



House of Commons
Work and Pensions Committee

Work of the Committee 2008–09

First Report of Session 2009–10



House of Commons
Work and Pensions Committee

**Work of the
Committee 2008–09**

First Report of Session 2009–10

Report, together with formal minutes

*Ordered by the House of Commons
to be printed 25 November 2009*

HC 92

Published on 13 January 2010
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

The Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

Current membership

Terry Rooney MP (*Labour, Bradford North*) (Chairman)
Anne Begg MP (*Labour, Aberdeen South*)
Harry Cohen MP (*Labour, Leyton and Wanstead*)
Michael Jabez Foster MP (*Labour, Hastings and Rye*)
Oliver Heald MP (*Conservative, Hertfordshire North East*)
John Howell MP (*Conservative, Henley*)
Joan Humble MP (*Labour, Blackpool North and Fleetwood*)
Tom Levitt MP (*Labour, High Peak*)
Greg Mulholland MP (*Liberal Democrat, Leeds North West*)
Chloe Smith MP (*Conservative, Norwich North*)
Jenny Willott MP (*Liberal Democrat, Cardiff Central*)

The following Members were also Members of the Committee during session 2008-09

Mark Harper MP (*Conservative, Forest of Dean*)
John Penrose MP (*Conservative, Weston-Super-Mare*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/work_and_pensions_committee.cfm. A list of Reports of the Committee in the present Parliament is at the back of this volume.

Committee staff

The current staff of the Committee are James Rhys (Clerk), Emma Graham (Second Clerk), Amy Tarr and Hanna Haas (Committee Specialists), Laura Humble (Committee Media Adviser), Lisa Wrobel (Senior Committee Assistant), Hannah Beattie (Committee Assistant) and Sharon Silcox (Committee Support Assistant).

Contacts

All correspondence should be addressed to the Clerk of the Work and Pensions Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5833; the Committee's email address is workpencom@parliament.uk

Contents

Report	<i>Page</i>
The Committee's work in 2008-09	3
Introduction	3
The impact of the recession	3
Inquiries: the "Core Tasks"	5
To examine policy proposals from the UK Government and the European Commission	8
To identify and examine areas of emerging policy, or where existing policy is deficient	9
To examine the expenditure plans and out-turn of the Department, its agencies and principal NDPBs	10
To examine the Department's Public Service Agreements	10
To examine the work of the Department's Executive Agencies, NDPBs, regulators, and other associated public bodies	11
To produce reports which are suitable for debates in the House, including Westminster Hall, or debating Committees	12
Support and advice	13
Visits	13
Petitions	15
Annex	16
Appendix 1	22
Appendix 2	30
Formal Minutes	36

The Committee's work in 2008–09

Introduction

1. The Work and Pensions Committee examines the expenditure, administration and policy of the Department for Work and Pensions (DWP) and its associated agencies and public bodies. The executive agencies responsible to the DWP are Jobcentre Plus and the Pension, Disability and Carers Service. The Department also has ministerial responsibility for the Health and Safety Executive and the Child Maintenance and Enforcement Commission.

2. The Committee is comprised of 11 Members, representing three of the parties represented in the House. Jenny Willott, Member for Cardiff Central, has been a Member of the Committee since July 2005 but was appointed Liberal Democrat Shadow Secretary of State for Work and Pensions in June 2008 and felt it appropriate to stand aside from the Committee's proceedings while she occupied that position. She was not replaced on the Committee during this period. Mr Michael Jabez Foster, Member for Hastings and Rye, has also been a Member of the Committee since July 2005 but was appointed a Parliamentary Secretary in the Government Equalities Office in June 2009 and has not attended meetings of the Committee since that date. He has not been replaced on the Committee.

3. The Committee meets once or twice a week when the House is sitting. In 2008–09 the Committee took oral evidence at 19 of its 36 formal meetings. We also receive a large quantity of written evidence during the year and we are grateful to the many individuals and organisations who responded to our requests for evidence; we have printed a total of 151 of these with our reports and transcripts of one-off evidence sessions, and have published additional memoranda on our website. A full statistical sessional return of the Committee's activities is published in the Annex to this report.¹

The impact of the recession

4. The UK economy fell into a severe recession during the 2008–09 session due to the financial crisis that unfolded following the bank failures of autumn 2008. Scrutiny of the Department's response to the economic downturn has underpinned much of our work this session.

5. We took an early opportunity to examine this response in January 2009 when we questioned the then Secretary of State, Rt Hon James Purnell, MP, on the programmes that were being established to help the increased number of Jobseeker's Allowance (JSA) claimants.² We also held an evidence session with Mel Groves, acting Chief Executive of Jobcentre Plus, in March to assess how the agency was coping with the huge increase in the

¹ This Annex consists of a provisional text of the Committee's entry in the House of Commons, Sessional Returns 2008–09, expected to be published in January 2010

² Department for Work and Pensions' response to the economic downturn, Oral and written evidence, 14 January 2009, HC 147.

claimant count and the new programmes it was providing.³ We followed this up with oral evidence on the Department's Annual Report for 2009 with the current Secretary of State, Rt Hon Yvette Cooper, MP.⁴

6. The pre-budget report in November 2008 announced additional funding to support Jobcentre Plus (including its Rapid Response Service) and the roll-out of the Flexible New Deal and the expansion of Local Employment Partnerships. The Employment Summit in January 2009 announced a further package of measures to support those claiming JSA for more than six months together with a recruitment subsidy worth £1000 for employers recruiting unemployed people through Local Employment Partnerships and a training subsidy of £1,500 through Train to Gain. The then Secretary of State told us in January that he identified the challenge to Jobcentre Plus as being to maintain rates of processing of new applications for benefits and maintain levels of service in offering appointments and work-focused interviews as well as providing the additional services promised.⁵

7. The 2009 Budget announced a guaranteed offer of six months of employment, a work placement or training for all those aged 18–24 claiming JSA for more than 12 months. It allocated an additional £1.108 billion to a package of programmes including the Future Jobs Fund, which aimed to create 100,000 jobs from January 2010 for those aged 18–24 plus 50,000 jobs for all ages in unemployment “hot spots”. It also provided for training and recruitment subsidies; support for jobs and training in the social care sector; work-focused training places; and places on a Community Task Force Programme.⁶ We were able to discuss the full range of additional programmes that had been announced, and how the Department was allocating and monitoring this additional spending in our evidence session with the Secretary of State in October 2009.

8. The Jobcentre Plus Annual Report notes that new JSA claim volumes rose from an average of around 45,000 per week to a peak of 95,000 per week in February 2009. During the Spending Review 2004 period (financial years 2005–06 to 2007–08), Jobcentre Plus reduced its headcount by over 16,000, in pursuance of the Department's efficiency target, to a level of 66,378 full time equivalent. However, the increased workload resulting from the recession has required more staff and Jobcentre Plus has responded through retention of temporary staff, new recruitment of staff (many on fixed term appointments), and transfers of staff from elsewhere in the Department and Government. Jobcentre Plus was expected to reach a complement of 82,000 full time equivalent staff by October 2009, with a view to reaching 85,000 by March 2010.⁷ Our evidence session in March with Mel Groves enabled us to examine how effectively the organisation was managing this transition.

9. The need to increase staff resources so quickly to cope with the heightened demand for its services and the additional services expected of it has been a huge challenge for

³ Jobcentre Plus, Oral and written evidence, 11 March 2009, HC 339.

⁴ Department for Work and Pensions' Annual Report 2009, Oral and written evidence, 14 October 2009, HC 977.

⁵ The Department for Work and Pensions' response to the economic downturn, Oral and written evidence, 14 January 2009, HC 147, Q34.

⁶ Department for Work and Pensions, Departmental Report 2009, page 15.

⁷ Department for Work and Pensions' Annual Report 2009, Oral and written evidence, 14 October 2009, HC 977, written evidence (memorandum from the Department to the Committee dated 8 October 2009).

