examined the Department's difficulties in managing its expenditure in the previous two years. These difficulties resulted, in part, from being responsible for 31 delivery bodies each with its own administrative functions. Few of the organisations are using the Department's Shared Services Organisation and their approaches to setting budgets and monitoring progress differ. Obtaining timely and realistic financial reports from delivery bodies was also difficult. A lack of awareness amongst the Department's Board Members of good financial management practice, together with cultural issues, which did not prioritise financial management at a corporate level, added to the challenges.

2. The Committee has recognised that the Department's Management Board has since put in place more rigorous financial and outcome monitoring systems. Having agreed budgets for 2008–09 that accord with the Department's allocation from the Comprehensive Spending Review 2007, the Department is fully confident that the problems of 2006–07 and 2007–08 will not recur.

PAC Conclusion (1): Policy and operational delivery within the Department and its delivery bodies have been adversely affected by financial management failings.

3. The Department accepts this conclusion and has learned lessons from its past by setting balanced budgets for 2008-9 before the start of the year and then challenging variances against the corresponding monthly profiles from much earlier in the new fiscal year than in previous years. As a result of this and other actions starting from the middle of 2007-08 identified in the Committee's report, the Department is confident that its financial management is now properly supportive of policy and operational delivery based upon ministerial priorities.

PAC Conclusion (2): The Department's budget setting process did not contain sufficient flexibility to deal with events, which were unforeseen at the start of the year.

4. The Department accepts this conclusion. The final out-turn against the budget for 2007-08 required no changes to the balanced budget for 2008-09, which had been set before the year started. The 2008-09 budget also includes a £50 million unallocated provision to deal with events, which could not be foreseen at the start of the year. A balanced budget (with a £50 million unallocated provision) has also been set for 2009-10 and the delivery bodies informed so as to aid their planning. The Department expects to set a balanced budget (again with a £50 million unallocated provision) for 2010-11 in good time to further aid delivery bodies planning.

PAC Conclusion (3): The financial management failings arose largely from unwillingness within the Department's Management Board to tackle budgetary problems, and from a failure to instil a culture of tight financial management throughout the organisation.

5. The Department accepts this conclusion. The Department's Management Board has acknowledged that it must live within its means by setting a balanced budget (with an unallocated provision for flexibility) before the fiscal year starts and by forging closer links between the Department's finances and policy delivery priorities.

6. A monthly Board sub-committee challenges and approves detailed business cases for all significant new or increased activities alongside the reprioritisation of existing plans. This links with a tighter in-year financial reporting process that requires senior budget holders across the Department to account for their financial performance to a defined monthly timetable. This has provided the Board with a much stronger and better balanced financial and outcome monitoring system, which is discussed at each monthly Management Board meeting.

7. The Department has continued to empower its financial management by appointing a permanent Director General responsible for finance from the private sector to replace the interim resource. The Department is now recruiting a permanent Finance Director to support the Director General, specifically to continue the tightening of financial control across the DEFRA network. The Department is also recruiting additional skilled finance staff to support the senior budget holders to deliver their financial management responsibilities.

8. The Department recognised that laying its 2007-08 annual resource accounts much sooner than in earlier years was an important indicator of improving financial management. By taking a stronger project management approach, those accounts were laid before the summer recess thereby achieving the HM Treasury target for "faster close" for the first time.

PAC Conclusion (4): The Department's financial management challenges arise in part from the number and variations in scale of the delivery bodies used to achieve its objectives, as well as the significant variations in financial management skill and practice within those bodies.

9. The Department accepts this conclusion. The Department will continue to examine its range of delivery bodies on an on-going basis to ensure that they remain fit for purpose and are offering value for money in achieving the Department's objectives.