Jobcentre Plus. In evidence to us on the Departmental Report 2009, Sir Leigh Lewis, Permanent Secretary of the Department told us that

“I am satisfied that we have responded well, and I would just like to say as the Permanent Secretary that I think it is a remarkable tribute to Jobcentre Plus and the department that they have responded so effectively to the recession and the increased demands which have come on them, which have been very substantial, and I think any organisation, public or private, would have found difficult to cope with. I think we have been able to respond swiftly and effectively.”⁸

10. We are pleased to endorse Sir Leigh’s tribute to the staff and management of Jobcentre Plus for rising to the challenges of the past year.

11. In total, the Department has been allocated an additional £4.5 billion over the Comprehensive Spending Review 2007 (CSR07) period, covering financial years 2008–09 to 2010–11, to provide additional support to Jobcentre Plus, to provide for the range of new programmes for the unemployed and to support providers of employment programmes in the provision of existing programmes and the roll-out of the Flexible New Deal. We have seen it as a priority during this session to maintain a close eye on how effectively and efficiently this additional money is being spent. It will be a challenge for our successor Committee in the next Parliament to maintain careful oversight of how the remainder of this money is spent over the rest of the CSR07 period. We hope that, in time, demand for the services of Jobcentre Plus will fall again, and it will be a further challenge to the agency to manage this change ensuring that its resources continue to be used efficiently.

Inquiries: the “Core Tasks”

12. Our work this session has comprised a number of substantial inquiries on which reports have been (or are intended to be) produced, in addition to a range of one-off evidence sessions. The subjects covered by the Committee are set out in the table below.

Table 1: Subjects covered by the Work and Pensions Committee, 2008-09

Subject	Evidence Sessions	Outcome
Pension, Disability and Carers Service	1	Evidence published, HC 104, February 2009
Department for Work and Pensions' commissioning strategy and the employment programme market	1 (2 sessions were held in Session 2007–08)	Second Report, HC 59, March 2009
The Equality Bill: how disability equality fits within a single Equality Act	3	Third Report, HC 158, April 2009
Workplace health and safety: follow-up report	1	Fourth Report, HC 635, July 2009

⁸ Department for Work and Pensions' Annual Report 2009, Oral and written evidence, 14 October 2009, HC 977, Q16.

The work of DWP's Inquiry into the underlying causes of construction fatalities	1	Published with Fourth Report, HC 635, July 2009
Tackling Pensioner Poverty	3	Fifth Report, HC 411, July 2009
Jobcentre Plus	1	Evidence published, HC 339, July 2009
DWP's Autumn Performance Report 2008	1	Evidence published, HC 363, July 2009
Child Poverty	1	Evidence published, HC 702, July 2009
Department for Work and Pensions' response to the economic downturn	1	Evidence published, HC 147, November 2009
Fuel Poverty	1	Evidence published, HC 752, November 2009
Decision making and appeals in the benefits system	2	Committee to report in 2010
Departmental Report 2009	1	Evidence to be published
The Equality and Human Rights Commission's "Working Better" project	1	Evidence to be published

13. In planning our work, we are also mindful of the "Core Tasks" proposed for Select Committees by the Liaison Committee. The following table shows how our work has met the criteria identified by the Liaison Committee.

Table 2: Liaison Committee criteria relevant to 2008–09 inquiries

	To examine policy proposals from the UK Government and the European Commission in the Green Papers, White Papers and draft Guidance	To identify and examine areas of emerging policy, or where existing policy is deficient, and make proposals	To conduct scrutiny of any published draft bill within the Committee's responsibilities	To examine specific output from the Department expressed in documents or other decisions	To examine the expenditure plans and out-turn from the department, its agencies and principal NDPB's	To examine the department's Public Service Agreements, the associated targets and the statistical measurements employed, and report if appropriate	To monitor the work of the Department's Executive Agencies NDPB's regulators and other associated public bodies	To scrutinise major appointments made by the Department	To examine the implementation of legislation and major policy initiatives	To produce reports which are suitable for debate in the House, including Westminster Hall, or debating committees
Department for Work and Pensions' commissioning strategy and the employment programme market	✓									
The Equality Bill: how disability equality fits within a single Act	✓					✓				✓
Workplace health and safety: follow-up report		✓					✓			
The work of DWP's Inquiry into the underlying causes of construction fatalities		✓						✓		
Tackling Pensioner Poverty		✓				✓	✓			
Pension, Disability and Carers Service						✓	✓			
Jobcentre Plus					✓		✓			
DWP's Autumn Performance Report 2008					✓	✓				
Child Poverty	✓					✓				✓
Department for Work and Pensions' response to the economic downturn	✓				✓					
Fuel Poverty						✓				
Decision making and appeals in the benefits system		✓								
The Equality and Human Rights Commission's "Working Better" project	✓						✓			

To examine policy proposals from the UK Government and the European Commission

14. The first phase of flexible New Deal (FND) began in October 2009. It is intended to provide a more tailored programme of support for individuals who have been claiming JSA for more than 12 months and is a key element of the Government's programme of welfare reform. The Department's Commissioning Strategy for these employment programmes was published on 28 February 2008 and stresses the need to "harness the innovation and expertise of the private and voluntary sectors".⁹

15. We published our report on *DWP's Commissioning Strategy and the Flexible New Deal* in March 2009 endorsing the principles of the FND model and welcoming the use of outcome-based contracts that reward providers for getting claimants into work without prescribing how this should be done.¹⁰ However, we did raise concerns about whether the model being used for the programme would be viable financially for providers, given the overall programme budget available. We also questioned whether the targets incorporated in the contracts were realistic given higher than projected on-flows of customers onto the programme and the fact that the recession made it harder for providers to find work for customers. Our report welcomed the revisions to the strategy and the additional money for the programme that were announced shortly before we agreed our report and which reflected many of the concerns raised in evidence to us.

16. In June 2008 the Government published the White Paper *Framework for a Fairer Future—The Equality Bill*, in which it outlined the measures it proposed to include in a single Equality Bill, and published the response to the consultation in July 2008. In addition, on 2 July 2008 the European Commission issued a draft directive on anti-discrimination which proposed extending protection from discrimination in the provision of goods, facilities and services to cover disability, age, sexual orientation and religion or belief. We conducted an inquiry into *The Equality Bill: how disability equality fits within a single Equality Act*, publishing our report in the same week as the Equality Bill 2009 was published.¹¹

17. Our report welcomed the Government's intentions to simplify and streamline legislation across the different equality strands, but emphasised that disability discrimination requires a difference in approach compared to other equality law. We made a number of recommendations concerning how disability-related discrimination should be defined in response to the judgment in *Malcolm v Lewisham* which had overturned existing case law in this area. In evidence to us in February, Maria Eagle, then Parliamentary Under-Secretary in the Government Equalities Office, had conceded that the Government was considering "a range of possible ways forward" in terms of how the bill would address this question.¹² We were pleased to see the inclusion in the Equality Bill, of clause 14, *Discrimination arising from disability*, which addressed many of the concerns

⁹ DWP Commissioning Strategy, CM 7330, page 5.

¹⁰ Second Report, Session 2008–09, HC 59.

¹¹ Third Report, Session 2008–09, HC 158.

¹² Third Report, Session 2008–09, HC 158, evidence Q243.

raised in evidence to our inquiry about how the legislation should respond to the Malcolm judgment.

18. We also emphasised that the Government has a long way to go in achieving equality in employment for disabled people and we recommended a number of ways in which the Access to Work programme could be strengthened. We are pleased to note the Government's response to our recommendations outlining a new model to improve delivery of the programme.¹³

To identify and examine areas of emerging policy, or where existing policy is deficient

19. Our report on *DWP's Commissioning Strategy and the Flexible New Deal* raised concerns about provisions for protecting customers' rights and for ensuring that all customers received an appropriate service and were treated with respect. We were not convinced that sufficient measures were in place to prevent providers from "creaming" those customers closest to the labour market, and "parking" those most difficult to place in work. We also raised concerns about the provisions for protection of the rights of subcontractors (sometimes small specialist organisations) within the supply chains of primary contractors and sought clarification of how the inspection regime would work to ensure full transparency and accountability.

20. Since our report was published, we have noted newspaper allegations of fraud perpetrated by some employment providers and of some customers receiving a very poor service. We have begun an inquiry into "Management and administration of contracted employment programmes" to examine the extent of these reported problems, and we expect to report in the new year.

21. The Committee's report on *Tackling Pensioner Poverty* examined what more the Government could do to lift pensioners out of poverty. The Committee concluded that new and innovative programmes were required to ensure that more pensioners were claiming the benefits to which they were entitled, with closer working with the third sector and local councils. We also emphasised that pensioners and people planning for their retirement need more advice and guidance on a wide range of matters including which annuity to choose and whether they should defer taking their state pension. Money Guidance and the "one-stop shop" proposed in the Government's *Building a Society for all Ages* strategy need to be developed as the clear, trusted, source of advice for those facing these, often very complicated, decisions. We stressed the importance of measures to help older people to extend their working lives and, reiterating a recommendation from our report on *The Equality Bill*, we concluded that the Default Retirement Age went against the Government's broader policy objectives of increasing the state retirement age and helping people to save for their retirement. We welcome the Government's commitment, in response to our report, to bring forward its review of the Default Retirement Age to April 2010.¹⁴

¹³ Third Special Report, Session 2008–09, HC 836, paragraphs 52–57.

¹⁴ Fourth Special Report, Session 2008–09, HC1029, paragraph 166.

To examine the expenditure plans and out-turn of the Department, its agencies and principal NDPBs

22. The Department has been allocated an additional £4.5 billion pounds over the financial years 2008–09 to 2010–11 to cope with the additional demands of the recession. Approximately two-thirds of this total, £3 billion, is to be spent on additional resources for Jobcentre Plus and the Department’s contracted employment providers; the remainder is to be allocated to the range of additional initiatives that have been announced by the Government to help the unemployed back to work. Our evidence sessions on the DWP’s response to the economic downturn in January, on the Autumn Performance Report in March and the Departmental Report in October provided opportunities to question the Secretary of State and the Permanent Secretary on how this additional money was being used and whether it was being spent efficiently. Our evidence session with the acting Chief Executive of Jobcentre Plus in March enabled us to examine how that agency was ensuring that the additional resources that it had received were being spent efficiently.

23. With the support of the Committee Office Scrutiny Unit, the Committee also conducts scrutiny of the Estimates and Supplementary Estimates of the Department for Work and Pensions. We put a number of questions to the Department in writing on the Winter Supplementary Estimates 2008, the answers to which informed our evidence sessions on DWP’s response to the economic downturn in January¹⁵ and on the Departmental Report 2009 in October.¹⁶ We also put a number of questions to the Department on the Spring Supplementary Estimates 2009. We publish both sets of responses from the Department as appendices 1 to this Report.

To examine the Department’s Public Service Agreements

24. The DWP leads on two Public Service Agreements (PSAs): PSA8 to maximise employment opportunity for all and PSA17 to tackle poverty and promote greater independence and wellbeing in later life.

25. PSA8 is supported by four indicators, one of which is “a narrowing of the gap between employment rates [of a number of disadvantaged groups including disabled people] and the overall rate”. In its self-assessment of progress against this indicator for the PSA, the Department awarded itself an “Amber / Green” status on the basis of “a statistically significant narrowing of the gap for lone parents and older people, along with preventing significant widening for other disadvantaged groups”.¹⁷ In our report *The Equality Bill: how disability equality fits within a single Equality Act* we examined changes since 2002 in employment rates for disabled people with different categories of impairment. Whilst we welcomed, overall, a significant increase in the employment rate for disabled people, we were concerned that some groups of disabled people were not seeing the advances that other groups had experienced. The employment rates for those with mental health

¹⁵ Department for Work and Pensions’ response to the economic downturn, Oral and written evidence, 14 January 2009, HC 147.

¹⁶ Department for Work and Pensions’ Annual Report 2009, Oral and written evidence, 14 October 2009, HC 977.

¹⁷ National Audit Office, Performance of the Department for Work and Pensions 2008-09, Briefing for the House of Commons Work and Pensions Committee October 2009, paragraph 3.2.

problems and learning difficulties continue to lag behind rates for those with physical impairments.

26. The Department's progress against PSA17 has not yet been assessed against any of its indicators. Our report into *Tackling Pensioner Poverty* examined the Government's operations and policy in this area and made recommendations in respect of both indicator 1 (the employment rate for those aged 50–69) and indicator 2 (the percentage of pensioners in low income households).

27. The Committee's report in session 2007–08 on *The best start in life: Alleviating deprivation, improving social mobility and eradicating child poverty*¹⁸ examined the prospects for the success of the Government's commitment to "halve the number of children in poverty by 2010–11, on the way to eradicating child poverty by 2020", a PSA on which the Treasury takes the lead. This PSA is underpinned by a Delivery Agreement stating that DWP, Treasury and the Department for Children, Schools and Families will be held jointly responsible for child poverty. The Committee held a session with Ministers from each department in June 2009 to further examine progress towards the targets and to question Ministers on the Child Poverty Bill, which had been published the week before.

28. Fuel Poverty is the overall responsibility of the Department for Energy and Climate Change. One of the indicators of that Department's Strategic Objectives 1 and 2 is the "number of households in England that need to spend more than 10% of income to maintain an adequate heating regime". However, the administration of transfer payments used to help people in fuel poverty is the responsibility of DWP. In June 2009 we questioned Ministers from both Departments on how the Government was performing in this area.¹⁹

29. Our evidence sessions with the Permanent Secretary on the Department's Autumn Performance Report 2008 on 3 March and with the Secretary of State on 14 October provided opportunities to examine the Department's progress across the board against its Public Service Agreements and its Departmental Strategic Objectives.²⁰

To examine the work of the Department's Executive Agencies, NDPBs, regulators, and other associated public bodies

30. During session 2007–08, our report on *The role of the Health and Safety Commission and the Health and Safety Executive in regulating workplace health and safety* examined the work of both bodies and their proposed merger.²¹ We were particularly concerned at the increase in the number of fatalities in the construction industry and also at the number of incidents and fatalities involving tower cranes on construction sites. In response to our report, the then Secretary of State announced an Inquiry into the Underlying Causes of Construction Fatal Accidents, to be headed by Rita Donaghy. We took evidence from Rita Donaghy in January to question her about her approach to her inquiry and we also took

¹⁸ Second Report, Session 2007–08, HC 42.

¹⁹ Fuel Poverty, Oral and written evidence, Session 2008–09, HC 752.

²⁰ DWP's Autumn Performance Report 2008, Oral and written evidence, Session 2008–09, HC 363; and Department for Work and Pensions' Annual Report 2009, Oral and written evidence, 14 October 2009, HC 977.

²¹ Third Report, Session 2007–08, HC 246.

evidence from the Chair and Chief Executive of the Health and Safety Executive in June. During the course of this follow-up inquiry we visited HSE's headquarters in Bootle. We also visited the Olympic Delivery Authority to discuss its approach to health and safety on the London Olympic site.

31. Rita Donaghy's report²² was published on the day that we agreed our *Workplace health and safety: follow-up report*.²³ We welcomed Rita Donaghy's report which supported a number of the recommendations that we had made in our 2007–08 report, including recommending positive duties on company directors to ensure good health and safety management. We also welcomed HSE's development of a register for tower cranes, another of our recommendations from the 2007–08 report.

32. We also held a one-off evidence session with Terry Moran, Chief Executive of the Pension, Disability and Carers Service to examine how that agency had managed the merger of the Pension Service and the Disability and Carers Service and a range of other issues concerning the service provided to customers and the management of its staff.²⁴

33. We also held a one-off evidence session with the Equality and Human Rights Commission to discuss its Working Better project.²⁵ Phase 1 of this project focussed on working parents and examined the operation of current provisions for maternity, paternity and parental leave and flexible working. This Committee has had a particular interest in examining measures to help single parents, disabled people and carers to return to or remain in the work place. This session enabled us to examine the EHRC's research, conducted through this programme, and to discuss its conclusions and recommendations.