10. Those delivery bodies within the Department's budget boundary now submit standard financial reports to a defined monthly timetable. These reports are then subject to review and challenge by their departmental ownership teams and central finance before being consolidated into the Management Board report. A number of those bodies have strengthened their financial management teams as a consequence, for example a new permanent Finance Director has been recruited by the Rural Payments Agency and further changes have been made within his team. The Marine and Fisheries Agency moved quickly to procure a suitable interim resource to cover for the long-term sickness of their Finance Director. The Environment Agency has also strengthened its financial management team.

11. The Department has set a balanced budget for administration costs for 2008-09, 2009-10 and 2010-11 which delivers the five per cent per annum real efficiency savings target set by HM Treasury in the Comprehensive Spending Review settlement.

Forty Third Report

HM Treasury

Managing financial resources to deliver better public services

1. The Government welcomes this report by the Committee of Public Accounts on the extent to which financial management skills and awareness have improved across government, and the effectiveness of the management of financial resources. The Government welcomes, in particular, the Committee's acknowledgement of the efforts the Treasury and Cabinet Office have made to champion a number of initiatives to achieve improvements in resource management, to support the objective of achieving world class standards of financial management in government. The Government accepts all of the Committee's conclusions.

PAC Conclusion (1): Departments have been successful in improving their resource management, but a lack of financial management skills amongst non-finance staff is a barrier to further progress. The Professional Skills for Government Framework includes a standard covering financial management core skills. Departments should require senior and middle managers to demonstrate in their annual appraisals how they meet the standard, and, where enhancement of skills is needed, provide access to appropriate training.

2. The Government accepts this recommendation. Financial management is a mandatory core skill for all staff at senior and middle management. Competence against this is a requirement for all roles, which should be applied at recruitment and embedded in the performance management process and in personal development planning. Government Skills will be evaluating the impact of the Professional Skills for Government (PSG) competency framework in 2009.

3. The Performance Management guidance for the Senior Civil Service is being strengthened to highlight building capacity, including via the PSG framework and financial management for non-finance staff. The new guidance is planned for release in Spring 2009, in time for the 2009-10 objective setting round.

4. Training in the financial management core skill is available through LoveLearning[1], an *e-learning* package set up jointly by the Government Finance Profession (GFP), the Treasury and the National School of Government to meet the requirements of financial management as a Professional Skill for Government.

PAC Conclusion (2): The quality, timeliness and completeness of resource information provided to departmental boards needs to improve in order that boards can make better informed decisions. More than half of departments still report financial and operational performance information to the board separately. Departments should produce integrated information and present it within 10 working days of the month end, as recommended by HM Treasury, and in a format which enables decision makers to understand how much is being spent on which programmes and with what effect.

[1] http://lovelearning.nationalschool.gov.uk/

5. The Government accepts that further progress is needed in the direction of joining up better financial and performance management information, to help promote sound decisions by departments over allocations and the monitoring of costs and performance. The Government expects this commitment to be reflected in departmental boards receiving joint financial and performance information to a greater extent, and on a more regular basis, than has been the case in the past.

6. The Government's commitment to openness over public finances, and the links between costs and objectives, is reflected in the long-standing practice of using schedule 5 of the Departmental Resource Accounts to provide a breakdown of departments' expenditure by objective. Departmental Strategic Objectives (DSOs), introduced in the 2007 Comprehensive Spending Review (CSR07), will provide the basis for reporting in schedule 5 from 2008-09, and the Government is taking the opportunity of the new DSOs to improve existing arrangements for costing objectives and outputs. The clear direction of travel set out in CSR07 is that departments are expected to develop, and then provide, full accrual costings for their DSOs and component outputs, with the result that DSOs will be costed on a more detailed and more robust basis than has been the case previously with financial breakdowns by objectives.

7. The lessons learned from the pilot exercises sponsored by the National Audit Office (NAO), referred to in the response to Conclusion (4) below, will help departments to develop the right methodologies for the costing of their DSOs. The Government is considering an appropriate timescale for developing and putting these procedures in place.