To produce reports which are suitable for debates in the House, including Westminster Hall, or debating Committees

34. Our report on Valuing and Supporting Carers was the subject of a debate in Westminster Hall on 26 February 2009.²⁶ On 11 June 2009 there was also a topical debate on Carers in the House; our report was "tagged" on the Order Paper as being relevant to this debate.²⁷

35. Our report on *The Equality Bill: how disability equality fits within a single Equality Act* was tagged on the Order Paper as relevant to proceedings on the Equality Bill, which received its second reading on 11 May 2009.²⁸

36. The transcript from our one-off evidence session on Child Poverty was tagged on the Order Paper as relevant to proceedings on the Child Poverty Bill, which received its second reading on 20 July 2009.²⁹

²² One death is too many: inquiry into the underlying causes of construction fatal accidents, Cm 7657.

²³ Fourth Report, Session 2008–09, HC 635.

²⁴ Pension, Disability and Carers Service, Oral and written evidence, HC 104.

²⁵ The Equality and Human Rights Commission's Working Better Project, Oral and written evidence, HC 1072.

²⁶ HC Deb, 26 February 2009, col 143WH.

²⁷ HC Deb, 11 June 2009, col 953.

²⁸ Official Report, 11 May 2009, col 553.

Support and advice

37. We have received invaluable assistance from Specialist Advisers whom we have appointed for each of our major inquiries. We would like to thank Professor Dan Finn and Professor Alan McGregor for advising the Committee during its inquiry into the *Department for Work and Pensions' commissioning strategy and the employment programme market*;³⁰ Caroline Gooding and Nigel Meager, who assisted us in our inquiry into *The Equality Bill: how disability equality fits within a single Equality Act*;³¹ and Professor Ruth Hancock and Adam Steventon, who helped us in our inquiry into *Tackling Pensioner Poverty*.³² Professor Roy Sainsbury is currently working with us on our inquiry into Decision making and appeals in the benefits system and Professor Dan Finn is again helping us with our inquiry into Management of Employment Programmes. We are grateful to all those who have advised us in our work in this way.

38. The House of Commons Committee Office Scrutiny Unit has provided invaluable support in our scrutiny of the DWP's Estimates and our examination of the Department's Annual Report for 2009 and its Autumn Performance Report for 2008. We are also grateful to colleagues in the House of Commons Library for providing informal advice and guidance on policy matters. We also wish to thank the Select Committee Liaison Team at DWP for providing information, often at very short notice, to assist in our inquiries, and for facilitating our visits to Bootle and Brighton.

39. We have also received expert support from the National Audit Office in the production of a Performance Report on the Department's activities. We published this in conjunction with our evidence session on the Departmental Report 2009.

Visits

40. As well as taking oral and written evidence, the Committee also gathers evidence through visits around the UK and abroad. Our visits have provided us with invaluable insights into how the operations of Government and its agencies work in practice and into what we can learn from systems elsewhere. Our visits this session, which have enabled us to speak to a number of pensioners and benefit claimants about their experiences and concerns have brought points to our attention not covered in our written and oral evidence.

41. In connection with our inquiry into *Tackling Pensioner Poverty* we visited daycentres in Cambridge and Newmarket to speak to pensioners about issues concerning them and also met a small group of pensioners in the village of Snailwell in Suffolk to discuss the particular challenges facing pensioners in more rural areas. We are most grateful to the organisations that hosted our visits and to the individuals we met for helping to inform our inquiry. We also visited Canada in May 2009 to examine what the UK could learn from Canada's success in reducing rates of poverty amongst seniors. We are very grateful to the

²⁹ Official Report, 20 July 2009, col 603.

³⁰ Second Report, Session 2008–09, HC 59.

³¹ Third Report, Session 2008–09, HC 158.

³² Fifth Report, Session 2008–09, HC 411.

High Commission in Canada and to the Foreign and Commonwealth Office for facilitating this visit.

42. As part of our broader remit to examine pensions policy, the Pensions Regulator also hosted a seminar for us in Brighton giving us an overview of policy affecting pensioners. We are most grateful to the Pensions Regulator for the warm welcome he provided, as well as to the officials from the Department for Work and Pensions, the Pension Protection Fund and the Personal Accounts Delivery Authority for meeting us in Brighton.

43. We visited Brussels in January 2009 in connection with our inquiry into *The Equality Bill: how disability equality fits within a single Equality Act* to discuss the operation of European equality legislation. We are very grateful to the UK Representation to the EU for organising our visit and putting together such an excellent programme.

44. Our follow-up inquiry into the Health and Safety Executive took us to the Health and Safety Executive's headquarters in Bootle and to the Olympic Delivery Authority's site at Stratford. We are very grateful to the Chief Executive of the Health and Safety Executive for welcoming us to Bootle and for arranging such a useful set of briefings for us. We are also grateful to the Olympic Delivery Authority for again welcoming us to the Olympic site.

45. Our inquiry into *Decision making and appeals* took us to Leeds to meet officials from the Department's Decision Making and Appeals Unit in Leeds as well as from Jobcentre Plus, the Pension, Disability and Carers Service and the Tribunal Service. We are grateful to the Department for hosting this event and to all the officials who spared the time to meet us. During this visit we also met a number of claimants and welfare rights advisers at the offices of the Citizens Advice Bureau in Chapeltown. These meetings gave us an extremely valuable opportunity to speak to claimants about their experiences going through the benefit appeals system and to some of their advisers about their thoughts on the shortcomings of the system.

Table 3: Visits by the Work and Pensions Committee in 2008–09

Location	Purpose of Visit
Brussels, Belgium	The Equality Bill: how disability equality fits within a single Equality Act; Developments in employment, social affairs and equal opportunities in the EU
Brighton	Pensions Policy
Cambridge, Newmarket and Snailwell	Tackling Pensioner Poverty
Ottawa and Montreal, Canada	Tackling Pensioner Poverty
Bootle	Workplace health and safety: follow-up report
Olympic Site, Stratford	Workplace health and safety: follow-up report
Leeds	Decision making and appeals

Petitions

46. Since 2005, petitions presented to the House of Commons, together with observations laid by Government Departments on those petitions, have been sent to the relevant Departmental Select Committees. A resolution of the House of 25 October 2007 endorsed the recommendation of the Procedure Committee that Select Committees should keep records of petitions that they receive and formally place them on their agendas.³³ During the 2008–09 Session, we received a total of three petitions which had been presented to the House and each was considered by the Committee.

³³ Public Petitions and Early Day Motions, First Report of the Procedure Committee, Session 2006–07, HC 513

Annex

The Committee was nominated by the House of Commons on 13 July 2005.

Members	Meetings attended
Rooney, Mr Terry (Chairman)	35 out of 36
Begg, Miss Anne	33 out of 36
Cohen, Harry	20 out of 36
Foster, Michael Jabez	16 out of 36
Harper, Mark (added 29.6.09)	2 out of 10
Heald, Mr Oliver	23 out of 36
Humble, Mrs Joan	31 out of 36
Howell, John	35 out of 36
Levitt, Tom	35 out of 36
Mulholland, Greg	18 out of 36
Penrose, John (discharged 29.6.09)	14 out of 26
Willott, Jenny	6 out of 36
Overall Attendance³⁴:	67.7 %
Total number of meetings:	36
Of which:	
Number of meetings at which oral evidence was taken	19
Number of times oral evidence was taken partly or wholly in private	0
Number of wholly private meetings	17

Other activities

Informal meetings (including meetings with overseas visitors)	3
Conferences/Seminars hosted	1

Staff

Details of the permanent staff of the Committee during the Session can be found in the Committee's publications.

Specialist Advisers during the Session

Professor Dan Finn, Caroline Gooding, Professor Ruth Hancock, Professor Peter Kemp, Professor Alan McGregor, Mr Nigel Meager, Roy Sainsbury and Adam Steventon.

Witnesses

Oral Evidence was given during this Session by the following categories of witnesses:

Number of appearances by:	
Cabinet Ministers	2
Other Ministers	10
Members of the House of Lords	1
Number of appearances by officials from, or representatives of:	
Department for Work and Pensions	8
Department of Energy and Climate Change	1
Government Equalities Office	1
Executive Agencies:	
Tribunals Service	1
Pension, Disability and Carers Service	1

³⁴ See paragraph 2 of the Report.

Jobcentre Plus	1
Public Bodies and Non Ministerial departments:	
Equality and Human Rights Commission	2
Health and Safety Executive	1
Trade unions	1
Appearances by other witnesses	22

Overseas Visits

Date	Destination	Members	Staff	Purpose	Cost
4-8.5.09	Ottawa and Montreal	Rooney, Begg, Heald, Howell, Levitt	3 ^A	Inquiry into Tackling Pensioner Poverty	£41,408.71

^A Includes 1 facilitator

Visits to European Institutions

Date	Destination	Members	Staff	Purpose	Cost
20-21.1.09	Brussels	Rooney, Cohen, Foster, Heald, Howell, Penrose	3	Inquiry into Equality Bill: How disability equality fits within a single Equality Act	£6,624.17

UK Visits

Date	Destination	Members	Staff	Purpose	Cost
10.3.09	Brighton ^A	Rooney, Howell	4	Inquiry into Tackling Pensioner Poverty	£376.30
28.4.09	Cambridge, Newmarket and Snailwell	Rooney, Begg, Foster, Levitt	4 ^B	Inquiry into Tackling Pensioner Poverty	£643.18
18.5.09	Bootle	Rooney, Cohen, Levitt	3	Inquiry into Workplace health and safety: follow-up report	£852.31
9.6.09	Olympic Site, Stratford	Rooney, Heald, Humble, Levitt	3	Inquiry into Workplace health and safety: follow-up report	Nil

Date	Destination	Members	Staff	Purpose	Cost
2.11.09	Leeds	Rooney, Heald, Mulholland	2	Inquiry into Decision-making and Appeals in the Benefits system	£1,327.00 (estimated outturn)

^A Travel in a representative capacity

^B Includes 1 facilitator

Reports and Oral and Written Evidence

Title	HC No. (2008–09)	Date of publication	Government reply
First Report: <i>Work of the Committee in 2007–08</i>	68	21.1.09	Not applicable
Second Report: <i>DWP's Commissioning Strategy and the Flexible New Deal</i>	59-I	5.3.09	Received 15.5.09: published as Second Special Report, Session 2008-09
Oral and Written Evidence: <i>DWP's Commissioning Strategy and the Flexible New Deal</i>	59-II	5.3.09	Not applicable
Third Report: <i>The Equality Bill: How disability equality fits within a single Equality Act</i>	158-I	29.4.09	Received 3.7.09: published as Third Special Report, Session 2008-09
Oral and Written Evidence: <i>The Equality Bill: How disability equality fits within a single Equality Act</i>	158-II	29.4.09	Not applicable
Fourth Report: <i>Workplace health and safety: follow-up report</i>	635-I	12.7.09	Received 15.10.09: published as Fifth Special Report, Session 2008-09
Oral and Written Evidence: <i>Workplace health and safety: follow-up report</i>	635-II	16.7.09	Not applicable
Fifth Report: <i>Tackling Pensioner Poverty</i>	411-I	30.7.09	Received 7.10.09: published as Fourth Special Report, Session 2008-09
Oral and Written Evidence: <i>Tackling Pensioner Poverty</i>	411-II	30.7.09	Not applicable
First Special Report: <i>Valuing and Supporting Carers: Government Response to the Committee's Fourth Report of Session 2007–08</i>	105	19.12.08	Not applicable
Second Special Report: <i>DWP's Commissioning Strategy and the Flexible New Deal: Government Response to the Committee's Second Report of Session 2008–09</i>	526	15.5.09	Not applicable

Title	HC No. (2008–09)	Date of publication	Government reply
Third Special Report: <i>The Equality Bill: how disability equality fits within a single Equality Act: Government Response to the Third Report from the Committee, Session 2008–09</i>	836	29.6.09	Not applicable
Fourth Special Report: <i>Tackling Pensioner Poverty: Government Response to the Fifth Report from the Committee, Session 2008–09</i>	1029	19.10.09	Not applicable
Fifth Special Report: <i>Workplace health and safety: follow-up report: Government Response to the Committee's Fourth Report of Session 2008–09</i>	975	26.10.09	Not applicable
Oral and Written Evidence: <i>Pension, Disability and Carers Service</i>	104-i	9.2.09	Not applicable
Oral and Written Evidence: <i>DWP's response to the economic downturn</i>	147-i	17.11.09	Not applicable
Oral and Written Evidence: <i>Jobcentre Plus</i>	339-i	6.7.09	Not applicable
Oral and Written Evidence: <i>DWP's Autumn Performance Report 2008</i>	363-i	7.7.09	Not applicable
Oral and Written Evidence: <i>Child Poverty</i>	702-i	22.7.09	Not applicable
Oral and Written Evidence: <i>Fuel Poverty</i>	752-i	17.11.09	Not applicable
Oral and Written Evidence: <i>DWP's IT Procurement^A</i>	1203-i	2.3.09	Not applicable
Uncorrected Oral Evidence published on the Internet: <i>DWP Departmental Annual Report 2009</i>	977	20.10.09	Not applicable
Uncorrected Oral Evidence published on the Internet: <i>Decision-making and Appeals in the Benefits system</i>	1030-i	29.10.09	Not applicable
Uncorrected Oral Evidence published on the Internet: <i>Decision-making and Appeals in the Benefits system</i>	1030-ii	9.11.09	Not applicable
Uncorrected Oral Evidence published on the Internet: <i>One-off Evidence Session on the Equality and Human Rights Commission's "Working Better" Project</i>	1072-i	4.11.09	Not applicable
Written Evidence published on the Internet: <i>Decision-making and appeals</i>	1030	14.10.09	Not applicable

^A HC No. refers to Session 2007–08

Government replies to Reports for Session 2007–08

Reply to the Committee's Fourth Report: *Valuing and Supporting Carers*, received 19.12.08 and published as the Committee's First Special Report, Session 2008-09.

Formal Minutes

The Formal Minutes of the Committee were published electronically after each meeting of the Committee. They are available on the Committee's website at <http://www.parliament.uk/workpencom>.

Divisions

Date	Subject
15.7.09	Two, on consideration of the Chairman's draft Report on Tackling Pensioner Poverty

Debates

Committee reports were debated on 1 occasion in Westminster Hall. Committee reports/oral and written evidence were tagged on the Order Paper as being relevant to debates in the House of Commons or Westminster Hall on 2 occasions. Committee reports and written evidence were tagged on the Order Paper as relevant to proceedings on a Bill on 1 occasion. Further details can be found in the Committee's Sessional Report.

Number of oral evidence sessions for each inquiry during the Session

Inquiry	Number of oral evidence sessions
Child Poverty	1
Decision-making and Appeals in the Benefits system	2
Department for Work and Pensions' commissioning strategy and the employment programme market ^A	1
Departmental Annual Report	1
DWP's Autumn Performance Report 2008	1
DWP's response to the economic downturn	1
Equality and Human Rights Commission's "Working Better" Project	1
Fuel Poverty	1
Jobcentre Plus	1
Pension, Disability and Carers Service	1
Tackling Pensioner Poverty	3
The Equality Bill: how disability equality fits within a single Equality Act	3

Inquiry	Number of oral evidence sessions
Workplace health and safety: follow-up report	2
Total	19

^A The Committee took oral evidence on this inquiry in Session 2007–08; figures appear in the Return for that Session (HC 1 (2007–08))

Appendix 1

Letter dated 9 January 2009, from the Department for Work and Pensions on the Winter Supplementary Estimate 2008–09

In your recent correspondence you asked for additional information on the following 6 items covered in our Winter Supplementary Estimate:

- An explanation of the unemployment assumptions used in the Winter Supplementary.
- Information about additional funding provided in the Pre-Budget Report 2008 and how this will be used to support the department during the economic downturn.
- An explanation of the changes to grant in aid funding of Pensions Non Departmental Public Bodies.
- An explanation of the reduction in the costs of administering the National Insurance Fund.
- Information about the increase in cold weather payments.
- An explanation for the change in ambit to RfR5 to include “grants to local authorities”.