PAC Conclusion (3): Only 41 per cent of departments' policy proposals always included a full financial appraisal and only 20 per cent based policy decisions on a thorough assessment of their financial implications. In order to strengthen departments' focus on value for money, each policy proposal submitted to Ministers and board members should include a full assessment of its financial implications.

8. The Government accepts this recommendation. Ensuring that policy proposals include a full assessment of financial implications is an important responsibility of each department. The Treasury challenges and supports departments on this and it is common practice for Treasury spending teams to challenge cost estimates and require business cases in support of new policy.

9. The Treasury also issues guidance to departments on this matter. For example, *Managing Public Money* and the *Green Book on Investment Appraisal* fully support this recommendation. Treasury spending teams monitor departments' plans for significant projects.

PAC Conclusion (4): Between 2002-03 and 2006-07, total under spending in excess of 5 per cent of budgets by all departments amounted to £1.8 billion. Under spending can be consistent with good financial management where it reflects a decision to carry forward efficiency savings. Consistent under spending can, however, reflect unnecessary levels of contingency preventing resources from being used on higher priority programmes. Whenever practicable, departmental boards should validate resource requirements by linking them to planned levels of activity and intended outputs.

10. The Government accepts the Committee's conclusion. As indicated in the response to PAC Conclusion (2), NAO-sponsored pilot exercises have been undertaken at the Department for Innovation, Universities and Skills (DIUS) and the Department for International Development (DFID), to build experience of how to make activity and output-costing work in practice in Government departments. Lessons about how to introduce such processes will be shared with other departments.

PAC Conclusion (5): Since our last Report departments have not significantly improved the reliability of their forecasting and in-year monitoring of expenditure. Some departments continue to produce forecasts that vary significantly from the actual expenditure incurred only a few months later. Where this is a consistent occurrence, the underlying causes need to be identified and an improvement plan developed, progress against which should be regularly reviewed by the departmental board.

11. The Government accepts this recommendation. The Treasury is already working with the departments to improve their forecasting capabilities, and has ensured that the departments have financial management and data quality improvement plans in place.

12. The Treasury also supports departments through initiatives to improve the professionalism of finance teams, and to ensure that each department has a professionally qualified Finance Director at Board level.

PAC Conclusion (6): The flexibility to carry forward unspent funds from one year to another may no longer incentivise departments to manage their budgets in a way that represents optimum value for money. The Treasury has exercised greater control over the amounts departments can use from unspent balances brought forward from previous years. Some departments consider that an unintended consequence of this is that there are now insufficient incentives to avoid wasteful spending of excess funds towards the end of the financial year. HM Treasury needs to communicate with departments earlier and more clearly about how much spending from previous years departments can use.

13. The Government accepts the Committee's conclusion in principle. The Treasury scrutinises End Year Flexibility (EYF) drawdown carefully, to ensure that it is taut and realistic, and in accordance with the long-standing Parliamentary convention that resources should not be sought in advance of need. The Treasury aims to give maximum certainty to departments about the availability of EYF, and to incentivise good financial management, while protecting the fiscal position. It will not, however, always be possible, or desirable, to allow departments unlimited draw down of EYF. The Treasury will continue to consider need, realism and the fiscal position in determining when to approve EYF draw down, and will give clear messages on EYF to departments, consistent with sound fiscal management.

PAC Conclusion (7): 19 per cent of departments, collectively managing assets of £23 billion, rated themselves as weak at managing their balance sheet. Boards should review their departmental balance sheet at least quarterly and seek assurance as to how cost effectively significant assets, such as land, building and equipment, are being utilised.

14. The Government accepts that there is further room to improve asset management in the public sector, building on steps taken in recent years to encourage departments to manage their balance sheet more effectively. The National Asset Register, published most recently in 2007, represented a key stage in helping to ensure that departments collect, and record, comprehensive information about the assets they hold, as well as helping to encourage transparency and better asset management across Whitehall and beyond. In order to make further progress, the Chief Secretary to the Treasury included specific work strands on Asset Management and Property in the Operational Efficiency Programme (OEP), launched in July 2008.

15. The OEP draws on valuable private sector expertise to provide advice and challenge on the ambition of Government plans. Gerry Grimstone (Chairman of Standard Life plc) has been brought in as lead advisor on the Asset management/ sales work strand, which will consider strategic asset management within departments and other public sector organisations, which directly manage assets. It will analyse the extent to which greater value for money could be achieved through improvements aimed at targeting interventions appropriately. Government roles in relation to strategic asset management will also be examined, to identify the scope for change. This work strand will also consider asset disposals, in the context of the Government's target for disposal of fixed assets of £30 billion by 2010-11, and will identify whether, and how, the Government needs to go further to encourage greater asset disposal activity, including targets and incentives.

16. Lord Carter of Coles is leading on the Property work strand of the OEP, which will examine how efficiently government property is being used across the public sector, and identify the scope for further savings to be generated from better management of the whole of the Government estate.

PAC Conclusion (8): Non-executive directors have helped improve standards of financial management, but require more support from departments. The independent challenge which non-executive directors can provide depends on them having a clearly defined role and being well supported by departments so that they have sufficiently detailed knowledge of their operations. HM Treasury should assess how well departments have developed clearly defined roles for the non-executive directors on their boards, and consider how the Corporate Governance Code can be refreshed to more effectively support non-executive directors to challenge and support departmental activity.

17. The Government accepts this recommendation. Non-executives have made a substantial contribution to Government departments and other public bodies. Government has welcomed exceptionally talented and highly regarded individuals, and is grateful for the work they have generously given. The Government is keen to ensure proper advantage is made of the experience of non-executives, so that the public fully benefits from their contribution.

18. The Treasury will discuss with departments and non-executives whether it is felt that the role of non-executives needs to be clarified, and how this might be reflected in an updated Code of Corporate Governance, so as to bring greater awareness and consistency of their roles in the public sector. Consideration will be given to how to assist non-executives to contribute and understand Government mechanisms, and how to ensure departments make best use of non-executives.

PAC Conclusion (9): The full potential to improve value for money will only be realised if departments have a better understanding of the costs of delivering their key services. Collectively, departments must secure £30 billion of value for money savings by 2011. If this target is to be achieved, departments will need to have much more reliable information on the unit costs of key outputs to gauge whether costs are reasonable and commensurate with the quality of service delivered.

19. Having already exceeded a tough target by delivering over £23 billion of efficiency savings in the 2004 Spending Review period, the Government expects the CSR07 efficiency programme to deliver a further £30 billion of value for money savings. The Government accepts, however, the Committee's conclusion that there is room for further progress in understanding the costs of delivering key services, and that progress should help to further drive value for money.

20. As noted in the response to PAC Conclusion (2), the long-standing practice of using schedule 5 of resource accounts to provide breakdowns of departments' expenditure by objective reflects the Government's commitment to openness over public finances and, in particular, the links between costs and objectives. Crucially, during CSR07, both budget allocations and DSOs – department's high level performance objectives that these allocations finance – were negotiated and agreed together. More recently, DIUS and DFID calculated costs for their DSOs as a part of the NAO-sponsored pilots referred to above. The clear direction of travel set out in the Comprehensive Spending Review is that departments are expected to develop full accrual costings for DSOs and their component outputs over the CSR07 period.

Forty Fourth Report

Department for Work and Pensions

Jobcentre Plus: The roll-out of the Jobcentre Plus office network

1. The Department for Work and Pensions (the Department) welcomes this positive report by the Public Accounts Committee in which it examined the implementation of the Jobcentre Plus roll-out project.

2. Between 2002 and 2008, the Department replaced over 1,500 jobcentres and social security offices across Great Britain with a network of just over 800 modernised Jobcentre Plus offices. The aim was to significantly improve the job-seeking experience and the delivery of benefits by providing a service similar to that offered by a bank or modern retailer. To achieve such a radical shift away from the previous fragmented approach, the Department merged the Employment Service and the Benefits Agency into a new integrated service, Jobcentre Plus (the Agency).