Explanation of unemployment assumptions

Within the Winter Supplementary Estimate, major increases in benefits are forecast (£1.8bn), particularly income support. Jobseekers’ allowance is not, however, forecast to rise.

- **What unemployment assumptions underlie the forecasts in the winter supplementary?**
- **Are these consistent with the Pre-Budget report, which refers to an average of independent forecasts of 1.41 million unemployed at the end of 2009; and social security costs rising by £2.8 billion for 2008–09 compared to previous forecasts?**
- **How often are forecasts of unemployment reviewed and costs factored into forecasts of benefits costs and lost tax revenues?**

A UK claimant count of 0.87 million underlies the Winter Supplementary. This assumption is the same as that underpinning the Main Estimate; consequently there was no entry for Jobseeker's Allowance.

The figures for the Winter Supplementary were produced in September, at which time the most recent claimant unemployment data related to July. The forecasts were based on the average of independent forecasters' forecasts released in August.

The final provision in the Spring Supplementary will be updated to include the impact of Pre-Budget Report 2008 and will include latest assumptions for Budget 2009. The Spring Supplementary will be published in February 2009.

The Department does not forecast unemployment. Labour market data and associated benefit expenditure is reviewed monthly, and factored into monthly forecasts of spending. The Department is not responsible for forecasting of tax revenues.

Pre-Budget Report funding and economic downturn

Overall the Administration Budget is not rising in the Winter Supplementary Estimate 2008–09, other than as a result of certain minor functions transferring in from other Government Departments. The Pre-Budget Report (and Ministerial statement on 26 November), however, announced another £1.3 billion for Jobcentre Plus (paragraph 5.35).

With unemployment rising rapidly, will some of this money be made available in the current year?

The funding announced in the Pre Budget Report was provided to the Department to take account of increasing workloads in 2009–10 and 2010–11 and is to offer additional support to unemployed people as well as providing additional resources to Local Authorities for the administration of Housing Benefit.

We expect to be able to deal with increased workload volumes in the current year from within existing Departmental resources.

Additional 6,000 front line staff has been promised for Jobcentre Plus next year and a moratorium on Jobcentre closures. But this follows reductions of 31,000 staff in the Department as a whole in the last spending review period.

a) How long is it going to take to recruit and train these additional staff?

b) What is the Department's assessment of nugatory expenditure, and loss of efficiency, arising from the use of public funding to release large numbers of experienced staff- at a cost to the taxpayer- only to recruit new ones shortly after?

c) When was the last member of staff released, and the last Jobcentre closed?

On current plans, Jobcentre Plus will recruit at least 1,000 people per month to September 2009. In November and December alone we have recruited almost 1,500 people. We intend that part of the recruitment requirement will be met from other parts of DWP and other government departments who will reduce their numbers as part of their efficiency challenge. We are in early discussions with 3 government departments at the moment, although it is too early to be specific about the numbers we may be able to take into Jobcentre Plus.

Some of those taken from other parts of DWP and from OGD other government departments will be temporary loans for a limited period of time.

The training will be tailored to the background of the individuals, and aligned with the amount of time that they will remain with Jobcentre Plus. Consequently we have developed a range of learning routeways that both match their experience, the length of their stay and the task they will perform during that period.

During the SR2004 period staff were only released under management approved early release schemes where a proven business benefit was demonstrated (business case approved) and all other options exhausted. Redeployment of staff was and remains the first option in managing surplus staff.

The reduction in headcount of over 31,000 during the SR2004 period was made possible by a wide ranging efficiency programme that changed and modernised the way the Department conducted its business.

The recruitment of additional staff to handle increased workloads, as a result of rising unemployment, does not reverse the underlying efficiencies that have been and continue to be made.

The large scale early release schemes in Jobcentre Plus were concluded by March 2008. Since then small numbers have been released where there have been grade and or location mismatches.

Under plans finalised at the end of March, staff from the Pension Centres at Dearne Valley and Birmingham left the Department under release schemes on 19 December 2008 when the centres closed as part of the Pensions Transformation Programme.

The last Jobcentre was closed on 3 October 2008 (Ulveston, Cumbria).

How is the Department going to ensure that new staff recruited do not partially reverse efficiencies achieved and instead contribute to front line service provision?

All of the new staff recruited are for front line service provision. Back office business units will reduce in numbers and provide opportunities to redeploy staff to customer-facing duties or support recruitment. Jobcentre Plus will continue with its drive to deliver its services more efficiently. This includes:

- using continuous improvement techniques in which staff identify policies and processes that can be done better;
- improving telephone and IT systems;
- simplifying processes and reducing double-handling; and,
- reducing the real terms cost of goods and services

How does the increased funding for Jobcentre Plus over the next three years—and the unemployment levels implicit in such expenditure levels reconcile to the Government's forecasts of recovery and economic growth in 2010 and 2011?

The Department does not forecast unemployment. When economic growth is projected to slow then we expect that unemployment will rise. The additional resources will enable us to provide effective support to higher volumes of unemployed people.

Grant in aid funding for Non Departmental Public Bodies

Changes are forecast to grant in aid funding of NDPBs (specifically the Personal Accounts Delivery Authority (+£1.4 million) and the Pensions Regulator (+£9.9 million), RFR3, Section F). Can you explain specifically what the purposes of these are and why they do not appear to be matched by non voted DEL changes?

The changes relate to the funding of the Enabling Retirement Savings Programme (ERSP) which is being delivered by the Personal Accounts Delivery Authority (PADA), Pensions Regulator and the Department.

The funding for ERSP (£46m) is provided via a mixture of a loan (which is classified in budgets and estimates as capital), grant-in-aid and direct expenditure by the Department. The transactions in the Winter Supplementary related to changes in the loan/grant-in-aid/direct expenditure mix. Therefore, the increases in grant-in-aid are offset by corresponding decreases in voted capital. As the total spending on the programme was unchanged these transactions had no overall impact on the Department's non-voted DEL.

Further information on ERSP and the funding strategy is provided at Annex 1.

Explanation for reduced National Insurance Fund costs

Why has the cost of administering the National Insurance Fund reduced by £77million (RFR1, A5; RFR3, A5; RFR5, A5)? How much of this results from efficiency savings?

The costs of administering contributory benefits are met from the National Insurance Fund (NIF). Each year the Department agrees the level of contribution with HM Revenue and Customs. The contribution for 2008–09 was agreed with HM Revenue and Customs in April 2008 and was based on an analysis of the 2006–07 cost base and forecast benefit volumes for 2008–09.

The following factors contributed to the reduction in costs for 2008–09:

- The phasing of the Department's efficiency programme led to lower exit costs in 2006–07 than in 2005–06. This has contributed approximately £20 million to the reduction in NIF costs.
- The Department has continued to develop a more efficient and effective service in terms of the physical payment of benefits to customers. This programme has contributed a further reduction in encashment costs for contributory benefits of £34 million in 2006–07.
- The costs of administering state pension continued to fall in 2006–07 contributing to the reduction in NIF costs. This is primarily as a result of the Pensions Transformation Programme which is delivering a new operating model to provide an increasingly

customer-centric service that will encourage take-up, whilst achieving significantly increased productivity and efficiency.

Details of the Department's efficiency programme and the Pensions Transformation Programme have been provided in previous memoranda.

Information about increases in cold weather payments

Is the £16 million increase for cold weather payments funding the full cost of the additional payments to pensioners, and why is it offset by a reduction to BERR's DEL? How does the increase in payments being made compare with the rises in fuel costs for the elderly over the last year?

The aim of the Cold Weather Payment scheme is to give customers on a low income additional help with their fuel bills during periods of very cold weather. It does not apply exclusively to pensioners; indeed, it does not apply to all pensioners. Applicable recipients are:

- pensioners on Pension Credit;
- disabled people receiving a disability premium on Income Support or income based Jobseeker's Allowance/Employment and Support Allowance; and,
- families who are receiving income-related benefits and have children who are under five or disabled.

The increase in cold weather payments from £8.50 to £25 was announced as part of the Government's Energy Efficiency Package on 11 September 2008. It was agreed that the Department for Business, Enterprise and Regulatory Reform (BERR) would provide £16 million of funding to cover the estimated increase at the time of the announcement. The increase in cold weather payments applies to 2008–09 only.

Although the payments are made from the Department's Annually Managed Expenditure (AME) budget, the contribution was made from BERR's DEL. This switch of funding was approved by HM Treasury.

Pensioners receive further help to meet their fuel costs via another award from the Social Fund. This is called the Winter Fuel Payment (WFP) and eligible customers aged:

- **60–79** will receive up to £200 plus for 2008–09 an additional £50 per household;
- **80 or over** will receive up to £300 plus for 2008–09 an additional £100 per household.

Explanation for change to ambit for RfR5

Why has the ambit to RFR5 been amended to include “grants to local authorities” yet there is no budget sought for grants to local authorities under RFR5 in part II of the Estimate?

The Winter Supplementary included transactions relating to Government Connect—a strategic partnership between national and local government that provides a secure IT infrastructure between central government departments and local authorities. As part of this programme it is necessary to provide grants to local authorities to support the implementation of Government Connect services across the local authority sector.

Whilst it was possible to amend the ambit for RfR5 to include “grants to local authorities” we were not able to complete the structural changes to the Estimate that are required (i.e. a new line in Part II detailing ‘Grants to local authorities’) within the permitted timetable. An amount of £1.5m relating to these grants was included in line RfR5 A2 in the Winter Supplementary. These changes will be made in the Spring Supplementary.

Annex 1

Enabling Retirement Savings Programme

Background

The Enabling Retirement Savings Programme is a DWP led programme with the following objectives:

- To introduce a **proportionate Employer Compliance Regime (ECR)** to maximise employers’ compliance with their new duties that will be introduced through the 2008 Pensions Bill.
- To introduce a **low-cost, self financing personal accounts pension scheme**, with an obligation to accept all employers who choose to use it.
- To deliver a **communications strategy** that supports the programme’s aims by building knowledge and understanding of the reforms amongst individuals, employers and other stakeholders.

The Government’s intention is that the personal accounts scheme should be self-financing in the long-run and delivered at nil overall cost to taxpayers. This means recouping the cost of setting up and operating the scheme through members’ charges. This has implications for how these costs are funded:

- all costs which we expect to be paid for by members have been classified as capital (because we assume these costs will be loan funded);
- taxpayer funded costs are either paid for directly by the Department or by grant-in-aid (where costs are incurred by a non-departmental public body).

At the time of the 2008–09 Main Estimate the forecast expenditure for the programme was £46 million. However, there was uncertainty about how this programme of work would be governed and delivered—specifically who would deliver the employer compliance regime and communications strategy. There was also uncertainty about when the Pensions Act 2007 would reach Royal Assent and so enable the Personal Accounts Delivery Authority’s (PADA) role to be extended from providing advice to Government to taking the steps necessary to set up the personal accounts scheme.

Given these uncertainties, we assumed that PADA would be responsible for delivering the whole programme—therefore the total programme forecast of £46 million was therefore allocated against PADA.

This was then split between that which was expected to be paid for by members of the personal accounts scheme (classified as capital) and that which we expect to be funded by taxpayers (grant-in-aid funded). The £46 million was split between capital and grant-in-aid as follows:

£m	2008–09 Main Estimate
PADA grant-in-aid funded	23.311
PADA loan funded	22.692
Total ERSP	46.003

What has changed since the Main Estimate?

The following key changes have occurred since the Main Estimate.

A decision has been made that The Pensions Regulator (TPR) is best placed to deliver the employer compliance regime. The forecast relating to the employer compliance regime is £8.2 million and has been moved to TPR.³⁵

A decision has been made that DWP Communications Directorate should be responsible for delivering the programme’s communications strategy. This, alongside the decision to task TPR with delivering the employer compliance regime, has also meant the Department taking on responsibility for co-ordinating the activity between these different strands. The forecast relating to this activity was £1.7 million and therefore this is now included as part of Departmental expenditure within RfR 3.

Royal Assent of the Pensions Bill occurred in November, compared to our initial assumption of July extending the period in which PADA was operating in an advisory capacity. Consequently the authority has undertaken a greater than initially forecast amount of grant-in-aid funded activity³⁶ and across 2008–09 will incur less costs associated with the set-up of the scheme that will be recouped from members charges.

The table below summarises these changes:

³⁵ The additional increase relating to the Pensions Regulator of £1.7 million does not relate to the Enabling Retirement Savings Programme

³⁶ Prior to Royal assent, PADA’s main activity is to advise Government on policy decisions—not to implement the scheme. So we are treating all pre-royal assent expenditure as not chargeable to Personal Account Scheme members and therefore grant-in-aid funded.

£ million	2008-09 Main Estimate	2008-09 Winter Supplementary	Reasons for the change
PADA grant-in-aid funded	23.311	24.712	ECR and DWP related expenditure reallocated and grant-in-aid forecast increased due to changed Royal Assent assumptions
PADA loan (capital) funded	22.692	11.381	Decreased forecast of expenditure deemed chargeable to members
TPR (ECR related) grant-in-aid funded	0	8.200	Reallocation of ECR related expenditure to TPR
RfR 3 departmental expenditure	0	1.700	Reallocation of DWP related expenditure to RfR3
Total	46.003	45.993	

Appendix 2

Letter dated 31 March 2009, from the Department for Work and Pensions on the Spring Supplementary Estimate 2008–09

In your letter of 9 March 2009 you asked for additional information on the following five items covered in our Spring Supplementary Estimate:

- An explanation of the movements of funding within RfR1 from CMEC to Administration.
- An explanation for increases in benefits and allowances.
- Information about the Pathways to Work programme.
- Information on initiatives being supported by the modernisation fund.
- Information on the funding available for the Support for Mortgage Interest scheme.

Funding movements in RfR1

The Spring Supplementary Estimate includes the draw down of £46 million End Year Flexibility and £50 million Departmental Unallocated Provision for the new Child Maintenance and Enforcement Commission (RFR1, Section B1). At the same time £222 million is being moved from CMEC to the Administration line (RFR1, Section A1). Can the Department explain why the overall new budget for CMEC is lower than previously sought in the Main and Winter Supplementary Estimate, and why an additional £222 million is now required for administration?

The Administration line in RfR1 is used to capture provision relating to the Child Support Agency (CSA). In 2008–09 a new Estimate line was introduced in anticipation of the creation of the Child Maintenance and Enforcement Commission (the Commission).

The split of funding across the two lines in the Main and Winter Supplementary Estimate was based on the assumption that the Commission would take over the functions of the CSA on 1 July 2008. This transfer of functions actually occurred in November 2008.

The movement of £222 million of funding recognises the fact that the CSA budget, reflected within the administration line, would be required for more of the year than originally assumed.

Increases in benefits and allowances

Increases are sought in the Supplementary Estimate for almost all types of benefits and allowances (Explanatory memorandum, Annex H). Which increases are solely the result of the changing economy and external factors, and which are partly the result of policy decisions to increase, widen or reduce support beyond ordinary annual uprating?

The majority of the increases in benefits and allowances are the result of the changing economy and external factors. The forecasts used for the Spring Supplementary incorporated the latest outturn data and revised economic assumptions. The only increases resulting from policy decisions relate to Christmas Bonuses, Support for Mortgage Interest and Cold Weather payments.

Spending on the Christmas Bonus is higher due to the Pre-Budget Report 2008 announcement to pay an additional £60 to Christmas Bonus recipients this year. This accounts for £793 million of the £1,387 million increase in Retirement Pension/contributory Christmas Bonus, and also adds £123 million to non-contributory Christmas bonus spending.

Enhancements to the Support for Mortgage Interest scheme have increased forecast spend by £33 million. This is impacted across a number of benefits. More information is included in paragraphs 19–22.

The increase in Social Fund expenditure relates to Cold Weather payments. The decision announced in September 2008 to increase the value of Cold Weather payments from £8.50 to £25 resulted in £165 million of additional expenditure.