3. This roll-out was one of the largest public sector construction programmes undertaken in the United Kingdom in recent years. It cost £1.9 billion and was designed to improve efficiency by reducing the size of the estate and automating processes. The project was also intended to provide the infrastructure for improved customer service through a more tailored approach, increasing the number of work-focused interviews and helping to reduce unemployment.

PAC Conclusion (1): The successful implementation of the Jobcentre Plus roll-out project has important lessons for other major Government programmes, particularly those which involve service transformation.

4. The Department is pleased with this conclusion along with the Committee's acknowledgement that as a member of the permanent secretaries' management group and the head of profession for operational delivery the Chief Executive of Jobcentre Plus is well placed to disseminate the lessons more widely.

5. Projects in Jobcentre Plus to centralise benefits processing and to introduce the Employment and Support Allowance have benefited from the lessons learned in the roll-out project and the Driver and Vehicle Licensing Agency, the Driving Standards Agency and the Courts Service have already sought advice from Jobcentre Plus.

PAC Conclusion (2): The Agency has delivered a more cost effective office network and a more pleasant customer and working environment, but it is not able to demonstrate clearly whether the project has achieved the business case objective of increasing the number of clients finding work.

6. The Department accepts the Committee's conclusion that although Jobcentre Plus is on track to achieve the financial savings set out in the 2001 business case it could not fully substantiate how many additional people – primarily lone parents – have been helped into work through the roll-out. The Committee recognised that measuring the impact on job outcomes is complex because other initiatives and the economic climate will also have played a part.

7. The business case assumed 2.2 million additional work-focused interviews per year. In 2007-08 there were 1.9 million work-focused interventions provided to the Lone Parent client group – lower than originally projected because the number of lone parents on Income Support fell by some 130,000 between 2002 and 2007.

PAC Conclusion (3): The improved office environment has not increased customer satisfaction levels significantly.

8. The Department is pleased by the Committee's recognition that 86 per cent of customers surveyed were very or fairly satisfied with Jobcentre Plus, recognizing that the opinion of customers is affected by a wide range of factors, including the attitude of staff and their knowledge of benefits and available jobs – along with the accessibility of other communications media such as telephone contact centres.

9. At present customer satisfaction with Jobcentre Plus is high that substantially more customers think that its service is improving than think it is deteriorating.

10. The Committee acknowledged that Jobcentre Plus has introduced innovative self-service channels whilst still recognizing that between 10 and 15 per cent of its customers will still prefer or need face-to-face contact to help them find work.

11. The Department has taken a number of steps to address the recommendation that Jobcentre Plus should offer a consistent approach to customer service across the network and maintain its capacity for face-to-face contact. It has recently reinforced the role of front line Jobcentres as the place where job-search and face-to-face interviews are carried out and confirmed that guidance is in place to ensure that customers are advised of the availability of private interview facilities if required.

PAC Conclusion (4): The move to an open plan environment in the new office network may increase the risk that employees are subject to abuse or harm by disgruntled customers.

12. The Department recognises that in open plan offices more advanced customer-handling skills are required. The Committee acknowledged that the number of reported assaults has remained fairly consistent as staff moved to the new environment and that Jobcentre Plus has a well-established process for recording and learning from incidents in which staff are assaulted and the Chief Executive takes a strong personal interest in this.

13. In 2008 Jobcentre Plus introduced a new Safety Management System, based on Health and Safety Executive best practice, which is expected to improve reporting procedures and provide additional safety guidance for managers.

14. The Department supports the Committee's conclusion that feedback mechanisms should encourage staff to raise concerns freely with senior staff, and that senior staff should monitor the extent and cause of incidents so the approach to staff safety can be reviewed, if necessary.

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