What is the reason for the increase of £1,387 million in retirement pensions/Christmas bonuses?

Of this increase £793 million relates to the additional £60 payment to Christmas Bonus recipients. The remaining £594 million increase reflects the steadily increasing number of pensioners who, having deferred claiming at state pension age, have been taking up their entitlement.

Pathways to Work programme

The explanatory memorandum (Annex G) refers to Provider Led Pathways and Job Centre Plus enlargement areas having created an additional total of 25,600 “job outcomes”, generating £40 million of savings, half of which Treasury is allowing DWP to plough back into the service. How will the extra £20 million be used to extend these services?

The Department is investing around £1 billion in Pathways to Work between 2008 and 2011. The £20 million funding from savings contributes to the overall level of spending allowing increased activity to take place.

Pathways to Work provides a single gateway to financial, employment and health support for people claiming incapacity benefits and Employment and Support Allowance. From 28 April 2008 the programme became available, on a voluntary basis, to everyone receiving incapacity benefits in Great Britain. The programme includes:

- Work-focused interviews at regular fixed points during the customer’s claim;
- Access to a range of programmes to support the customer in preparing to work, including the condition management programme which aims to help the customer to manage their health condition or disability so that they can get back to work;

- A Return to Work Credit, where customers who enter employment can qualify for a weekly payment of £40 a week for up to 52 weeks if they earn no more than £15,000 a year, gross, and they meet certain other eligibility conditions.

Modernisation Fund initiatives

A total of £100 million of additional funding is being provided through the Spring Supplementary Estimates (RFR3, Section A1 and RFR5, Section A1) from the modernisation fund in support of the Pension Transformation project and the DWP change programme. How will the success and value for money of these initiatives be measured? What is the money being spent on?

Pensions Transformation Programme (PTP)

PTP will deliver improvements in the quality of service delivered to customers. Customer satisfaction rates overall will be monitored via the bi-annual customer survey reports. In addition, a call quality monitoring system provides team leaders with the opportunity to assess the performance of staff interacting with customers.

More specifically, the programme will enhance customer experience through: clearance of straightforward State Pension and Pension Credit claims on the day of initial contact (not possible before PTP), improvements in telephony performance, reduced error rate, increased productivity and fewer avoidable contacts.

Baselines and targets have been set for all PTP key benefits and existing measurement systems are being used to monitor progress against these over time.

The expenditure will primarily be on IS/IT and staff training, enabling completion of the streamlining and modernising of services to pensioners. This work extends the end to end automation of processes, including the re-use of customer information to pre-populate forms, enabling customer queries and changes to be streamed to the most appropriate customer advisor and for complex casework to be routed to Customer Advisor Specialists.

Furthermore, electronic document scanning, storage and retrieval capability will be introduced. This will save paper, making evidence available more quickly to customer advisors and mean that important documents can be returned to customers much more quickly.

DWP Change Programme

The DWP Change Programme will deliver benefits under three particular headings:

- **Improved customer service**—the Change Programme will capture the impact of reduced activity times and reduced waste both through tracking reducing activity times against agreed baselines as well customer survey results.
- **Increased efficiency**—the Change Programme will capture the increases in efficiency by tracking the reduction of activity times and (in some cases) staff reductions. The reduction in activity times will allow the Change Programme to demonstrate how

much less resource is required to deliver customer services than was the position at the baseline—so that even if departmental headcount rises in response to rising customer numbers, the Department would be able to demonstrate improved productivity.

- **Enhanced capability**—the Change Programme will deliver agreed new enablers to assist the implementation of the agreed business strategy, both in the form of IT deliverables, but also the growth of a culture of continuous improvement based on Lean techniques. The cultural changes will be tracked through targeted culture surveys based on Lean techniques, while the IT deliverables are being tracked against the Programme plan.

The Change Programme has established five implementation projects; continuous improvement; self-service; information management; transforming customer contacts and customer transitions. Further information on each of these projects is available at Annex A. By investing in IS/IT, external expertise and training our staff, 2008–09 will see certain changes to the way our customers experience our services. By 2011 customers should only have to tell us once about key changes, have an online personal account, be able to submit and track claims online and will be treated as whole person by the Department.

Support for Mortgage Interest scheme

Paragraph 21 of the explanatory memorandum notes increased AME expenditure for the “Support for Mortgage Interest” scheme, funded by a £3.5 million reduction in DEL. How much additional funding is being made available in the Spring Supplementary Estimate in total for this scheme? How much in total will the 2008–09 budget be for this scheme following the Spring Supplementary Estimate?

The cost of Support for Mortgage Interest as a whole is not separately identifiable. The maximum amount of benefit payable is made up of several elements, and is offset by income. Benefit paid is the difference between the two, and is not assigned to individual elements. We are able to estimate the cost of changes to the scheme by comparing forecasts under the old and new rules.

The £3.5 million increase in Annually Managed Expenditure on Support for Mortgage Interest is the estimated cost of an enhancement to the changes announced in the Pre Budget Report 2008. The enhancement smooths a ‘cliff-edge’ effect whereby those claiming just before the Pre Budget Report changes were introduced on 5 January 2009 would have had to wait 39 weeks (rather than 13) before receiving help with mortgage interest.

The total cost of the Pre Budget Report changes in 2008–09 is now estimated to be £32.8 million. This is included in the Spring Supplementary Estimate figures spread across Income Support, income-based Jobseeker’s Allowance and Pension Credit.

In 2008–09, we estimated that around 212,000 (3.8%) of income-related benefit recipients will have mortgage interest included in their benefit calculation.

Annex A

The DWP Change Programme

The DWP Change Programme consists of five Implementation Projects, the core programme and a number of key corporate functions. The Implementation Projects are:

Lean—The aim of this project is to bring in a culture of continuous improvement, using Lean techniques to focus on the customer and thereby making processes more efficient. This project looks to deliver efficiencies that are largely independent of IT investment, through the removal of duplication, improved workflow management, tracking and reducing the distance travelled by documents etc. The processes are being reviewed in individual locations before being rolled out nationally, while the Department's capability is being improved by the establishment of a Lean Academy and the training of Lean experts across the Department.

Self-Service—This project aims at developing an internet based service that DWP customers can use to access information and departmental services. The services will provide benefit advice, information and an on line claims capability. By the next spending review period Self Service will become a core business channel. The project has already delivered various online services and is aiming to allow customers to claim Jobseekers Allowance online in summer 2009.

Information Management—This project will support all the changes across the Department by making sure that it gets the right information to the right place at the right time—and use it in the right way—to deliver better services to customers. The key priorities are to:

- Give customers secure access to their details to help claim benefits or report changes to circumstances via self-service channels;
- Enable staff to view and update customer information on a single screen;
- Start to introduce risk based profiling of customers and the verification of evidence;
- Set common standards and develop secure processes for managing information;
- Define how DWP can build upon these new capabilities and get even greater benefits from them.

Transforming Customer Contact—This project will develop the department's telephony teams in Contact Centres and Benefit Delivery Centres so that they can provide a consistent, high quality service for customers across all of our businesses. This will improve the service offered by:

- Resolving more queries at the point of contact;
- Improving signposting;

- Making it easier for our customers to get the products and services they need;
- Customers will be able to help themselves for straightforward transactions by telephone.

Customer Transitions—This project will improve the experience of customers who need to contact more than one part of the Department to get all the help they need by:

- Asking for information once and processing it once—regardless of how many benefits are claimed or in payment—for three key changes of circumstances;
- Re-using information and joining up key processes that cause unnecessary difficulties for customers (such as moving from working age benefits to a pension);
- Working with other government organisations more widely.

Formal Minutes

Wednesday 25 November 2009

Members present:

Mr Terry Rooney, in the Chair

Miss Anne Begg
Mr John Howell
Mrs Joan Humble

Mr Tom Levitt
Chloe Smith
Jenny Willott

Draft Report (Work of the Committee 2008–09), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 46 read and agreed to.

Annex agreed to.

Papers were appended to the Report as Appendices 1 and 2.

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

[Adjourned till Monday 30 November at 4 p.m.]